

**Lake Superior State University  
Board of Trustees  
Minutes of Meeting  
Walker Cisler Student and Conference Center  
Sault Ste. Marie, Michigan  
March 15, 2019**

The Board of Trustees of Lake Superior State University met in regular session beginning at 8:30 a.m. on Friday, March 15, 2019, in the Lake Erie, Michigan and Ontario rooms, of the Walker Cisler Student and Conference Center, Lake Superior State University, Sault Ste. Marie, Michigan. The meeting was pursuant to Section 1.01. of the Bylaws of said Board with notice to the Board pursuant to Section 1.04., and public notice pursuant to Section 1.05. of the Bylaws.

The section numbers and headings of these minutes correspond to the agenda. A copy of the proposed agenda was distributed to each Trustee at the public session of March 15, 2019. The proposed agenda had been sent pursuant to Section 1.04. of the Bylaws. Copies of all such material are contained as appendices to these minutes.

At the call to order, there were several members in the audience and one member of the press.

**I. Roll Call**

Ms. Ann Parker, Chair, called the meeting to order at 8:30 a.m. She asked Ms. Lauren Pierce, Secretary, to call roll. The following members responded “present”:

Mr. Thomas C. Bailey  
Mr. Richard Barch  
Mr. Timothy Lukenda  
Dr. Mark W. Mercer  
Mr. Rodney M. Nelson  
Ms. Ann Parker  
Mr. Randy Pingatore  
Ms. Sandi Frost Steensma  
Dr. Rodney S. Hanley, President and ex-officio

Eight Trustees were recorded as present with Trustee Sandi Frost Steensma joining via Zoom Audio. Present for the University were Mr. Dakota Baker, President of Student Government; Ms. Wendy Beach, Director of Human Resources, Safety and Risk; Mr. Thomas Coates, Foundation Director; Dr. Lynn Gillette, Provost and Vice President for Academic Affairs; Mr. John Kawauchi, Vice President for Enrollment, Marketing and IT; Dr. David Paitson, Director of Athletics; Dr. Chris Smith, Faculty Association President; Mr. Maurice Walworth, Vice President for

Finance and Operations; and Dr. Shelley Wooley, Interim Associate Dean of Student Life.

**II. Approval of the Agenda for March 15, 2019**

Mr. Bailey moved for Board approval to amend the agenda for March 15, 2019 as follows:

Under VIII. Academic Affair Committee 1b., change Certificate to Associate Degree

The motion was supported by Dr. Mercer. The motion carried with unanimous voice vote.

**III. Approval of the Minutes for January 25, 2019**

Dr. Mercer moved for Board approval of the minutes for January 25, 2019 as presented; supported by Mr. Pingatore. The motion carried with unanimous voice vote.

**IV. Addresses to the Board**

There were no addresses to the Board.

**V. Chair's Remarks**

Ms. Parker recognized and looked forward to the upcoming traditional signs of Spring, including the Annual Snowman Burning. She recognized the LSSU hockey team for doing well this successful season.

Since the last board meeting, Ms. Parker, Dr. Hanley and Dr. Gillette toured a cannabis facility. The tour reaffirmed the wide variety of need and opportunity for the University to be on the leading edge and well positioned. The facility is eager to build a partnership with Lake State.

Ms. Parker shared the continued goal to build a culture of performance evaluations on campus, including performance goals of the University President and working towards reviewing and evaluating the President.

Ms. Parker assured those present that Board members do indeed read reports and continue to be impressed and appreciate the faculty and student involvement, along with the invitations to participate in events and functions.

**VI. President's Remarks**

Dr. Hanley mentioned a tough start with Spring weather and shared continued thanks to the facilities crew and Steve Gregory, for actively clearing sidewalks and roads daily.

The CFRE project continues on schedule, with the land purchase complete from the city. In completing the sale, administrators had to “dig deep into the archives”, pulling a document signed by President Ulysses S. Grant.

Dr. Hanley gave a glimpse into the P3 Housing Project, which will produce two new residence halls, some demolition and many renovations. Several teams are involved and everyone is excited to see this thrilling project through completion.

Dr. Hanley shared his appreciation for the Board's various skills and expertise, noting Thursday's working meeting was very successful.

The House Higher Education Appropriations Subcommittee testimonies recently brought Dr. Hanley to Lansing, where legislators asked universities to have a greater outreach to at-risk students. During his visit, Dr. Hanley had the opportunity to speak with House Speaker, Lee Chatfield and discussed the priorities and needs of LSSU.

Dr. Hanley “echoed” Ms. Parker's comments in regards to their recent tour of the cannabis facility. He stated that the facility was ready and eager to hire graduates today. Dr. Hanley also had the opportunity to meet with a law firm in Lansing for some productive conversation with their cannabis legal team.

The University continues to develop new academic programs. Dr. Hanley thanked faculty for taking the challenge and leading the way with these new programs.

Dr. Hanley shared feedback from the HLC, stating they were pleased with the report that was recently submitted. The University is well poised for the upcoming site visit at the end of the month.

LSSU was ranked 7 out of 16, in a Capital Outlay proposal that Dr. Hanley submitted during his Lansing trip in February. This proposal would fund the new Center for Outdoor Recreation and Education (CORE) building. LSSU ranked number 1 for cost effectiveness.

House Speaker, Lee Chatfield was recently on campus for a congratulatory event and was presented with a LSSU hockey jersey. He also participated in a ceremonial puck drop during that evening's game. While in Lansing, Dr. Hanley was happy to see the LSSU hockey jersey hanging in Speaker Chatfield's office reception area.

Dr. Hanley prepared the Board for an Athletic Financial Analysis from Dr. Paitson, with the possibility to form additional athletic teams at LSSU.

Dr. Hanley was brought back to Lansing in late February for the MASU board meeting. This gave opportunity to review the proposed budget.

Dr. Hanley participated in the 2<sup>nd</sup> Annual Sault Sainte Marie snowmobile parade, which he thoroughly enjoyed. He is looking forward to participating again next year.

Dr. Hanley and Mr. Coates recently toured the Precision Edge facilities and met with company President, Todd Fewins. Discussion took place to develop a certification program that may benefit Precision Edge employees.

Dr. Hanley also had the opportunity to tour the Cloverland hydro-electric plant, and was amazed by their facility. Dr. Hanley discussed strengthening the University with CEO, Mike Heise, and discovered that Mr. Heise has two sons that plan on attending LSSU.

Next week, Dr. Hanley and Mr. Coates will be traveling to Iron Mountain for a reception and rotary meeting, along with meeting several area company administrators.

## **VII. Report of the Finance Committee**

Mr. Walworth introduced the Board to P3 housing advisors, Richard Reith, Reith Jones; Ryan Conway, PFM Financial; and Craig Hammond, Dickinson-Wright. The LSSU advisors presented to the Board various topics and updates on P3 activities including; a brief project history, defining a P3, an overview of structure and legal agreements, project company details/options and financing options and cash flow. Along with a new structure, existing facilities have been assessed for renovations that will benefit campus and student needs based on data that indicates the need for additional age appropriate housing options and encourage students to stay on campus. Advisors stressed the importance of establishing a non-profit corporation (Lake Superior State University Campus Housing Corporation), a supporting organization of the University, similar to the LSSU Foundation. This corporation would qualify for USDA funding that LSSU alone, is not an eligible applicant. Ms. Parker expressed concern for any considerations for future structural changes or possibilities of future needs. Advisors reaffirmed the importance and benefits of a long-term partnership with advisors to ensure the entire housing system is self-sustaining and building space is multi-purposed and flexible to meet student needs. Funds will be set aside for future maintenance and renovations. Ms. Parker thanked the advisors for their presentation. Mr. Walworth and LSSU advisors recommended that the Board authorize the formation of the LSSU Campus Housing Corporation, a 501(c)(3) for the P3 Housing Project.

Dr. Mercer moved for Board approval for the appointment of the President as an ex-officio voting member of the board of directors of the corporation and the appointment of LSSU Board members Mr. Tom Bailey, Mr. Richard Barch and Mr. Timothy Lukenda as the initial members of the board of directors of the corporation; supported by Mr. Pingatore. The Chair requested a roll call vote. The results of the roll call vote were:

Mr. Thomas C. Bailey	“Yes”
Mr. Richard Barch	“Yes”
Mr. Timothy Lukenda	“Yes”
Dr. Mark W. Mercer	“Yes”
Mr. Rodney M. Nelson	“Yes”
Ms. Ann Parker	“Yes”
Mr. Randy Pingatore	“Yes”
Ms. Sandi Frost Steensma	“Yes”

The motion carried with eight affirmative votes.

Mr. Walworth thanked the Board for moving forward in this next step of the P3 project, and informed the Board of several financial updates, including; an on track General Fund budget and expense figures with little to no change since the January Board meeting.

In the Auxiliary Funds, Mr. Walworth continues to work with struggling departments with lagging past performance metrics. The Athletics department is working with the LSSU Foundation to secure additional donations and revenue.

The HLC requires a yearly submission of financial data, from which they determine a Composite Financial Indicator (CFI) and financial health indicator. The desired health indicator value is between 3 and 10. Given LSSU’s status, the University should focus and improve on “living within our means”.

Cash assets are invested, with LSSU and Foundation cash comingled in Schwab cash funds. Mr. Walworth continues to monitor the separation of designated CFRE funds from the overall cash balance.

Mr. Walworth provided CFRE updates, stating the schedule is on track and currently half way through Phase 500, with bidding to start mid-April and construction to start in early July. LSSU purchased and secured the CFRE property title, closing the sale of the 2 ½ acres and construction easement, on March 12, 2019. LSSU, with contracted support from an exhibitions and events project management consultant, continues to develop plans for the exhibits area of the CFRE building. A geo-technical study for the site was completed, indicating poor soil conditions due to buried debris. The findings will result in higher building foundation costs due to the soil instability. The cleanup costs will not be funded by the State. LSSU Sponsored Programs administrator, Ms. Erica Newland and the

CFRE team are working to submit a \$1.5M request to the Michigan Brownfield Redevelopment Program. If funded, the funds would help pay for the increased building foundation costs associated with the contaminated soil.

Per the Board's request in January, Mr. Walworth provided follow-up to questions regarding the LSSU Endowment, the investment strategy, returns and allocations. Endowments have met the 8% return goal as the market continues to rebound.

Mr. Walworth presented a 2-part action item, with the recommendation that the Board (1) authorize the expenditure of approximately \$1.0M for the equipment for the Cannabis Chemistry program, and that the equipment is sole-source from Agilent; and (2) authorize the Vice President for Finance and Operations to secure a bank loan to finance the purchase of the Cannabis Chemistry program equipment.

The equipment purchase price has been offered at a 50% discount from Agilent and includes the potential for a long term relationship with LSSU. The purchase of the equipment would benefit various science programs, including the Cannabis program. Mr. Walworth is confident that the new program will bring new students to cover costs. Dr. Gillette stated it has been fantastic working with the science faculty with the decision to invest in state-of-the-art equipment to strategically position the University as first movers with a stake in the ground. Mr. Lukenda asked if the sole source policy in selecting Agilent as a vendor was followed. Mr. Walworth confirmed it was.

Mr. Lukenda moved for Board approval to purchase the \$1.0M Agilent equipment and authorize the V.P. for Finance and Operations to secure a bank loan for the purchase; supported by Mr. Barch. The Chair requested a roll call vote. The results of the roll call vote were:

Mr. Thomas C. Bailey	"Yes"
Mr. Richard Barch	"Yes"
Mr. Timothy Lukenda	"Yes"
Dr. Mark W. Mercer	"Yes"
Mr. Rodney M. Nelson	"Yes"
Ms. Ann Parker	"Yes"
Mr. Randy Pingatore	"Yes"
Ms. Sandi Frost Steensma	"Yes"

The motion carried with eight affirmative votes.

### **VIII. Report of Academic Affairs Committee**

Dr. Gillette presented to the Board, a proposal to approve a Bachelor of Science Degree in Cannabis Business and shared information from an article recently published by Forbes. The article stated a Cannabis industry growth prediction of 28% and \$47 billion in sales over a 10-year span. Forbes gave a strong career

prospect of over 500,000 cannabis industry jobs created by 2022 and estimates Michigan alone could surpass \$1.3 billion in spending and employ almost 28,000 people by 2022.

Mr. Bailey moved for Board approval for a Bachelor of Science in Cannabis Business; supported by Dr. Mercer. The motion carried with unanimous voice vote.

Mr. Bailey moved for Board approval for an Associate of Science Degree in Pre-Professional Sciences; supported by Mr. Barch. The motion carried with unanimous voice vote.

Dr. Gillette informed the Board of academic informational items including an upcoming campus visit from two representatives from the HLC, on March 25<sup>th</sup> and 26<sup>th</sup>. Dr. Gillette stated LSSU is extremely prepared, and noted that the HLC has been impressed with the tremendous work that has been done, especially by the faculty. LSSU faculty prepared student outcomes for 67 programs. Thousands of supporting documents were sent to the HLC in the most recent report. Mr. Lukenda questioned the frequency of the accreditation process. Dr. Gillette confirmed the accreditation process as a 10-year cycle, with the upcoming focus visit relating to concerns from 2016.

Mr. Bailey moved for Board approval for program and course fee changes for Summer 2019 and Academic Year 2019-2020, as provided based on course needs; supported by Dr. Mercer. The motion carried with unanimous voice vote.

Mr. Bailey moved for Board approval to reduce the Summer 2019 tuition rate to \$333.00 per credit hour plus special course fees as applicable. This is less than the current academic year cost of \$485.00 per credit hour; supported by Dr. Mercer. The motion carried with unanimous voice vote.

Mr. Bailey moved for Board approval to confer the appropriate degrees upon the list of candidates for Fall Semester 2018 as certified by the Registrar as having completed their graduation requirements, supported by Mr. Pingatore. The motion carried with unanimous voice vote.

Dr. Gillette shared a final thought of praise to the LSSU faculty, stating he had never been to an institution where faculty worked so hard. Dr. Gillette expressed a fantastic experience working with the faculty, senior management and the President.

Faculty Association President, Dr. Chris Smith opened his remarks with a similar praise to an excellent experience, working with LSSU faculty and recognized their hard work prepping for the HLC, on top of regular duties. He asked that everyone not lose sight of the work and progress that has been done. Dr. Smith thanked Dr. Gillette for his hard work and the joy he has had in working with him and Board members. Dr. Smith appreciated the recognition that faculty has received at today's

meeting. He also wanted to thank the campus custodial staff, and the importance of their roles to the University. Dr. Smith expressed thanks for incentivizing summer courses with the recently approved summer tuition decrease. Mr. Bailey, heard Dr. Smith's comments as energizing and echoed his gratitude.

Mr. Chris Oshelski, Charter School Executive Director, presented to the Board, two action items to include the appointment of two Board of Directors of public school academies and to approve the updated General Terms and Conditions of the Charter Contract(s).

Mr. Bailey moved for Board approval of the recommendation for the appointment of the following individuals to their respective board of directors for the terms listed:

Jessica McGuiness to Concord Academy of Petoskey for a term expiring on June 30, 2021; and

Timothy Wilson to Concord Academy of Petoskey for a term expiring on June 30, 2021.

Mr. Lukenda supported the motion. The motion carried with unanimous voice vote.

Mr. Bailey moved for Board approval of the updated General Terms and Conditions of the Charter Contract(s); supported by Dr. Mercer. The motion carried with unanimous voice vote.

### **Enrollment Report**

Mr. Kawauchi presented enrollment and marketing updates to the Board; including, the expansion of recruitment efforts and current dashboard metrics. Admissions recruiters will be attending the U.S. College Fairs in Ottawa and Toronto to recruit prospective Canadian students on April 10 and 13. Additional plans are in process to expand recruiting outside of Michigan. To date, 2,195 total applications have been received, 31% above Fall 2017. 1,294 of those applicants have been admitted, 11 % above Fall 2017. The first time in college (FTIC) students continue to be the core target focus for admissions with 1,892 applications, and 1,189 admitted for Fall 2019. Mr. Kawauchi is optimistic for a successful Fall semester.

### **IX. Report of Human Resources Committee**

Ms. Beach shared information with the Board, regarding a survey that LSSU recently administered to all full time Faculty and Staff members. LSSU has enlisted a third party administrator, Modern Think, to administer the Great Colleges to Work For survey. The survey will provide insights on the workplace experience for faculty and staff, and the competitiveness of policies and benefits. The survey was launched on Monday, March 11, with an above average 24% response rate in



just 5 days. The results of the survey will be published in late September, in The Chronicle of Higher Education. Ms. Beach informed the Board of the upcoming annual LSSU Retirement and Service Award dinner to be held on April 10<sup>th</sup>.

**X. Report of the Development Committee**

Mr. Coates provided the Board with an update on the status of the University's current top priority capital fundraising campaign. A "Campaign Reset" was introduced at the last Board meeting, to re-direct and re-energize the fundraising effort in support of the CFRE project. Mr. Coates has continued to work with Trustee Frost Steensma, with the new CFRE brochure and continued campaign statement; "The Building Will Go Up!". Mr. Coates provided potential sources for asset liquidation as additional project funding. Mr. Coates continues to advance the University, building relationships with donors and legislators. Mr. Coates thanked Laker Hockey staff with their support in two recent puck drops from Speaker Chatfield and Senator Peters, and wished the team luck this weekend, against Mankato. Lastly, Mr. Coates informed the Board with the upcoming Great Lake Golf Classic, partnered with the Sault Blue Liners Club. The event will take place on June 14<sup>th</sup> at the Wild Bluff Golf Course.

**XII. Report of the Student Affairs Committee**

Mr. Baker expressed his happiness to be at today's meeting, yet sadness as this was his last meeting representing the Student Government. Mr. Baker will be graduating from LSSU at the upcoming April Commencement ceremony. Mr. Baker informed the Board of various items, including his upcoming Monday meeting with representatives from the HLC. The student leadership conference was a success with guests impressed with the LSSU campus. Mr. Baker reported another successful year at Searchmont Resort, with negotiations underway for next year. Mr. Baker asked for members of the Board to keep LSSU students in mind as they travel to Canada for a Business competition, and hopefully they come back with a 1<sup>st</sup> place win. Mr. Baker announced that Student Government elections have begun and introduced two candidates running for President, Mr. Keegan Hoose and Ms. Katie Smith. The swearing in of the next Student Government officers will take place on Thursday, April 18. Mr. Baker expressed his honor and pleasure to work as President for the Student Government these past two years. He expressed his pride in the autonomy that the LSSU Board and Student Government share, and wished the Board the best of luck. Ms. Parker thanked Mr. Baker for the nice feedback and shared her congratulations and best wishes. Mr. Bailey reflected his gratitude for Mr. Baker and his representation of the student body as a whole.

Ms. Wooley provided the Board with information items, including retention updates that show 450 returning students having applied for Fall semester housing, up 7% from the same time last year. Midterm grades are currently being reported allowing for Laker Success efforts to initiate outreach to students who fall into

specific areas of concern. Several Freshman students have asked to remain in the same halls as Sophomore students, so that they may stay engaged with their peers. Ms. Wooley reported several orientation dates have been set for June and July with 100 students already registered.

Dr. Paitson provided the Board with information items; including a viewing party at the local Buffalo Wild Wings tonight, in support of LSSU Hockey. Dr. Paitson shared team performance updates, highlighting LSSU Hockey Coach Whitten, the team and crew for coming together this season. The Lakers have accomplished 20 wins for the first time since the 2006-07 season, and recorded the longest winning streak since 1996-97. The Fall 2018 to Spring 2019 student-athlete retention rate was 98%; well exceeding the departments goal of 93%. Across the board ticket sales were projected to increase by 10%, with actual ticket sales increasing to 30%. Athletic sponsorship has also increased by over 300%. Dr. Paitson provided a proposal for a Center for Outdoor Research and Education (CORE) building. This facility would house academic rooms and potentially 6 new athletic teams to play on a turf field. Women's soccer ranked high as a potential sport, bringing many high school participants. Field Hockey, Football, and Lacrosse were also considered as potential new sports teams.

**XIII. Other Business**

Ms. Parker shared a request from Mr. Walworth, seeking additional support and assistance from the LSSU Board Finance Committee. Ms. Parker, Dr. Hanley, Ms. Frost Steensma and Mr. Barch will establish a routine schedule to discuss and review various financial matters.

**XIV. Adjournment**

Mr. Bailey moved for adjournment at 10:44 a.m.; supported by Mr. Barch. The motion carried with unanimous voice vote.

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Ann Parker  
Chair

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Rodney S. Hanley  
President

Minutes prepared by Ms. Lauren Pierce Secretary.  
A draft of these minutes was completed on March 27, 2019.