

MINUTES OF THE SPECIAL MEETING  
OF THE BOARD OF TRUSTEES  
OF THE MONROE COUNTY COMMUNITY COLLEGE DISTRICT

Monroe County Community College  
1555 S. Raisinville Road  
The Board Room, Z-203  
Monroe, MI 48161  
5:30 p.m., June 3, 2024

Present: Lynette Dowler, Julie Edwards, Nicole Goodman, Krista Lambrix, Aaron Mason, Joel Spotts, Mary Kay Thayer

Also Present: Charles Abel, Scott Behrens, Samuel Gonzalez, Chris Gossett, Kelly Heinzerling, Joshua Myers, Kojo Quartey, Frank Thomas, Grace Yackee, Penny Dorcey (recording secretary)

1. Chair Aaron Mason called the meeting at 5:32 p.m.

The purpose of the meeting is for select update presentations from the President and Vice Presidents including discussion on the 2024-2025 budget, and to discuss the President's contract in closed session hold a closed session in accordance with section 8(a) of the Michigan Open Meetings Act to consider a periodic personnel evaluation of, a public officer, employee, staff member, or individual agent, if the named person requests a closed hearing. The regular agenda is suspended for this meeting.

2. There were no delegations present.
3. Frank Thomas, Director of Finances, gave the Board an overview of the proposed 2023-2024 budget, which is still in flux at this time. The Board will receive a balanced budget at the June 24, 2024 regular meeting of the Board of Trustees. Tonight, Mr. Thomas will go through the various fund accounts and the revenue. Also included is a wish list on the expense side for now. When looking at the expenses, it shows the College is over expended by \$2,000,000. The budget team continues to work on that and will have it pared down soon but for now, it is a wish list.

Mr. Thomas explained that there are a number of funds in the budget in accordance with the accounting guidelines. The guidelines require the College to keep its funds in separate buckets, as funds should not be comingled Mr. Thomas gave a list of funds and their associated numbers:

- **General Fund (01 Fund)**
- Retirement Designated Fund (02 Fund)
- Designated (Technology) Fund (20 Fund)
- **Designated (Technology) Fund (20 Fund)**
- **Auxiliary Activities Fund (31, 33, 35 Funds)**
- Restricted Fund (41, 42, 43, 44, 45, 46, 47 Funds)
- Student Loan Fund (59 Fund)
- Endowment Fund (61, 62 Funds)
- **Unexpended Plant Fund (71 Fund)**
- **Maintenance and Replacement Fund (80 Fund)**
- **Millage Maintenance & Improvement Fund (81 Fund)**
- Physical Properties Fund (89 Fund)

Mr. Thomas noted that he would spend the majority of time on the General Funds and would highlight some of the others. General Fund Revenues includes four main areas of revenue, Tuition and Fees; Property Taxes, State Appropriations, and Other. In the tuition fund shows a total of tuition and fees of almost \$7.3 million as of now. Mr. Thomas will start fine tuning those numbers. As he worked with the data department today, we are looking at the increase and tuition rate that just recently passed and then take a look at how many resident students MCCC has and how many of those will be billable contact hours. That number is then broken down between non-resident and out of state. The numbers presented show that the College will be looking at about \$390,000, which brings the \$2 million of over expended funds down.

In terms of Property Taxes, Mr. Thomas mentioned that the taxable values are increasing by almost \$4 million, from \$7.1 million in 2023 to \$7.5 million in 2024 (5.7 percent), which is good for the College and the county. Unfortunately, the way the state works its property tax laws, is that we take the full loss when we see a reduction in value. The gains are limited in terms of how much the

College can get back. We are looking at almost \$15.8 million of tax revenue coming in. He reminded the Board that recently the College received a large, one-time refund of revenue from Dundee. Now we must consider what our industrial facility tax and other credits will be. Tax adjustments will also play a role in the budget. Accounting for all of those, the College is looking at \$15.8 million, or 5.38 percent increase over last year.

Mr. Thomas gave an overview of the Other Fund revenues, which includes, Indirect Cost (\$22,500); Interest (\$593,500), Culinary sales (\$0); Fines, Fees and Charges (\$38,910); Rent (\$120,000), Alumni Dues and Events (\$0); Student Government and Events (\$0); and Miscellaneous Revenue (\$12,600), for a total of almost \$800,000.

Mr. Thomas showed the General Fund Revenue summary as follows:

- State Appropriations (\$6,445,689); 3 percent increase
  - The state has not yet made a final determination on appropriations. Their due date is October 1<sup>st</sup> of each year. The College is using the House Fiscal Agency's number for now for its calculations.
- Tuition and Fees (\$7,287,245; 4 percent increase)
  - Tuition & Fees includes a 4 percent increase in rates\* and enrollment based on 2023-2024 actuals. The Board approved a tuition rate increase on March 25, 2024. Enrollment is based on actual numbers from last year; however, the College is predicting an increase in enrollment)
- Property Taxes (\$15,798,142)
  - Property Taxes are based upon 2024 Millage Reduction Fraction Computation (L-4028); however, the numbers continue to adjust as the funds come in. DTE taxes is not include does not include an adjusted value because they have not yet renegotiated with the county. Mr. Thomas has been working with Mike Wolford at the Equalization Department on DTE and will bring more information to the Board as it becomes available.
- Auxiliary Services (-\$10,000)
- Other (\$785,510)
  - Other Funds assumes a 5-year average for rental fees, increase in interest income, and indirect cost recovery. These numbers are benchmarked on a five-year average.

Mr. Thomas moved on to Expenses which is shown in two ways; one by expense function and one by category. The function is the outline that is defined by the accountable manual that we use in our audit. He will also show the numbers broken down by object. The function breaks the expenses down by salary and benefits with more detail. Mr. Thomas showed the board a comparison of the 2024-25 proposed budget, the 2023-24 budget, and the 2023-24 budget as of May 31, 2024, as well as the dollar difference year-over-year. The total expenditure for 2025 is \$31,497,996. The built-in transfer for the HVAC is \$1,000,000. That brings the total expense at \$ 31,497,996, which puts the revenues under expenses by \$2,181,410. Dr. Quartey added that in this budget the administration's intention is to transfer \$1,000,000, but we do not necessarily have to make that transfer. Last year we transferred \$500,000. The College has eight more years to go on the HVAC payments (Last payment September of 2031). That brings the total expense at \$ 31,497,996, which puts the revenues under expenses by \$2,181,410. The ending net position for 2022-2023 was \$17,390,775 fund balance. At the end of 2023-2024, we are looking to spend about \$400,000 of that, as budgeted. Looking at the 2024-2025 year, we carry over an ending balance from this year of \$16,992,068 for an ending net position of \$14,802,650.

Mr. Thomas showed the Board the Expenses by Object or Category summary, which includes:

- Salaries (\$16,984,452)
  - This number needs to be increased to account for new positions. Salaries are estimated to go up 5 percent; 2 percent on steps to 3.25 percent. Also, some other positions were added and some adjustments were made this year.
- Fringe Benefits (\$8,508,487)
  - Benefits follow with salary
- Contracted Services (\$1,477,659)
  - Includes any service for which the College has to pay
- Supplies (\$1,085,719)
- Rent/Utilities/Insurance (\$1,501,231)
- Other (\$1,081,842)
- Contingencies (\$300,000)
- Capital Outlay (\$558,607)

Mr. Thomas stated that salaries and fringes are 80.94 percent of the budget. The rule of thumb is to stay between 80 percent and not more than 85 percent. The College is in line with this rule. The line items below salaries and fringes are what is on the “wish list”. There is a \$1,000,000 request from last year’s budget. These are the areas that will need to be fine tuned to make up our deficit.

Mr. Thomas moved into some of the other funds beginning with the **Designated Fund - Technology** (20 Fund). He showed a chart that estimate the rates we potentially have to pay for on technology service using historical figures to calculate the numbers.

**Auxiliary Activities Funds** (31, 33, 35 Funds) – Included in this fund is the Bookstore, Food Service, and Campus and Community events. The 2024-2025 numbers are aligned with the previous budget.

**Unexpended Plant Fund** (71 Fund) – The HVAC payment is included in this fund. On December 30, 2015, the College borrowed \$16,151,962 to pay for the HVAC project. The annual Payment is \$1,436,118.53, the principal is \$1,133,051.93, and interest is \$303,066.60. The balance owed as of June 30, 2024 is \$8,812,936.06 and the balance at the of 2025 is \$7,679,884.13. There is a \$1,000,000 transfer planned at the end of this budget year to go toward the upcoming payments for the HVAC.

**Maintenance & Replacement Fund** (80 Fund) – This fund is aligned with the previous budget and There are no big changes or adjustments expected.

**Millage Maintenance & Improvement Fund** (81 Fund) – This fund is aligned with the previous budget and there are no big changes or adjustments expected. The current fund balance is \$4.8 million. It is key to get a millage renewed before it expires as it is easier to pass a renewal and it is to pass a new millage.

**Physical Properties Fund** (89 Fund) – This is where the College records it fixed assets. About 8 years ago the GASB changed requiring colleges to include fixed assets in the budget. That entry is made at the end of the year for the audit. The Physical Properties Funds was not part of the presentation in prior years. So that is new for this year.

4. President Quartey requested that the Board move into closed session to discuss his most recent presidential evaluation.

*It was moved by Ms. Dowler and supported by Mr. Spotts that the Board move into closed session in accordance with in accordance with section 8(a) of the Michigan Open Meetings Act to consider a periodic, personnel evaluation of, a public officer, employee, staff member, or individual agent, if the named person requests a closed hearing.*

A roll call vote was taken as follows:

Yes [7] Joel A. Spotts, Mary Kay Thayer, Krista K. Lambrix, Aaron N. Mason, Lynette M. Dowler, Nicole R. Goodman, Julie M. Edwards

No [0] None

The motion carried unanimously and the Board went into Closed Session at 6:02 p.m.

5. The Open Session resumed at 6:56 p.m.
6. Chair Mason led a discussion on the President’s current contract.
7. *It was moved by Ms. Dowler and supported by Mr. Mason that the Board approve a market equity increase to the president’s contract as follows:*

*Increase the base pay to \$225,000, effective June 30, 2023; modify the longevity incentive to \$40,000 for the current three -year contract (ending June 30, 2025), and increasing it to \$60,000 beginning July 1, 2025 and through June 30, 2028; additionally, beginning July 1, 2024, increase the annual cell phone expense allowance to \$2,200; increase the annual community engagement expense allowance to \$25,000; and increase the annual housing allowance to \$20,000; and add, an annual auto allowance of \$25,000, beginning July 1, 2024*

Chair Mason noted that this equity adjustment to the market is based on inflation over the past four years and applies to the current contract that helps to bring the president’s pay to where it needs to be today. The Board must also consider income losses from multiple years of no increases to base pay.

The motion carried five [5] to two [2] (N. Goodman, K. Lambrix).

8. *It was moved by Mr. Spotts and supported by Ms. Thayer that the Board modify the above motion to include a Consumer Price Index (CPI) minimum increase of 2.5 percent and maximum of 5 percent annually.*

The motion failed unanimously.

9. Chair Mason will have the College attorney create a proposed draft of the contract for the Board to review before approving.
10. *It was moved by Ms. Thayer and supported by Ms. Lambrix that the meeting be adjourned.*

The motion carried and the meeting adjourned at 7:29 p.m.

Respectfully submitted,

Aaron N. Mason  
Chair

Nicole R. Goodman  
Secretary

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These minutes were approved at the June 24, 2024 Special meeting of the Board of Trustees.