

Lake Michigan College
Minutes Board of Trustees Regular Meeting
<https://LakeMichiganCollege.zoom.us/j/94835309114>
1 312 626 6799 US (Chicago)
May 19, 2020

CALL TO ORDER

Chair Johnson called the Regular Meeting of the Lake Michigan College Board of Trustees to order at 5:02 p.m. Ms. Johnson opened the meeting with the Pledge of Allegiance.

ROLL CALL

Present: Paul Bergan, Jeff Curry, John Grover, Debra Johnson, Dr. Michael Lindley, Joan Smith, Mary Jo Tomasini

Absent:

SETTING OF THE AGENDA

The agenda stands as presented.

APPROVAL OF MINUTES

Minutes of the March 24, 2020 Regular Board Meeting were approved as presented with a motion by Mr. Grover supported by Mr. Curry.

Voice Vote Approved

PETITIONS AND COMMUNICATIONS FROM THE FLOOR

None

PRESIDENT'S REPORT

Monthly financials are in the board packet. The College has received the Cares Act of \$1.1 million with 50 percent going toward the students.

NEW BUSINESS

Approval to Submit MCACA Project Support Grant

Title: MCACA Project Support Grant of \$30,000 for 2020-21 Mainstage Season
Source: Michigan Council for Arts and Cultural Affairs
Officer: Grace Kelmer, Mendel Center Mainstage Director
Dates: October 1, 2020 – June 30, 2021
Match: \$30,000
Summary: This Project Support Grant will support the live public performances and any livestreaming performances held between January 1, 2021 and June 30, 2021. The live and streamed performances will be part of the 29th annual Mainstage performing arts series. The series is designed to make quality performing arts opportunities locally accessible in southwestern Michigan. Related expenses incurred after October 1, 2020 (the beginning of the MCACA Fiscal Year) will be considered in the scope of the grant. The cash match will be covered by earned revenue from the performances and does not require additional fundraising efforts.

ACTION:

It was recommended that the Lake Michigan College Board of Trustees authorize the College to submit an application for the FY21 MCACA Project Support Grant.

MOTION by Mr. Bergan with support by Ms. Tomasini to authorize the College to submit an application for the FY21 MCACA Project Support Grant.

ROLL CALL VOTE

Yeas: Paul Bergan, Jeff Curry, John Grover, Debra Johnson, Michael Lindley, Joan Smith, Mary Jo Tomasini

Nays: None

Absent: None

APPROVED

POLICY REVISIONS

As part of ongoing efforts to review college policies in support of continuous quality improvement efforts, the following policy revision has been presented to the Board of Trustees for review and/or approval.

1. Capital Assets
2. Vacation Administrators & Professional/Technical Staff, Full-Time

ACTION:

College Administration recommends that the Board of Trustees approve the following policy revision as presented.

Lake Michigan College Policy

CAPITAL ASSETS

Office of Origin:	Finance
Responsibility:	Chief Financial Officer
Original Date Adopted:	TBD
Dates Reviewed:	04-21-20
Last Date Approved:	TBD

Capital Asset Threshold

A Capital Asset is an expenditure of \$5,000 or more and an estimated useful life greater than 1 year, with the following exceptions:

- All library materials (e.g., books, journals, bound periodicals, microfilm, electronic media) are capitalized.
- All purchases of land are capitalized.

Capitalized Cost of Capital Assets

Purchased Assets

The "capitalized cost" (i.e., amount recorded as cost basis for asset) includes purchase price, transportation and installation costs, value received from trade-in, and other direct costs incurred in obtaining the asset and making it usable.

Construction and Renovation Projects

The capitalized cost for construction and renovation projects includes costs for constructing and/or improving an asset (labor, materials, architectural / design fees, permits, inspections, filing costs, agent fees, etc.) plus utilities during the construction period, certain landscaping, etc. These costs collectively are a "capital project."

If a vendor or contractor is working on more than 1 capital project at a time, they are required

to provide a breakout of costs by project. Alternatively, if separate bid documents are available, those documents can be used to allocate a consolidated invoice to the separate projects.

Capitalization of landscaping is determined by Generally Accepted Accounting Principles (GAAP), which vary based on landscaping type. Please seek guidance from the Finance Department.

Assets Purchased with Grant Funds

See *Grant Supplies & Equipment* procedure.

Leased Assets

The capitalized cost is determined by GAAP, which vary based on lease type. Please seek guidance from the Finance Department.

Donated Asset

All assets donated to the College must be processed through the Lake Michigan College Foundation (Foundation.) The capitalized cost is the asset fair market value on date of donation plus direct expenses of obtaining/installing the asset.

Repairs and Maintenance (R&M)

During the life of capital asset, it may be necessary to pay for R&M of the asset. Capitalization of these costs depends on the nature of the repair or maintenance.

R&M costs incurred to restore an asset to a previous operating condition or to keep an asset in its current operating condition are not capitalizable under GAAP. These costs refer to normal, regularly recurring expenditures required to keep an asset in efficient operating condition, and neither adding to the value of the asset nor appreciably prolonging its life. This type of expenditure, regardless of cost, is expensed and not capitalized.

R&M that cost over \$5,000 and which also increase the asset estimated useful life can be capitalized.

Depreciation of Capital Assets

The straight-line method of depreciation is used for all depreciable capital assets. Depreciation is charged beginning with the month the asset is placed in service.

Estimated useful lives are as follows by capital asset category:

- Art: not depreciable
- Buildings and improvements: 45 years
- Computer hardware: 5 years
- Computer software: 3 years
- Equipment: 7-15 years

Furniture and fixtures: 5-7 years
Land: not depreciable
Land improvements & infrastructure: 15-20 years
Library materials: 5 years

Capital Asset Categories

The College has 3 capital asset categories: Minor Capital, Routine Capital, and Major Capital.

A) Minor Capital

Minor Capital are assets that have an estimated useful life of more than 1 year but which cost less than \$5,000. Minor Capital is not capitalized but instead expensed when purchased.

Budget & Approvals

Approval for purchase of Minor Capital comes through the annual operating budget process.

B) Routine Capital (RC)

RC expenditures are generally intended for maintaining, renewing, improving, and replacing existing assets. These assets are generally non-emergency and planned in advance, and their maintenance/improvement/replacement considered to be part of an ordinary course of business.

Examples of RC includes instructional equipment and library books; classroom / office equipment and furniture; replacement of vehicles, signage, doors; asphalt / pavement repairs; elevator upgrades; re-carpeting and room remodeling; occasional (or regular but less than College-wide) acquisition or replacement of digital signage, computers and peripherals, security cameras, servicers and network switches.

Capitalizable repairs to existing assets will be designated as RC or MC depending on the investment required and the scope of the project.

Budget & Approvals

The RC budget is calculated annually using a standard methodology and is allocated between Academics, Facilities, Information Technologies (IT), President, other locations (Niles, South Haven), and auxiliaries.

The RC budget is approved in total by the Board of Trustees (the Board) each year for the following fiscal year, and is funded by each fiscal year's operating cash flow. Should no cash flow be generated from operations, RC could be funded by reserves, postponed, or funded by debt, as determined by the Board.

All RC projects must be approved by the President.

Although a list of planned RC projects is presented to the Board annually, Board approval of projects is not required unless the cost exceeds the President's authority per the *Authority to Bind College to External Agreements* policy.

For those RC projects that require Board approval, the information provided will include, as applicable, estimated annual incremental costs for a) asset operation, b) long-term maintenance, and c) depreciation, as well as d) proposed uses for unspent budget (such as bid alternates.)

Any contract or obligation that is a component of a RC project that exceeds the President's authority in the *Authority to Bind College to External Agreements* policy requires Board approval, even if the project as a whole has already been approved by the Board.

Carryover of unspent RC budget from one fiscal year to the next requires approval of the Chief Financial Officer. Carried-over funding may only be used for the project originally intended and may only be carried over for 1 additional year after initially budgeted unless the project is in process and completion crosses fiscal years.

RC budget overruns in total by area of 1% or less will be forgiven. Overruns in total of more than 1% by area will result in a reduction in the following year's RC budget for that area by the amount of the overrun.

Savings (i.e., actual RC costs less than budgeted) may be reallocated to another RC project. In addition, RC budget may only be transferred to supplement a MC project with prior approval from the president.

C) Major Capital (MC)

MC projects are generally intended for projects that are funded on a non-recurring or multi-year basis and which focus on acquiring, building, or significantly renovating, improving, or maintaining land, facilities, infrastructure, technology infrastructure and major systems, as well as for machinery and equipment that are part of a College-wide lifecycle replacement program.

A MC project is generally a project with a budget greater than \$50,000.

In addition to the description of MC projects above, MC includes those projects funded by sources other than the College general fund, such as those funded by capital millage proceeds, debt proceeds, the Foundation, grants, or Student Senate Campus Funds.

The determination of what is a MC project versus a RC project may be made on a project-by-project basis.

Capitalizable repairs to existing assets will be designated as RC or MC depending on the investment required and the scope of the project.

Budget & Approvals

All MC projects require the President's approval. MC projects exceeding the President's authority per the *Authority to Bind College to External Agreements* policy require Board approval.

If it is anticipated that a MC project will require Board approval, a summary of the project will be presented to the Board for review prior to incurring significant design or other costs and prior to seeking construction bids.

For those MC projects that require Board approval, the information provided to the Board will include, as applicable, estimated annual incremental costs for a) asset operation, b) long-term maintenance, and c) depreciation, as well as d) proposed uses for unspent budget (such as bid alternates.)

A 6% contingency will be included in all new construction MC budgets and an 8% contingency will be included in all renovation MC budgets. MC projects requiring equipment or systems testing will include commissioning costs in the budget.

Any contract or obligation that is a component of a MC project that exceeds the President's authority in the *Authority to Bind College to External Agreements* policy requires Board approval.

Changes in project scope, such as change orders, that increase the cost of a MC project beyond the amount previously approved by the Board require additional Board approval if proposed changes exceed the President's authority in the *Authority to Bind College to External Agreements* policy.

Savings (i.e., actual project expenditures less than budgeted project expenditures) may not be reallocated to another capital project unless the approved budget included alternates to be included as funding permitted.

Regular reporting of the status of MC projects will be provided to the Board.

References: *Authority to Bind College to External Agreements* policy

Capital Assets procedure

Grant Supplies & Equipment procedure

DELETE POLICY – INCLUDED IN HR POLICY

VACATION ADMINISTRATORS & PROFESSIONAL/TECHNICAL STAFF, FULL-TIME

Office of Origin: Human Resources

Date Adopted: 06-29-90

Last Date Modified & Approved: 04-28-92

Policy Statement:

Twenty (20) paid vacation days are credited annually on July 1 and are awarded to regular full time administrative staff employees according to the following procedures:

1. **Accrual:** Vacation time accrues at the rate of 1.66 days per month commencing on the date of appointment, and is prorated from the date of appointment or termination.
2. **Eligibility:** Vacation time is approved in advance by the immediate supervisor, and is recorded on the weekly departmental attendance reports (pink sheets). Personnel calendar records are kept and eligible vacation time is confirmed by the office of Human Resources. Employees will be notified of their eligibility semi-annually.
3. **Alternate Days:** If a vacation day falls at a time when the College is officially closed, the employee may take an alternate day scheduled in mutual agreement with the immediate supervisor.
4. **Deferral:** Vacation time is not cumulative, and will be forfeited unless taken (1) during the fiscal year earned or (2) up to maximum of twenty (20) days, during the following fiscal year.

Any exceptions to be considered for carryover of vacation will only be considered for a week (5 days) of time.

5. **Termination:** Upon termination of employment, unused, accrued vacation pay will be computed by subtracting the number of days taken from the vacation time earned as pro- rated to the date of termination. If more vacation time has been taken than earned, when so prorated, an equivalent deduction will be made from the employee's final pay check. Human Resources will inform the Business Office of the number of days and the appropriate pay rate to be expended to accrual.

Responsibility: Vice President, Administrative Services & Special Assistant to the President

DISCUSSION

MOTION by Ms. Tomasini with support by Dr. Lindley to approve the policy revisions as presented.

ROLL CALL VOTE

Yeas: Paul Bergan, Jeff Curry, John Grover, Debra Johnson, Michael Lindley, Joan Smith, Mary Jo Tomasini

Nays: None

Absent: None

APPROVED

ADJOURNMENT

MOTION by Mr. Bergan to adjourn the Regular Meeting of the Lake Michigan College Board of Trustees at 5:48 p.m.



Debra Johnson, Board Chair
Lake Michigan College Board of Trustees



Joan Smith, Board Secretary
Lake Michigan College Board of Trustees