



**Formal Session of the Board of
Trustees December 18, 2020
9:00 a.m. – 11:30 a.m.
Public access via ZOOM Webinar**

- I. Call to Order**
Brenda Ryan, Chair
- II. Roll Call**
Sarah Schulte, Secretary
- III. Confirm Agenda**
Brenda Ryan, Chair
- IV. Opening Remarks**
 - A. Opening Remarks of the Board Chair**
Brenda Ryan, Chair
 - B. Opening Remarks of the University President**
Richard Koubek, President
- V. Public Comment Period**
- VI. Committee Reports**
 - A. Academic Affairs**
Linda Kennedy, Committee Chair
 - B. Audit and Finance Committee**
Jeff Littman, Committee Chair
 - C. Leadership Committee**
Bill Johnson, Committee Chair

VII. Consent Agenda

A. Approval of Minutes

B. Resignations, Retirements, and Off Payroll

**BOARD OF TRUSTEES OFF-PAYROLL
REPORT**

(September 6, 2020 – November 14, 2020)

RETIRED

Name	Class	Department	Title	Most Recent Hire Date	Term Date
Denise Laux	Staff	Chemistry	Departmental Coordinator	08/22/1989	09/19/2020

OFF-PAYROLL

Name	Class	Department	Title	Most Recent Hire Date	Term Date
Jessica Apper	Staff	Residential Dining	Food Service Helper	03/12/2018	10/06/2020
Danielle Bankemper	Staff	Facilities Management	Custodian	01/26/2013	10/04/2020
Yvette Dickinson	Faculty	College Forest Resources & Environmental Sciences	Associate Professor	08/18/2014	09/05/2020
Nora Eck	Staff	Facilities Management	Custodian	01/04/2016	09/22/2020
Michael Goldsworthy	Staff	Manufacturing & Mechanical Engineering Technology	Research Associate	08/18/2014	09/20/2020
Kallan Green	Staff	Ford Center	Operation Manager - Ford Center	10/14/2018	09/15/2020
Kimberly Gronlund	Staff	Residential Dining	Food Service Helper	02/24/2020	11/04/2020
Karen Hall	Staff	Student Affairs Information Systems	Director of Student Affairs Information Systems	10/26/1998	11/07/2020
Chito Kendrick	Staff	Electrical and Computer Engineering	Managing Director Micro Fabrication Facility	05/25/2015	10/04/2020
Laurie Kirkish	Staff	Facilities Management	Custodian	01/02/2019	10/23/2020
Donelle Lefebvre	Staff	McNair Hall Food Service	Food Service Helper	07/21/2015	10/23/2020
Ryan Lesosky	Staff	Retail Dining	Food Service Helper	09/08/2020	09/13/2020
Melissa Michaelson	Staff	University Relations & Enrollment	Assistant Director, Presidential Operations	01/29/2018	09/18/2020
Nolan Miles	Staff	Facilities Management	Energy Plant Engineer	10/08/2018	10/12/2020
Melissa Nummerdor	Staff	Facilities Management	Custodian	09/10/2018	10/04/2020
Elizabeth Reed	Staff	Facilities Management	Custodian	05/11/2015	11/03/2020
Malissa Sanon	Staff	Center for Diversity & Inclusion	Coordinator of Multicultural Programs	02/25/2019	09/18/2020
Cheryl Simpkins	Staff	Sponsored Programs Accounting	Office Assistant 6	06/29/2015	10/03/2020
Sean Thorpe	Staff	Center for Technology & Training	Software Engineer I	05/06/2013	11/14/2020

C. Fundraising Productivity Report

Michigan Technological University
Michigan Tech Fund
Fundraising Productivity Report
 July 1, 2020 through October 31, 2020
 Compared to Prior Fiscal Year

FY21

Source	YTD Total	Adjustment	FY Goal <small>(in millions)</small>	% of Goal
Individual Giving	5,081,624	2,000,000	18.25	39%
Corporate Giving	857,703		1	86%
Foundation & Other Org Giving	146,540	142,359	1	29%
Corporate Sponsored Research	4,253,298		11	39%
Fundraising Total	10,339,165	2,142,359		

FY20

Source	YTD Total	Adjustment	FY Goal <small>(in millions)</small>	% of Goal	FY Total
Subtotal: Ind Giving	7,138,757		26.25	27%	15,208,784
Corporate Giving	947,214		2	47%	2,453,346
Foundation & Other Org Giving	121,807		1.5	8%	1,153,801
Corporate Sponsored Research	2,660,847		11	24%	9,972,618
Fundraising Total	10,868,626		40.75	27%	28,788,550

		FY Goal	% of Goal
TOTAL PROGRESS TOWARDS FY GOAL	\$ 12,481,524	31.25	40%

Amt of TOTAL from Gifts-in-Kind 18,004

Realized Planned Gifts 290,653

Realized Pledges 334,071

Notes:

- The Adjustment totals include changes to gift records (eg. gift received date, amount, or other donor driven gift modifications)
- The FUNDRAISING TOTAL includes outright gifts, as well as new pledge and planned gift commitments, made in the specified date range.
- Realized planned gifts and realized pledges are not included in the FUNDRAISING TOTAL.
- An individual's gifts made through a donor-advised fund are counted under the individual.
- An individual's gifts made through another source (i.e. family foundation or closely held business) are counted under the source entity.
- The FUNDRAISING TOTAL for fiscal years 2020 and later include gifts-in-kind under other sources (Major Gifts, Annual Giving, etc).

VII-D. TEMPORARY SUSPENSION OF BOARD BYLAW 1.13

Michigan Technological University moved to Health and Safety Level 5 on November 18 to support the Michigan Department of Health and Human Services Pause to Save Lives Emergency Order. In furtherance of that support, the December 2020 Board of Trustees meeting will take place virtually. Board Bylaw 1.13 requires that at least three Board members be physically present for a formal session of the Board. Travel for this purpose is not advisable at this time.

RECOMMENDATION: That the Board of Trustees temporarily suspends the portion of Board Bylaw 1.13 that requires at least three Board Members be physically present for a formal session of the Board for the December 2020 formal session only.

VIII. Reports

A. University Research and Sponsored Programs Report

Dave Reed, Vice President for Research

Sponsored Program Summary FY20 and 1st Quarter FY21 Activities

David Reed

Vice President for Research

December, 2020



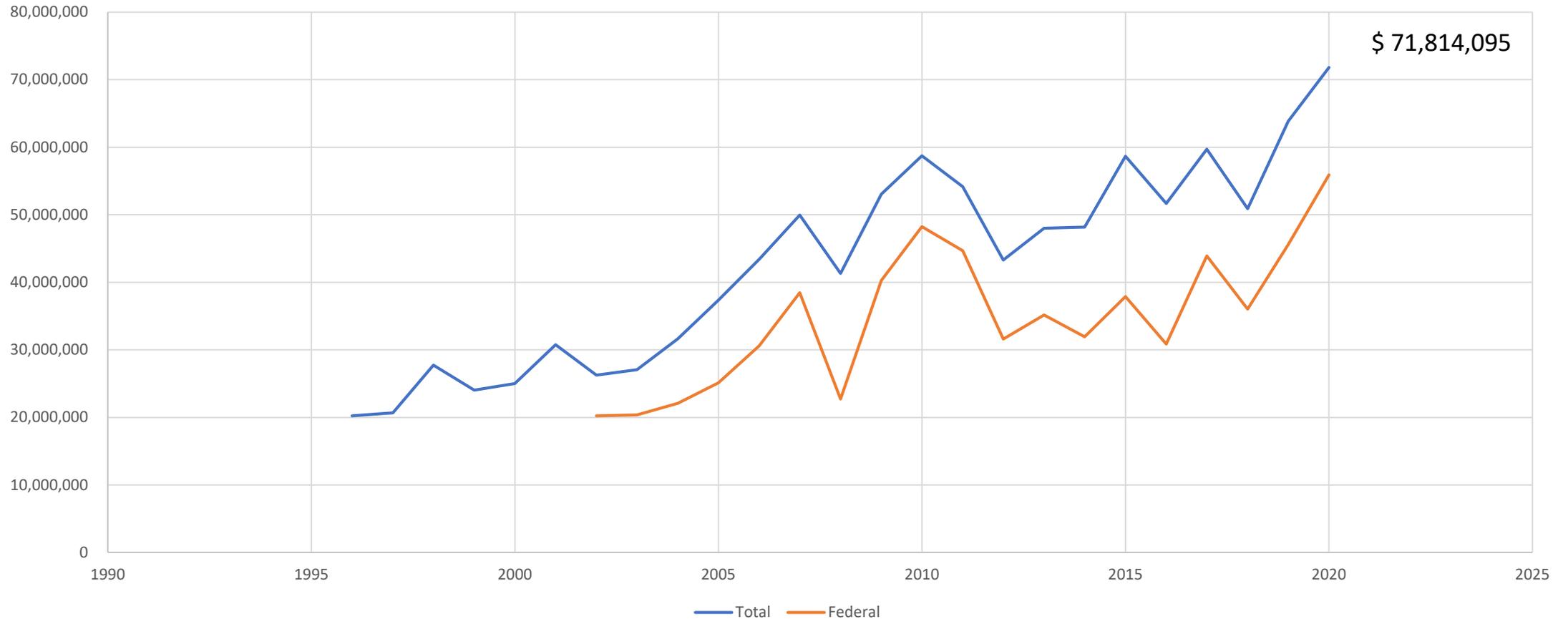
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Outline

- FY20 Results
 - Sponsored Awards
 - Research Expenditures
 - Intellectual Property/Commercialization
 - Corporate Sponsorship
- 1st Quarter FY21
 - Sponsored Awards
 - Research Expenditures
- Large and Significant Awards 1st Quarter FY21



Sponsored Awards, FY20



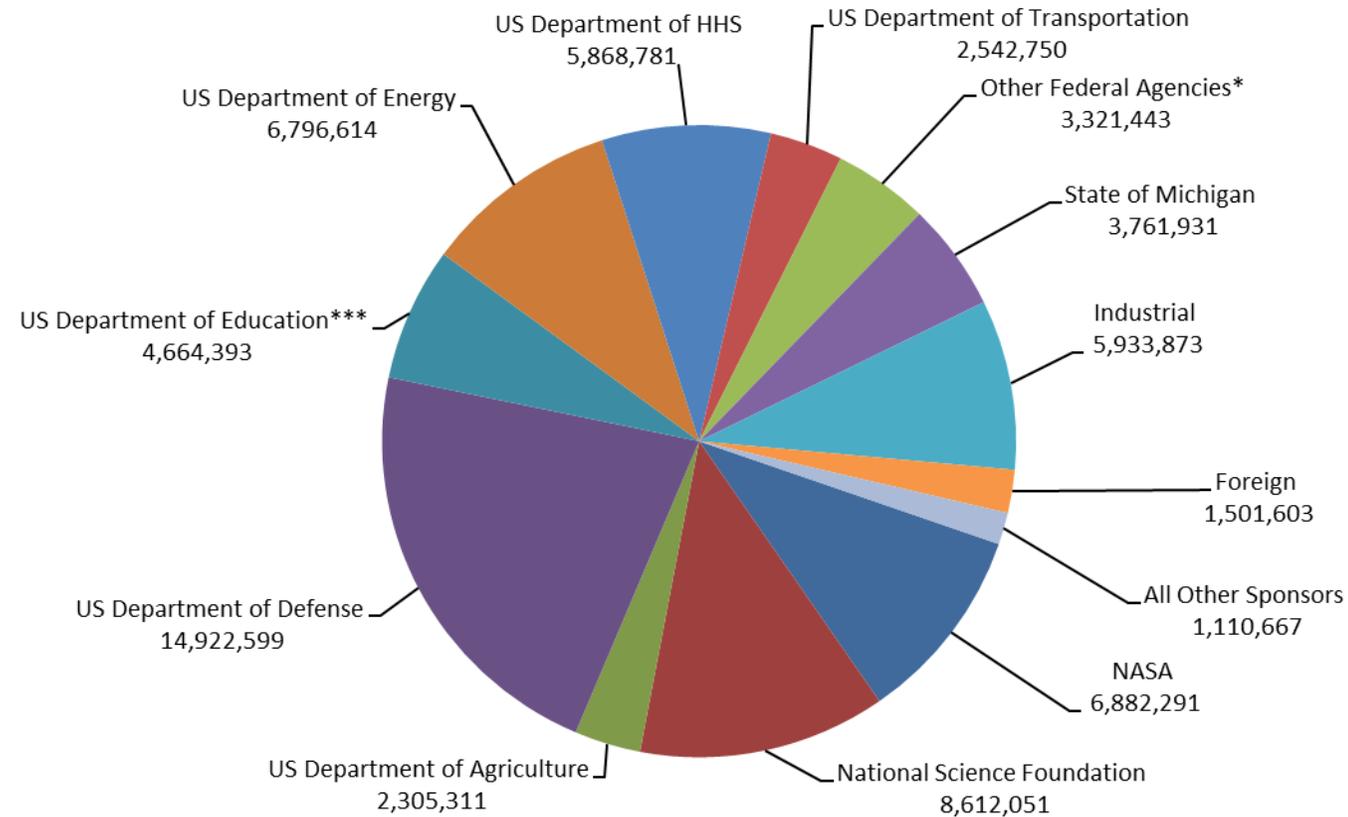
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Sponsored Awards, FY20

Sponsored Awards
Fiscal Year 2020
4th Quarter
Ended June 30, 2020
TOTAL: \$71,814,093

Pre-Proposals Submitted
*(excluded from Proposals
Submitted figures below)*

FYTD 2019: 77
FYTD 2020: 45



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Sponsored Awards, FY20

Sponsor	Proposals Submitted		Awards Received		Awards Received (\$)		Variance \$	Variance %
	FY '20 as of 6/30	FY '19 as of 6/30	FY '20 as of 6/30	FY '19 as of 6/30	FY '20 as of 6/30	FY '19 as of 6/30		
NASA	85	61	70	46	6,882,291	7,373,205	-490,914	-6.7%
National Science Foundation	133	156	52	48	8,612,051	8,899,557	-287,506	-3.2%
US Department of Agriculture	50	64	35	47	2,305,311	1,359,711	945,600	69.5%
US Department of Defense	113	127	97	112	14,922,599	14,176,299	746,300	5.3%
US Department of Education***	5	4	5	3	4,664,393	88,732	4,575,661	5156.7%
US Department of Energy	53	42	32	22	6,796,614	3,645,357	3,151,257	86.4%
US Department of HHS	54	66	19	11	5,868,781	2,829,867	3,038,914	107.4%
US Department of Transportation	14	17	13	16	2,542,750	2,859,357	-316,607	-11.1%
Other Federal Agencies*	54	62	48	56	3,321,443	4,360,524	-1,039,081	-23.8%
Federal Agency Total	561	599	371	361	55,916,233	45,592,609	10,323,624	22.6%
State of Michigan	40	51	29	31	3,761,931	2,556,834	1,205,097	47.1%
Industrial	175	218	150	195	5,933,873	8,743,736	-2,809,863	-32.1%
Foreign	22	26	12	19	1,501,603	1,187,810	313,793	26.4%
All Other Sponsors	88	88	47	50	1,110,667	2,550,014	-1,439,347	-56.4%
Subtotal	886	982	609	656	68,224,307	60,631,003	7,593,304	12.5%
Gifts**	N/A	N/A	233	275	3,569,565	3,152,856	416,709	13.2%
Crowd Funding	N/A	N/A	15	17	20,221	62,385	-42,164	-67.6%
Grand Total	886	982	857	948	71,814,093	63,846,244	\$7,967,849	12.5%

* US Dept of the Interior, US Dept of Commerce, National Endowments for the Arts & Humanities, National Historical Records and Publications Commission, US Environmental Protection Agency, US Dept of Labor, Office of the Director of National Intelligence, US Dept of Homeland Security, US Small Business Administration, US Dept of State

**Gifts represent non-contractual funding from corporations, foundations, associations and societies in support of academic programs, scholarships/fellowships, student design & enterprise, research, youth programs and special programs.

*** US Department of Education includes \$4,605,779 of CARES ACT funding received in Q4



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Research Expenditures, FY20

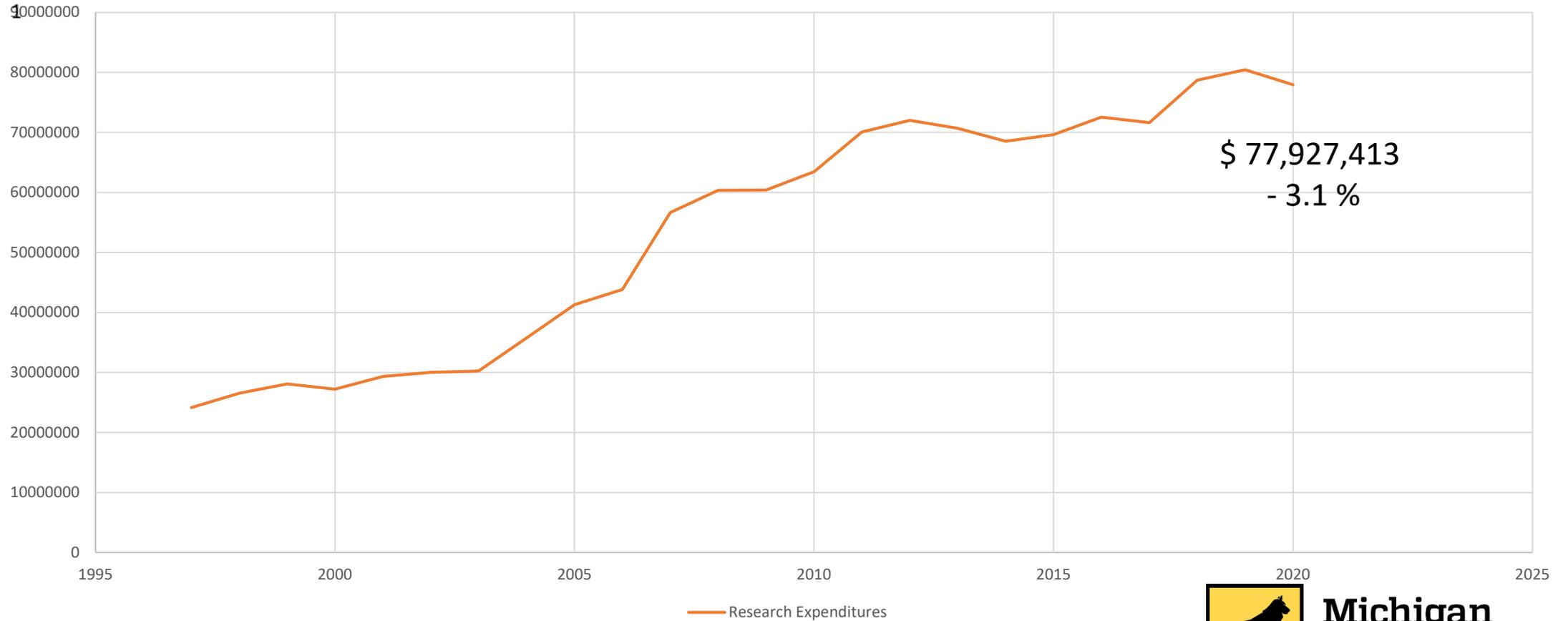
College/School/Division	Preliminary FY2020	Preliminary FY2019	Variance	%
Administration*	2,346,630	4,765,280	(2,418,650)	-50.8%
College of Business	1,551,760	1,559,796	(8,036)	-0.5%
College of Computing	2,925,595	N/A	2,925,595	N/A
College of Engineering	29,761,464	31,461,566	(1,700,102)	-5.4%
College of Forest Resources & Environmental Science	5,070,043	5,417,651	(347,608)	-6.4%
College of Science & Arts	14,718,484	16,111,313	(1,392,829)	-8.6%
Great Lakes Research Center**	1,016,771	847,214	169,557	20.0%
Pavlis Honors College	515,516	649,719	(134,203)	-20.7%
Keweenaw Research Center (KRC)	9,543,097	9,103,014	440,083	4.8%
Michigan Tech Research Institute (MTRI)	10,478,063	9,488,525	989,538	10.4%
School of Technology	N/A	1,039,148	(1,039,148)	-100.0%
Total	77,927,423	80,443,226	(2,515,803)	-3.1%
*Includes the Vice Presidents, Provost, and others who report to a VP, Provost or the President. Except for the research institutes that report to the VPR.				
**Includes GLRC department (non-academic researchers) expenditures only. All other GLRC center expenditures are shown in the researchers' respective colleges.				

External Expenditures +2.6 %
Internal Expenditures - 9.4 %



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Research Expenditures, FY20



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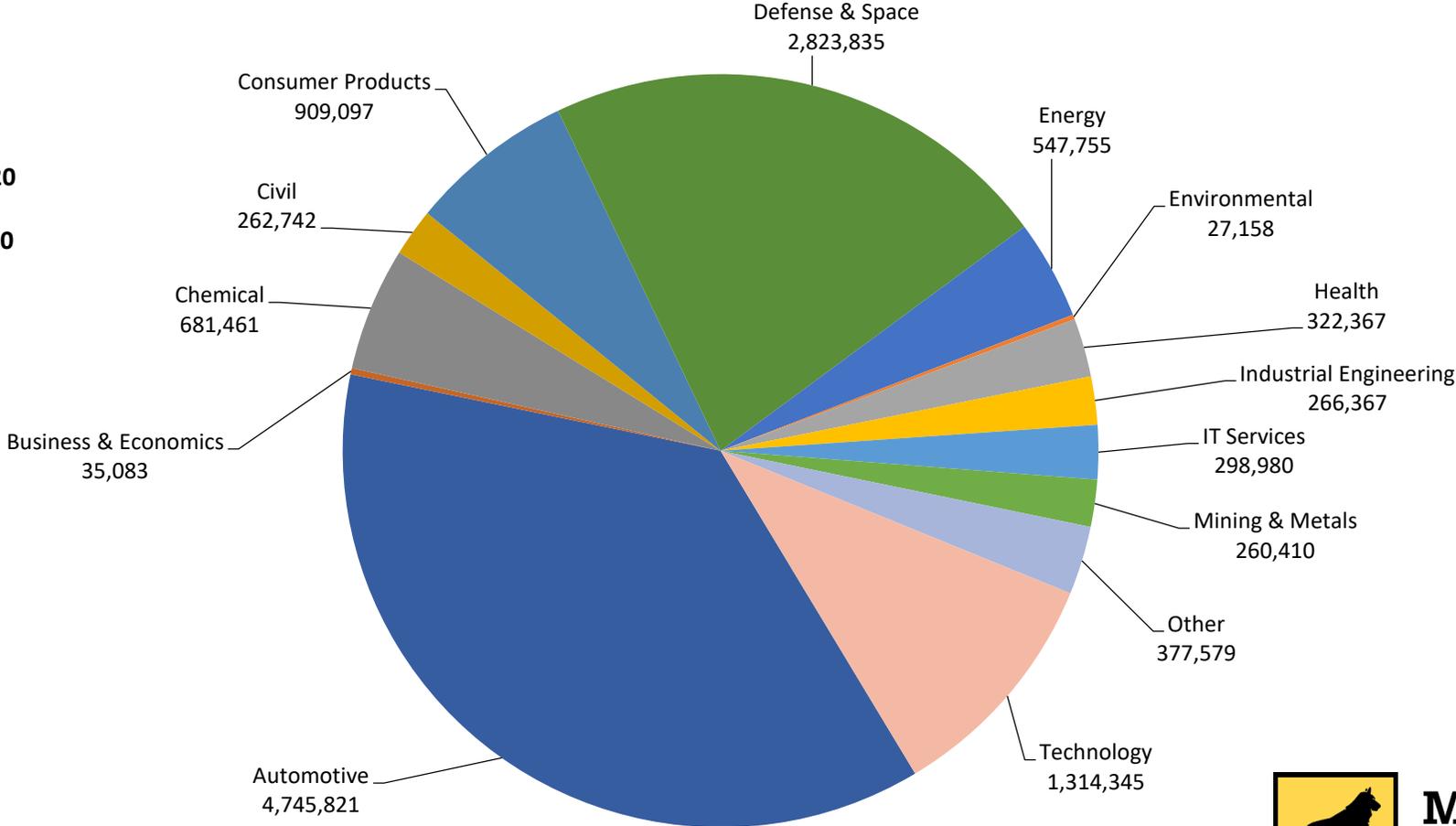
Intellectual Property, FY20

		FY20	FY19	+/- %
Disclosures Received		25	35	- 28.6 %
Nondisclosure Agreements		97	97	0.0 %
Patents Filed or Issued		26	20	30.0 %
License Agreements		16	21	- 23.8 %
Gross Royalties		\$ 221,391	\$334,790	-33.9 %



Corporate Sponsorship, FY20

Sponsored Awards
-Industry-
COMBINED
PRELIMINARY
Fiscal Year 2020
4th Quarter
Ended June 30, 2020
TOTAL: \$12,873,000



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Sponsored Awards – 1st Qtr FY21

Sponsor	Proposals Submitted		Awards Received		Awards Received (\$)		Variance \$	Variance %
	FY '21 as of 9/30	FY '20 as of 9/30	FY '21 as of 9/30	FY '20 as of 9/30	FY '21 as of 9/30	FY '20 as of 9/30		
NASA	17	7	13	22	684,908	579,264	105,644	18.2%
National Science Foundation	26	34	20	32	4,995,720	6,834,527	-1,838,807	-26.9%
US Department of Agriculture	10	9	31	25	1,741,702	1,325,648	416,054	31.4%
US Department of Defense	31	21	24	21	7,037,279	4,480,086	2,557,193	57.1%
US Department of Education	-	1	-	1	-	47,906	-47,906	-100.0%
US Department of Energy	13	15	15	6	1,415,458	1,071,452	344,006	32.1%
US Department of HHS	8	4	4	6	955,319	2,144,943	-1,189,624	-55.5%
US Department of Transportation	3	1	3	4	788,126	1,092,442	-304,316	-27.9%
Other Federal Agencies*	12	9	11	14	1,281,762	887,504	394,258	44.4%
Federal Agency Total	120	101	121	131	18,900,274	18,463,772	436,502	2.4%
State of Michigan	10	14	8	6	566,820	1,107,662	-540,842	-48.8%
Industrial	48	57	27	28	837,713	652,020	185,693	28.5%
Foreign	4	7	5	5	546,448	57,873	488,575	844.2%
All Other Sponsors	22	30	9	16	153,976	204,381	-50,405	-24.7%
Subtotal	204	209	170	186	21,005,231	20,485,708	519,523	2.5%
Gifts**	N/A	N/A	39	52	450,021	855,385	-405,364	-47.4%
Crowd Funding	N/A	N/A	4	8	6,776	7,659	-883	-11.5%
Grand Total	204	209	213	246	21,462,028	21,348,752	\$113,276	0.5%

* US Dept of the Interior, US Dept of Commerce, National Endowments for the Arts & Humanities, US Dept of Labor, US Dept of State, Office of the Director of National Intelligence

**Gifts represent non-contractual funding from corporations, foundations, associations and societies in support of academic programs, scholarships/fellowships, entrepreneurship, research, youth programs and special programs.



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Research Expenditures – 1st Qtr FY21

College/School/Division	FY2021	FY2020	Variance	%
Administration*	1,910,845	1,555,862	354,983	22.8%
College of Business	229,728	242,465	(12,737)	-5.3%
College of Computing	691,554	446,183	245,371	55.0%
College of Engineering	6,382,852	6,211,783	171,069	2.8%
College of Forest Resources & Environmental Science	1,057,772	1,035,955	21,817	2.1%
College of Science & Arts	2,651,724	2,727,589	(75,865)	-2.8%
Great Lakes Research Center**	248,161	202,488	45,673	22.6%
Pavlis Honors College	93,698	95,537	(1,839)	-1.9%
Keweenaw Research Center (KRC)	1,823,082	1,414,461	408,621	28.9%
Michigan Tech Research Institute (MTRI)	2,313,847	2,259,632	54,215	2.4%
Total	17,403,263	16,191,955	1,211,308	7.5%
*Includes the Vice Presidents, Provost, and others who report to a VP, Provost or the President. Except for the research institutes that report to the VPR.				
**Includes GLRC department (non-academic researchers) expenditures only. All other GLRC center expenditures are shown in the researchers' respective colleges.				

External Expenditures + 10.0 %

Internal Expenditures + 4.3 %



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Large and Significant Awards 1st Qtr FY21

- Average Award Amount:

	FY21	FY20
Total Awards	\$21,462,028	\$21,348,752
Number of Awards	213	246
Overall Average Award	\$100,760	\$86,784
Federal Average	\$156,201	\$140,944



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Large and Significant Awards 1st Qtr FY21

- Huentemeyer (PH), NSF, \$ 860,003, WoU-MMA: The Southern Wide-Field Gamma-Ray Observatory (SWGRO): R&D for a Next-Generation Ground-Based Survey Instrument for VHE Gamma-Ray Astronomy
- Gagnon, Baird, Perlinger, Urban (GLRC), NSF, \$ 749,801, CNH2-S: Convergence Research: Bridging knowledge systems and expertise for understanding the dynamics of a contaminated Tribal landscape system
- Liu, Billmore, Colling, Yang (CEE), USDOT, \$ 689,239, Autonomous Winter Road Maintenance Decision Making Enabled by Boosting Existing Transportation Data Infrastructure with Deep and Reinforcement Learning
- Sanders, Licavoli (MSE), DOE, \$ 500,000, Rapid Bayesian High Entropy Alloy Designs Fabricated via Wire Arc Additive Manufacturing



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Large and Significant Awards 1st Qtr FY21

- Pearce, Abadi, Guney, Lee, Suh (MSE), NSF, \$ 396,632, MRI:
Acquisition of Nanoscribe Photonic Professional GT2 3D Lithography System
- Burton, Cavalieri, Liu, Resh, Wolffe, (CFRES), NSF, \$ 327,067, MRI:
Acquisition of an Isotope Ratio Mass Spectrometer for using stable isotopes to study complex ecological systems



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Michigan Tech

Board of Trustees Formal Session - Treasurer's Report

December 18, 2020

Susan Kerry

Chief Financial Officer and Senior
Vice President for Administration



Agenda

1. FY21 - 1st Quarter Financial Results
2. Series 2012A Bond Refunding
3. Approval of the FY20 Audited Financial Statements



FY21 - 1st Quarter Financial Results

- Statement of Net Position
- Statements of Revenues, Expenses and Changes in Net Position
- General and Current Fund Projected Revenues and Expenses

1st Qtr. Results

Fiscal Year 2021 Financial Position

Consolidated Statement - University and Michigan Tech Fund

	Statement of Net Position			
	For the 3 Months Ending September 30, 2020 & 2019			
	Combined Totals			
	Fiscal Year 2021	Fiscal Year 2020	Variance	%
TOTAL ASSETS	496,221,345	495,184,926	1,036,419	0.2%
DEFERRED OUTFLOWS	5,841,946	7,108,429	(1,266,483)	-21.7%
TOTAL LIABILITIES	(207,213,882)	(211,011,280)	3,797,398	-1.8%
DEFERRED INFLOWS	(2,891,884)	(4,806,481)	1,914,597	-66.2%
NET POSITION	\$ 291,957,525	\$ 286,475,594	5,481,931	1.9%

Source: MTU Financial Services Office

1st Qtr. Results

Fiscal Year 2021 Financial Position

Consolidated Statement - University and Michigan Tech Fund

	Statement of Revenues, Expenses & Changes In Net Position			
	For 3 Months Ending September 30, 2020 & 2019			
		Combined Totals		
	Fiscal Year	Fiscal Year		
	2021	2020	Variance	%
OPERATING REVENUES	98,035,150	100,555,422	(2,520,272)	-2.6%
OPERATING EXPENSES	(90,823,267)	(92,097,612)	1,274,345	-1.4%
NONOPERATING/OTHER REVENUES (EXPENSES)	17,850,748	4,853,786	12,996,962	72.8%
CHANGE IN NET POSITION	<u>\$ 25,062,631</u>	<u>\$ 13,311,596</u>	<u>11,751,035</u>	

Source: MTU Financial Services Office

1st Qtr. Analysis: Year-End Projections

Fiscal Year 2021 – As of September 30, 2020

Note: Standard presentation for our December meeting. It is dated prior to MTU's November shift to remote instruction and assumes students on-ground all year and standard retention.

	Projections Year Ending June 30, 2021 (FY21)							
	General Fund				Current Fund			
	Adjusted Budget	Projection	Variance	%	Original Projection	Projection	Variance	%
OPERATING REVENUES	149,202,217	158,326,126	9,123,909	6.1%	231,655,422	233,189,752	1,534,330	0.7%
OPERATING EXPENSES	(188,873,340)	(188,875,321)	(1,981)	0.0%	(294,983,174)	(286,314,245)	8,668,929	2.9%
TOTAL TRANSFERS	(14,126,587)	(15,319,185)	(1,192,598)	-8.4%	(8,898,146)	(9,442,908)	(544,762)	-6.1%
NONOPERATING REVENUES (EXPENSES)	53,797,710	59,640,721	5,843,011	10.9%	74,033,712	79,546,797	5,513,085	7.4%
Change in Net Position (without Pension & OPEB Expense) \$	-	\$ 13,772,341	13,772,341		\$ 1,807,814	16,979,396	\$ 15,171,582	

Notes: Revenues, Expenditures, & Changes in Net Position.
The original projection did not include estimates for the Pension & OPEB expenses or investment gains/losses.

Source: MTU Budget Office

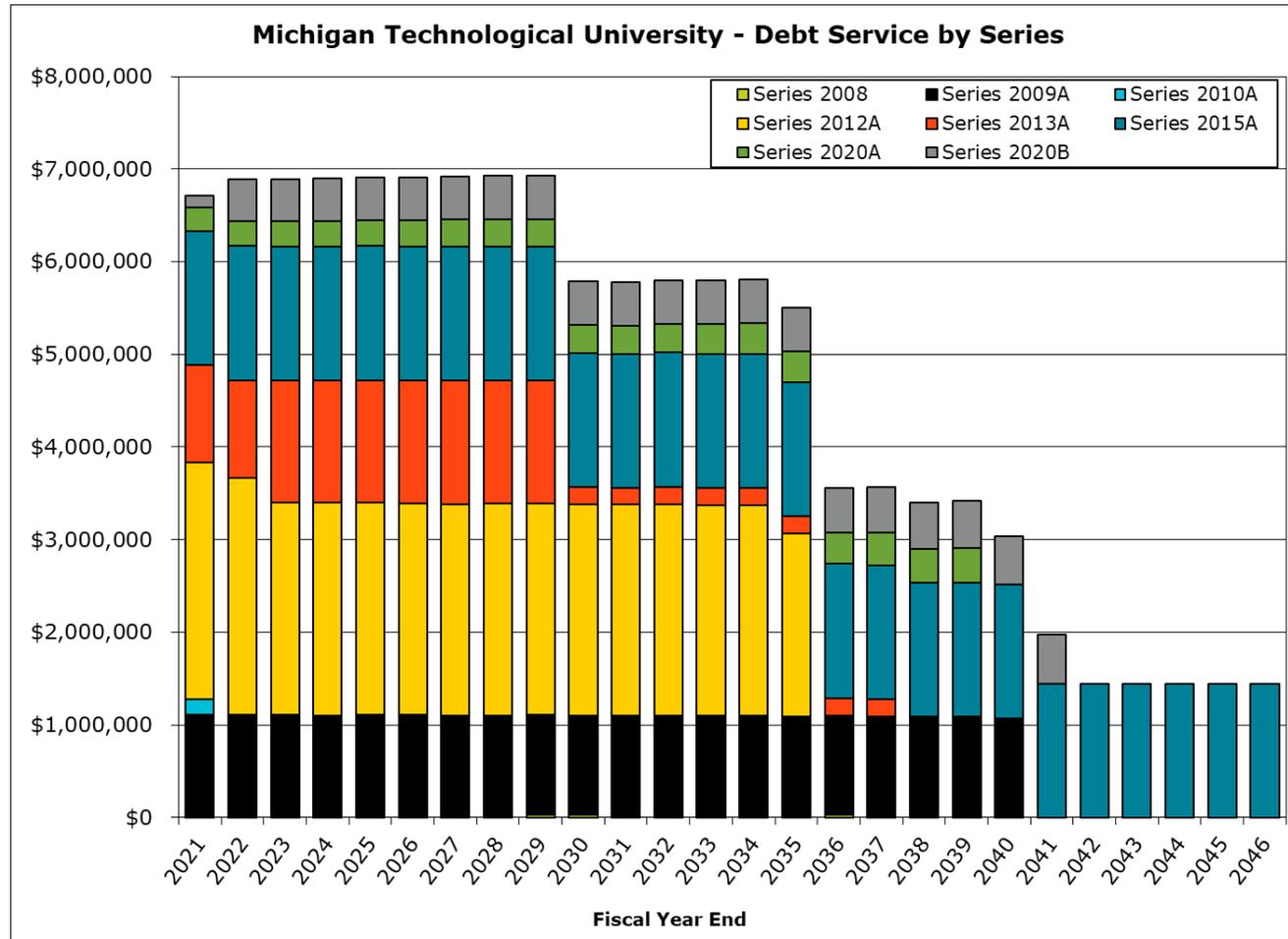




Annual Refunding and Board Resolution

- Annual Refunding Analysis
- Resolution to Approve Bond Refinancing

Annual Debt Service Requirements by Series



- Debt service from 2022 through FY 2029 is approximately \$6.9M/year (slightly lower at ~\$6.7M in FY 2021)
- The Series 2012A bond issue account for the largest individual debt service burden of any of MTU’s outstanding series (approximately \$2.3M/year)
- The University’s current amortization structure (with a gradual stepdown of debt service over time) provides capacity for additional debt

Bond Refinancing – General Information

- The University's **Series 2012A** bonds become callable in the coming year on 10/1/2021
- The 2012A bond issue is the University's largest individual bond series currently outstanding (par amount on 10/1/20 - \$23.6M)
- Given the larger size of the transaction, along with potential challenges in obtaining direct lending from banks in the current market due to the impact of COVID-19, a capital markets transaction will likely be the most efficient means of capturing refunding savings on these bonds
- Currently, savings for a current refunding of the 2012A bonds in 2021 are extremely attractive – approximately \$4.93M on a net present value basis (22.3% of refunded par)
- In conjunction with the refinancing of the Series 2012A bonds, MTU is evaluating the need to borrow **\$15M of new money** to finance the H-STEM building project

Bond Refunding Board Action

- Resolution to Approve Bond Refunding

In support of the University's strategic plan, mission, and goals, including the responsible use of resources, the Administration recommends the Board approve refinancing the current bonds for the financial benefit of the institution.

RECOMMENDATION: That the Board of Trustees approves the Resolution of the Board of Trustees of Michigan Technological University Authorizing the Issuance and Delivery of General Revenue Refunding Bonds as presented.



Audit and Controls

FY20 Audited Financial Statements

- Resolution to Approve FY20 Audited Financial Statement
- External Auditor's Report

Fiscal Year 2020 Financial Position – Consolidated Statement

University and Michigan Tech Fund

Statement of Revenues, Expenses & Changes In Net Position For Fiscal Year ending June 30, 2020 & 2019

	Combined Totals			
	Fiscal Year 2020	Fiscal Year 2019	Variance	%
OPERATING REVENUES	181,327,049	188,756,184	(7,429,135)	-4.1%
OPERATING EXPENSES	(255,722,546)	(269,163,023)	13,440,477	-5.3%
NONOPERATING/OTHER REVENUES (EXPENSES)	68,126,393	75,384,542	(7,258,149)	-10.7%
Change in Net Position	<u>\$ (6,269,104)</u>	<u>\$ (5,022,297)</u>	<u>(1,246,807)</u>	

Fiscal Year 2020 Financial Position – Consolidated Statement

University and Michigan Tech Fund

Statement of Net Position For the year ended June 30, 2020 & 2019

	Combined Totals			
	Fiscal Year 2020	Fiscal Year 2019	Variance	%
TOTAL ASSETS	478,991,409	490,190,445	(11,199,036)	-2.3%
DEFERRED OUTFLOWS	5,739,106	7,009,187	(1,270,081)	-22.1%
TOTAL LIABILITIES	(215,046,577)	(219,328,395)	4,281,818	-2.0%
DEFERRED INFLOWS	(2,789,044)	(4,707,239)	1,918,195	-68.8%
Change in Net Position	<u>\$266,894,894</u>	<u>\$273,163,998</u>	<u>(6,269,104)</u>	-2.3%

Source: MTU Financial Services Office

FY20 Audited Financial Statement

- Resolution to Approve FY20 Audited Financial Statement

Andrews Hooper Pavlik PC has provided audit services and presented their opinion regarding the 2020 Financial Report for Michigan Technological University. After having an in-depth review, the Board of Trustees resolves the following:

RECOMMENDATION: That the Board of Trustees approves the FY20 audited financial statements for the year ended June 30, 2020 as presented.

Questions and Introduction
of External Auditor:

Randy Morse,
Andrews Hooper Pavlick



Questions & External Auditor's Report

VIII-Ba. External Auditor's Report

Randy Morse, Andrews Hooper Pavlik

2020 FINANCIAL REPORT



**Michigan
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DRAFT

THE MICHIGAN TECH *STRATEGIC PLAN*

We prepare students to create the future.

VISION

Michigan Tech is a globally recognized technological university that educates students, advances knowledge, and innovates to improve the quality of life and to promote mutual respect and equity for all people within the state, the nation, and the global community.

MISSION

Create solutions for society's challenges by delivering action-based undergraduate and graduate education, discovering new knowledge through research, and launching new technologies through innovation.

GOALS

1. Education: Provide a distinctive and rigorous action-based learning experience grounded in science, engineering, technology, business, sustainability, and an understanding of the social and cultural contexts of our contemporary world.
2. Scholarship: Enhance research, scholarship, entrepreneurship, innovation, and creative activities that promote sustainable economic prosperity, health and safety, ethical conduct, and responsible use of resources.
3. People: Foster and support an exceptional and diverse community of students, faculty, and staff.





LETTER FROM THE *PRESIDENT*

This past year, we attracted new talent, made remarkable discoveries, and expanded the depth and breadth of our academic and athletic programs -- with a singular focus on advancing Michigan Tech University as a premier national university positioned to lead the nation in the 4th industrial revolution. Our achievements in 2019-20 would not have been possible without dedication and service of our faculty and staff.

We welcomed the third-largest freshman class in the last ten years. I would especially like to thank our admissions team, along with our faculty and staff for recruiting the most diverse and academically accomplished class in our history. The academic caliber of the 2019-20 freshmen class is on level with the previous year, representing two years of all-time high numbers. The University also experienced an increase in the number of underrepresented minority students, which also represents an all-time high.

We also celebrate the remarkable research and scholarship efforts of our faculty as they closed the fiscal year with the highest research expenditures in the University's history.

Other significant milestones for Michigan Tech last year include the formal launch of the College of Computing and a new varsity esports team. Both are firsts of their kind at a public university in Michigan. The Tech Forward initiatives received their first round of funding, and the University Senate passed a number of important resolutions to enrich the academic experience. From a financial perspective, the University launched several important initiatives including the creation of a five year budget and tuition modeling plan along with planning for a campus master plan.

However, I am most grateful for the courage of our faculty and staff when the University abruptly transitioned to a remote learning environment late last spring due to COVID-19. Our campus community embodies a spirit of resilience and determination, and each person, through their creativity and innovation, propel us toward excellence, no matter the circumstances.

Sincerely,

Rick Koubek
President



ADMINISTRATIVE OFFICERS

BOARD OF TRUSTEES

TERMS ENDING DECEMBER 31 OF YEAR SHOWN

2020	Robert Jacquart	Linda Kennedy
2022	William Johnson, Vice Chair	Brenda Ryan, Chair
2024	Derhun Sanders	Steven Tomaszewski
2026	John Bacon	Jeffrey Littmann

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UNIVERSITY UPDATE

COVID-19 has been a disruptor unparalleled in our lifetime. Throughout the spring and summer of 2020, the global pandemic taught us that Michigan Tech, as an institution, can respond with flexibility in the face of a crisis. We are bringing that lesson forward to the 2020-21 academic year. Because it's likely that some disruption from COVID-19 will continue, we have developed a proactive response in the MTU Flex initiative.

- In late July and August, Michigan Tech welcomed students, faculty, and staff back to campus.
- We have plans in place to pivot between face-to-face and remote instruction when necessary.
- We developed a comprehensive, strategic health screening process to detect, monitor, and trace the presence of COVID-19 on campus.
- We established Health and Safety Levels to help guide on-campus behavior. The levels are based on the COVID-19 public health situation on campus and in the community, the fall academic calendar, and the strength of the local health care system.

MTU Flex is built on Michigan Tech's institutional agility. It will allow us to make adjustments as required with the least amount of disruption to students, faculty, and staff. This helps ensure continuity of education, teaching, research, and workflow while prioritizing the health and well-being of the Michigan Tech community. It also means the University will be ready to respond to disruptions caused by COVID-19, such as financial changes. Michigan Tech's focus continues to be the education of our students and the safety of our community.



MANAGEMENT DISCUSSION AND ANALYSIS

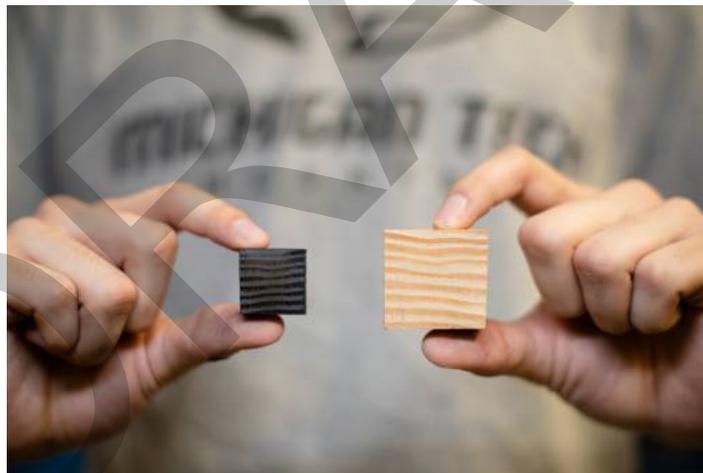
This discussion and analysis section of the Michigan Technological University ("University") annual financial report provides an overview of its financial activities during the fiscal years ended June 30, 2020, 2019, and 2018. University management has prepared the financial statements and the related footnote disclosures along with this discussion and analysis. Responsibility for the completeness and fairness of this information rests with University management.

USING THE ANNUAL REPORT

The University's financial report includes three financial statements: the Statements of Net Position; the Statements of Revenues, Expenses, and Changes in Net Position; and the Statements of Cash Flows. These financial statements are prepared in accordance with accounting principles generally accepted in the United States of America, which establish standards for external financial reporting for public colleges and universities and require that financial statements be presented to focus on the University as a whole. The financial statements report information about the University using accrual accounting methods similar to those used by private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

REPORTING ENTITY

The Michigan Tech Fund ("Fund") is a component unit of the University and its activity has been blended into the University's financial statements.



COVID-19 AND CARES ACT

The University suspended face-to-face instruction as of March 16, 2020 in response to the COVID-19 pandemic. Instruction was moved to online or remote learning for the remainder of the spring semester 2020 as well as the summer semesters. University housing and campus operations remained open to accommodate students who were not able to move off campus. Students electing to move out between March 18, 2020 and April 12, 2020 were given a credit of \$1,100, which they could receive as a refund or apply to fall 2020 room and board charges. The University refunded housing and meal plans in the total amount of \$2,159,300 related to the spring semester 2020.

The Coronavirus Aid, Relief and Economic Security (CARES) Act was passed by Congress and signed into law to provide economic relief from COVID-19. The University received \$4,605,779 in CARES Act grants from the U.S. Department of Education. These grants carried certain compliance requirements as to how



funds were spent and recorded. At June 30, 2020, the University recorded the following amounts related to these grants:

- \$2,302,890 was awarded under the Student Portion of the Higher Education Emergency Relief Funding. The purpose of this grant was to award emergency financial aid grants to students. As of June 30, 2020, the University awarded grants to students in the total amount of \$40,269. This is included in nonoperating revenues on the Statement of Revenues, Expenses, and Change in Net Position. After the fiscal-year end, \$1,632,045 of CARES Act funding was distributed to eligible students.
- \$2,302,889 was awarded under the Institutional Portion of the Higher Education Emergency Relief Funding. Requirements state that at least 50 percent of the combined funds of the Higher Education Emergency Relief Funding and Institutional Relief Funding must be used for emergency financial aid grants to student. As of June 30, 2020, the University recognized \$40,269 of revenue, which is included in nonoperating revenues on the Statement of Revenues, Expenses, and Change in Net Position.

In addition, the State of Michigan passed Senate Bill 373 on July 22, 2020 which reduced State Aid funding by \$5,615,100 and replaced it with CARES Act funds. Since this occurred after June 30, 2020, no revenue or receivable was recorded at June 30, 2020 related to the CARES Act funding passed-through the State of Michigan. The University will be able to recognize revenue from the grant equal to allowable expenditures incurred between March 1 and December 31, 2020 during the fiscal year ended June 30, 2021.

CONDENSED STATEMENTS OF NET POSITION

The Statements of Net Position include all assets and liabilities of the University as well as deferred outflows and inflows of resources. Over time, increases and decreases in net position is one indicator of the improvement or erosion of the University's financial health when considered with operating measures such as enrollment levels, research activities, and the physical condition of facilities.

CONDENSED STATEMENTS OF NET POSITION AS OF JUNE 30

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Assets			
Current assets	\$ 46,853,171	\$ 51,011,521	\$ 48,354,101
Noncurrent assets:			
Capital assets, net	227,503,910	234,218,326	237,277,224
Other	204,634,328	204,960,598	205,785,552
Total assets	478,991,409	490,190,445	491,416,877
Deferred outflows of resources	5,739,106	7,009,187	7,231,195
Liabilities			
Current liabilities	32,524,812	32,454,891	31,368,050
Noncurrent liabilities	182,521,765	186,873,504	185,803,819
Total liabilities	215,046,577	219,328,395	217,171,869
Deferred inflows of resources	2,789,044	4,707,239	3,289,908
Net position			
Net investment in capital assets	138,086,386	141,106,255	144,192,168
Restricted			
Nonexpendable	104,236,751	99,051,271	96,415,785
Expendable	70,460,591	73,420,432	75,515,535
Unrestricted (deficit)	(45,888,834)	(40,413,960)	(37,937,193)
Total net position	\$ 266,894,894	\$ 273,163,998	\$ 278,186,295

Changes from 2019 to 2020

Current assets decreased by \$4.1 million. Within current assets, cash increased by \$3.1 million, accounts receivable and pledges receivable decreased by \$6.9 million, and other assets decreased by \$305,000.

Capital assets, net decreased by \$6.7 million. Capital asset additions were greater than capital assets disposals by \$8.1 million and the depreciation charge for the year was \$14.8 million. Capital additions for fiscal 2020 included \$4.0 million for academic and research equipment and \$4.1 million for additional construction costs and renovation of facilities and additions to infrastructure.

Other noncurrent assets decreased by \$326,000, due to a decrease in student loan receivable of \$1.7 million, an increase in investments of \$2.5 million, and a decrease of the rest of the noncurrent assets of \$1.2 million.

Deferred outflows of resources decreased by \$1.3 million.

Current liabilities increased by \$70,000, which was primarily due to accounts payable and other accrued liabilities decreasing by \$475,000, unearned revenue increasing by \$27,000, and other current liabilities increasing by \$518,000.

Noncurrent liabilities decreased by \$4.4 million. Net pension liability caused \$3.7 million of the increase, whereas net OPEB liability decreased by \$3.6 million and long-term debt decreased by \$4.1 million. All other long-term liabilities decreased by \$363,000.

Deferred inflows of resources decreased by \$1.9 million.

Total net position decreased by \$6.3 million. The University's net investment in capital assets decreased by \$3.0 million. Expendable restricted net position decreased by \$3.0 million and nonexpendable restricted net position increased by \$5.2 million. Unrestricted net deficit increased by \$5.5 million.

Changes from 2018 to 2019

Current assets increased by \$2.7 million. Within current assets, cash increased by \$151,000, accounts receivable and pledges receivable increased by \$2.5 million, and other assets decreased by \$8,000.

Capital assets, net decreased by \$3.1 million. Capital asset additions were greater than capital assets disposals by \$11.3 million and the depreciation charge for the year was \$14.9 million. Capital additions for fiscal 2020 included \$4.6 million for academic and research equipment and \$7.2 million for additional construction costs and renovation of facilities and additions to infrastructure.

Other noncurrent assets decreased by \$825,000, due to a decrease in unspent bond proceeds of \$3.2 million, an increase in investments of \$4.1 million, and a decrease of the rest of the noncurrent assets of \$1.7 million.

Deferred outflows of resources decreased by \$222,000.

Current liabilities increased by \$1.1 million, which was primarily due to accounts payable and other accrued liabilities increasing by \$722,000, unearned revenue increasing by \$75,000, and other current liabilities increasing by \$290,000.

Noncurrent liabilities increased by \$1.1 million. Net pension liability caused \$7.0 million of the increase, whereas net OPEB liability decreased by \$2.6 million and long-term debt decreased by \$3.6 million. All other long-term liabilities increased by \$246,000.

Deferred inflows of resources increased by \$1.4 million.



Total net position decreased by \$5.0 million. The University's net investment in capital assets decreased by \$3.1 million. Expendable restricted net position decreased by \$2.1 million and nonexpendable restricted net position increased by \$2.6 million. Unrestricted net deficit increased by \$2.4 million.

NET POSITION

Net position represents the residual interest in the University's assets and deferred outflow of resources after liabilities and deferred inflows of resources are deducted. The composition of the University's net position is summarized as follows:

NET POSITION SUMMARY			
AS OF JUNE 30			
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Net investment in capital assets	\$ 138,086,386	\$ 141,106,255	\$ 144,192,168
Restricted-nonexpendable net position			
Corpus of permanent endowment funds	99,797,077	94,345,669	91,730,623
Remainder interests in split-interest agreements and other	4,439,674	4,705,602	4,685,162
Total restricted-nonexpendable net position	104,236,751	99,051,271	96,415,785
Restricted-expendable net position			
Gifts and sponsored programs	29,481,983	27,544,023	25,976,195
Capital projects and debt service	2,551,281	2,048,063	2,986,241
Student loans	10,710,918	13,525,964	13,248,041
Net appreciation on permanent endowment funds and land held for investment	27,716,409	30,302,382	33,305,058
Total restricted-expendable net position	70,460,591	73,420,432	75,515,535
Unrestricted net position (deficit)			
Capital projects and repairs	3,961,572	4,774,232	4,964,969
Auxiliary enterprises	4,589,683	5,673,485	7,322,648
Designated for departmental use	20,989,583	18,406,286	17,607,775
Pension and OPEB plans	(88,365,351)	(88,945,951)	(82,897,647)
Uncommitted	12,935,679	19,677,988	15,065,062
Total unrestricted net deficit	(45,888,834)	(40,413,960)	(37,937,193)
Total net position	\$ 266,894,894	\$ 273,163,998	\$ 278,186,295



Net investment in capital assets represents the University's capital assets plus unspent bond proceeds net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets. The net change from year to year reflects the University's improvement, maintenance, and usage of its capital assets in accordance with its long-range capital plan.

Restricted nonexpendable net position represents the historical value (corpus) of gifts to the University's permanent endowment funds. Restricted expendable net position is restricted by a party independent of the University or by law. This includes restrictions related to gifts, research contracts, grants, outstanding debt, student-loan programs, and net appreciation of permanent endowment funds.

Unrestricted net position represents those balances from operational activities of the University that have not been restricted by parties independent of the University. This includes designated funds that the Board of Trustees and management have designated for specific purposes, such as public service activities or academic and research initiatives. Unrestricted net position also includes amounts that have been contractually committed for goods and services that have not been received by fiscal year-end.

CONDENSED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The Statements of Revenues, Expenses, and Changes in Net Position present the revenues earned and expenses incurred during the fiscal year. Revenues are reported as either operating or nonoperating. State appropriations and gifts are classified as nonoperating revenues which will always result in operating losses for the University.

CONDENSED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION YEAR ENDED JUNE 30

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Operating revenues			
Tuition and fees, net	\$ 101,082,940	\$ 102,821,248	\$ 98,449,561
Grants and contracts	49,635,791	52,016,788	48,021,795
Educational activities	3,643,172	5,363,254	5,445,165
Auxiliary and departmental activities, net	26,965,146	28,554,894	29,303,467
Total operating revenues	181,327,049	188,756,184	181,219,988
Operating expenses	<u>255,722,546</u>	<u>269,163,023</u>	<u>256,975,915</u>
Operating loss	(74,395,497)	(80,406,839)	(75,755,927)
Nonoperating revenues (expenses)			
Federal Pell grants	5,383,769	6,293,211	6,128,727
State appropriations	44,953,000	49,949,600	49,081,629
Capital grants and gifts for all purposes	12,870,013	16,202,029	17,752,620
Other nonoperating revenues and expenses, net	4,919,611	2,939,702	8,409,329
Net nonoperating revenues	<u>68,126,393</u>	<u>75,384,542</u>	<u>81,372,305</u>
Net increase (decrease) in net position	(6,269,104)	(5,022,297)	5,616,378
Net position			
Beginning of year	273,163,998	278,186,295	272,569,917
End of year	<u>\$ 266,894,894</u>	<u>\$ 273,163,998</u>	<u>\$ 278,186,295</u>



Changes from 2019 to 2020

Operating revenues decreased by a total of \$7.4 million. Tuition and fees, net of scholarship allowances, decreased by \$1.7 million. Grant and contract revenues decreased by \$2.4 million, educational activities revenues decreased by \$1.7 million, and auxiliary and departmental activities revenues, net of scholarship allowances, decreased by \$1.6 million.

Operating expenses decreased by \$13.4 million. Compensation decreased by \$545,000 and fringe benefits decreased by \$3.9 million. Supplies and services, student financial support, and utilities decreased in total by \$8.8 million and depreciation decreased by \$165,000.

Net nonoperating revenues and expenses decreased by \$7.3 million. Investment performance caused a \$1.5 million increase, State appropriations decreased by \$5.0 million, capital grants and gifts to the University, including gifts for capital and endowment purposes, decreased by \$3.3 million, federal grants decreased by \$729,000, and interest expense increased by \$95,000. As a result of the flood that occurred in June 2018, the University incurred approximately \$1.1 million in expenses that were covered by \$1.8 million in insurance recoveries, resulting in a net \$677,000 extraordinary item.

Overall, the net financial result for fiscal year 2020 was approximately \$1.9 million less than the net result for fiscal year 2019.

Changes from 2018 to 2019

Operating revenues increased by a total of \$7.5 million. Tuition and fees, net of scholarship allowances, increased by \$4.4 million. Grant and contract revenues increased by \$4.0 million, educational activities revenues decreased by \$82,000, and auxiliary and departmental activities revenues, net of scholarship allowance, decreased by \$749,000.



Operating expenses increased by \$12.2 million. Compensation increased by \$2.3 million and fringe benefits increased by \$3.0 million. Supplies and services, student financial support, and utilities increased in total by \$6.5 million and depreciation increased by \$342,000.

Net nonoperating revenues and expenses decreased by \$6.0 million. Investment performance caused a \$6.8 million decrease, State appropriations increased by \$868,000, capital grants and gifts to the University, including gifts for capital and endowment purposes, decreased by \$1.6 million, federal grants increased by \$156,000, and interest expense decreased by \$138,000. As a result of the flood that occurred in June 2018, the University incurred approximately \$2.0 million in expenses that were covered by \$2.5 million in insurance recoveries, resulting in a net \$507,000 extraordinary item.

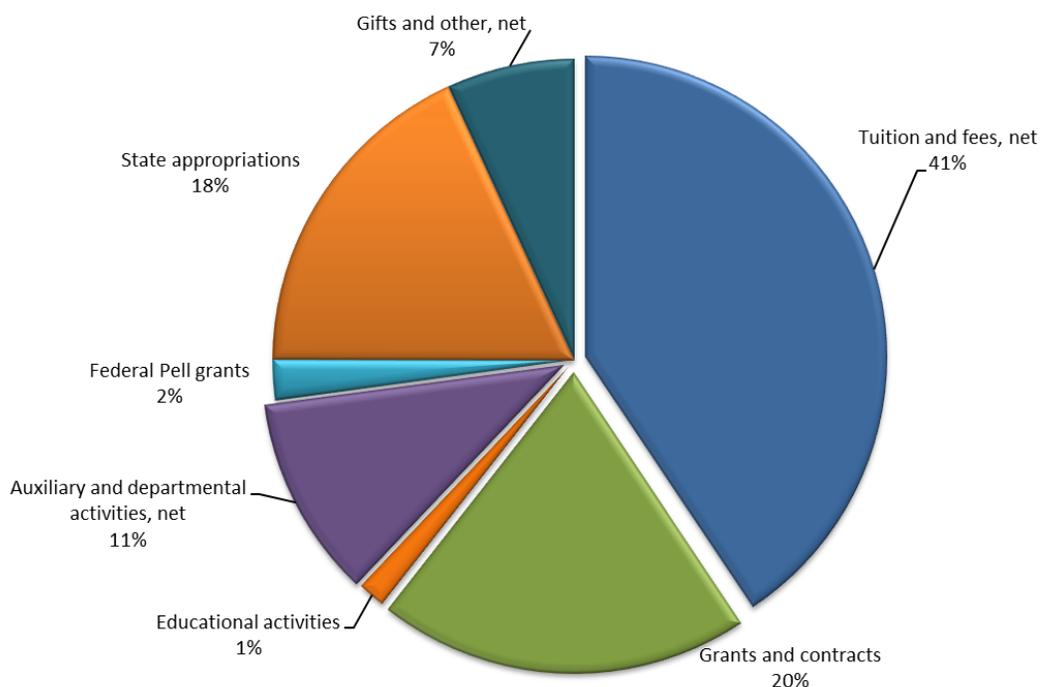
Overall, the net financial result for fiscal year 2020 was approximately \$10.6 million less than the net result for fiscal year 2018.

Revenue Diversification

The University relies on multiple sources of revenues to supplement student tuition. The University continues to aggressively increase funding from other sources consistent with its mission.

The following graph illustrates the fiscal year 2020 revenues by source:

SOURCES OF REVENUES

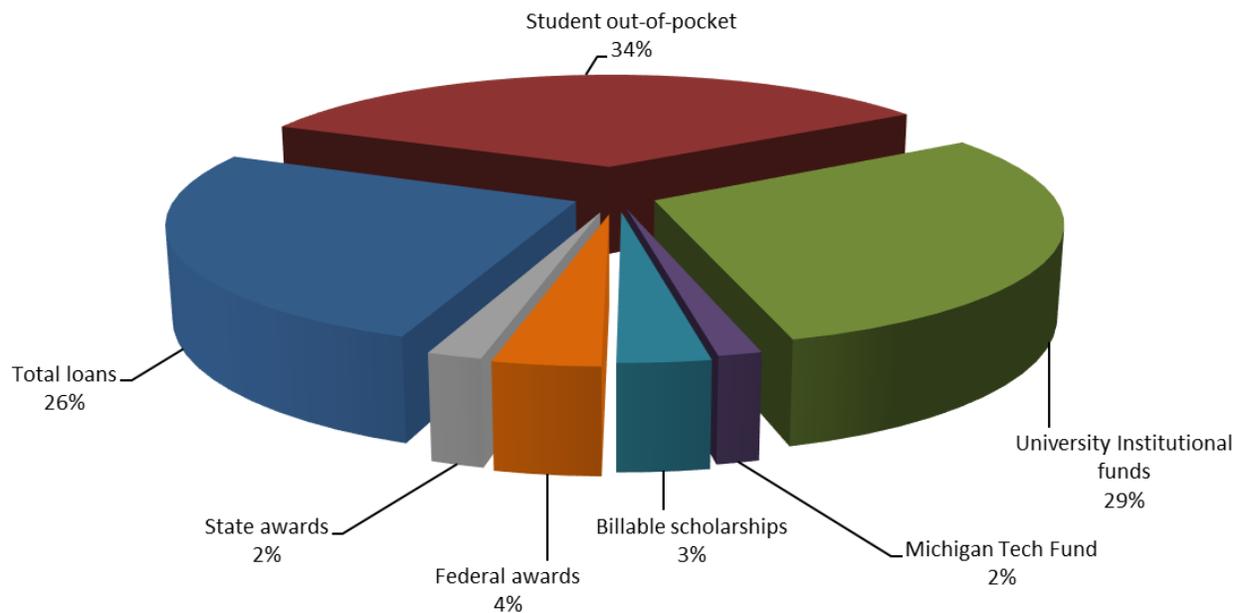




TUITION AND FEES REVENUE

The University provides students with the opportunity to obtain a quality education at a price that is subsidized by state funding. For fiscal year 2020, the University implemented a 2.0% average increase in tuition and mandatory fees for Michigan resident undergraduates. Graduate students saw a 6% increase in tuition and mandatory fees. The following graph identifies the source of funds used to pay student tuition and fees for the fiscal year ended June 30, 2020. The graph shows that 36% of student tuition and fees are provided by the University, donors to the University, or various grant and scholarship programs.

STUDENT FINANCIAL AID REPORT



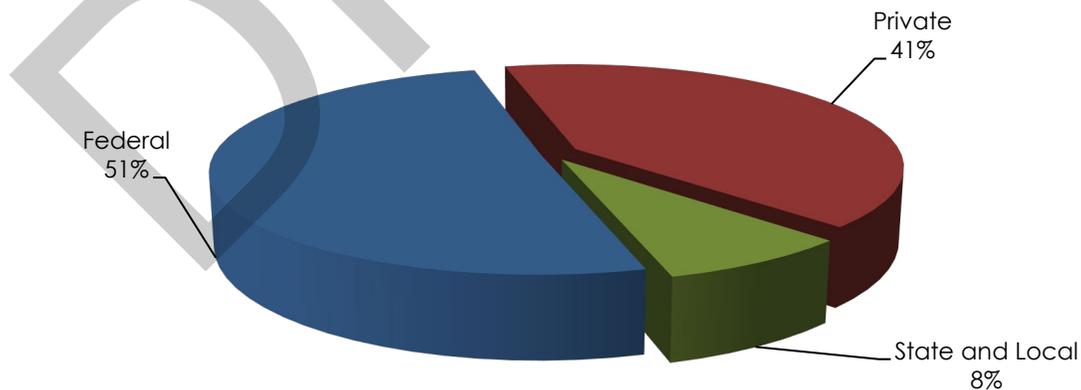
GRANT AND CONTRACT REVENUE

The University receives revenues for sponsored programs from governmental and private sources, which provide for the direct and indirect costs of performing sponsored activities. The University also receives revenues from the federal government and its agencies for student grants. There were \$71.8 and \$63.8 million of research and sponsored programs awarded to the University in fiscal years 2020 and 2019, respectively. The University currently has 19 interdisciplinary research institutes and centers that have enabled the University to maintain its growing recognition as a research institution. The University also operates off-campus research facilities in Hancock, Michigan and Ann Arbor, Michigan.

**GRANT AND CONTRACT REVENUE
YEAR ENDED JUNE 30**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Federal sources:			
Department of Agriculture	\$ 2,098,683	\$ 2,032,158	\$ 2,338,876
Department of Defense	8,476,314	8,496,921	7,803,830
Department of Education	568,952	499,381	527,269
Department of Energy	1,526,756	1,561,490	1,572,267
Department of Interior	799,761	1,045,332	1,248,345
Department of Transportation	363,017	93,775	223,695
Environmental Protection Agency	126,813	355,377	467,538
National Aeronautics and Space Administration	4,210,025	5,099,718	3,700,916
National Science Foundation	6,126,328	6,525,749	7,164,442
Health and Human Services	2,662,718	2,461,387	2,210,028
Other federal sources	740,607	670,920	364,131
Repayments	(2,585,315)	-	(790,622)
Total federal sources	25,114,659	28,842,208	26,830,715
Non-federal sources:			
State and local	4,076,024	4,377,969	4,034,915
Private	20,445,108	18,796,611	17,156,165
Total non-federal sources	24,521,132	23,174,580	21,191,080
Total all sources	\$ 49,635,791	\$ 52,016,788	\$ 48,021,795

The following graph illustrates the fiscal year 2020 grant and contract revenue by source.





CONDENSED STATEMENTS OF CASH FLOWS

Another way to assess the financial health of an institution is to look at its Statement of Cash Flows. Its primary purpose is to provide relevant information about sources and uses of cash of an entity during a period. The Statements of Cash Flows also help users assess an entity's ability to generate future net cash flows, its ability to meet its obligations as they come due, and its needs for external financing. The Statements of Cash Flows present information related to cash inflows and outflows summarized by operating, noncapital financing, capital and related financing, and investing activities.

CONDENSED STATEMENTS OF CASH FLOWS YEAR ENDED JUNE 30

	2020	2019	2018
Cash (used in) provided by			
Operating activities	\$ (58,131,529)	\$ (57,924,435)	\$ (58,983,578)
Noncapital financing activities	62,051,730	68,823,274	64,660,456
Capital and related financing activities	(7,904,720)	(16,865,349)	(15,698,949)
Investing activities	7,121,156	2,958,460	5,342,919
Net change in cash and cash equivalents	3,136,637	(3,008,050)	(4,679,152)
Cash and cash equivalents, beginning of the year	26,506,494	29,514,544	34,193,696
Cash and cash equivalents, end of the year	\$ 29,643,131	\$ 26,506,494	\$ 29,514,544

Changes from 2019 to 2020

Cash from operations decreased by \$207,000. Tuition and student residence fees increased cash provided by operations by \$97,000, and grants and contracts revenue decreased by \$3.0 million. Significant changes in cash used in operations include an increase in payments to employees and for employee benefits of \$2.3 million. The other components of operating activities contributed \$5.0 million to a cash increase.

Cash from noncapital financing activities decreased by \$6.8 million. Gift income decreased by \$6.8 million, State appropriations increased by \$685,000 and all other receipts decreased by \$691,000.

Cash from capital and related financing activities increased by \$8.9 million compared to the previous year. During fiscal year 2020, \$2.9 million less cash was used to purchase capital assets, \$2.9 million more was received in capital gifts and grants, and \$91,000 less was paid for interest and principal on capital debt. Also increasing was the net amount of \$2.3 million paid for flood repairs.

Cash from investing activities increased by \$4.2 million.

Overall, cash and cash equivalents, including restricted cash, increased by \$3.1 million for the fiscal year ended June 30, 2020.



Changes from 2018 to 2019

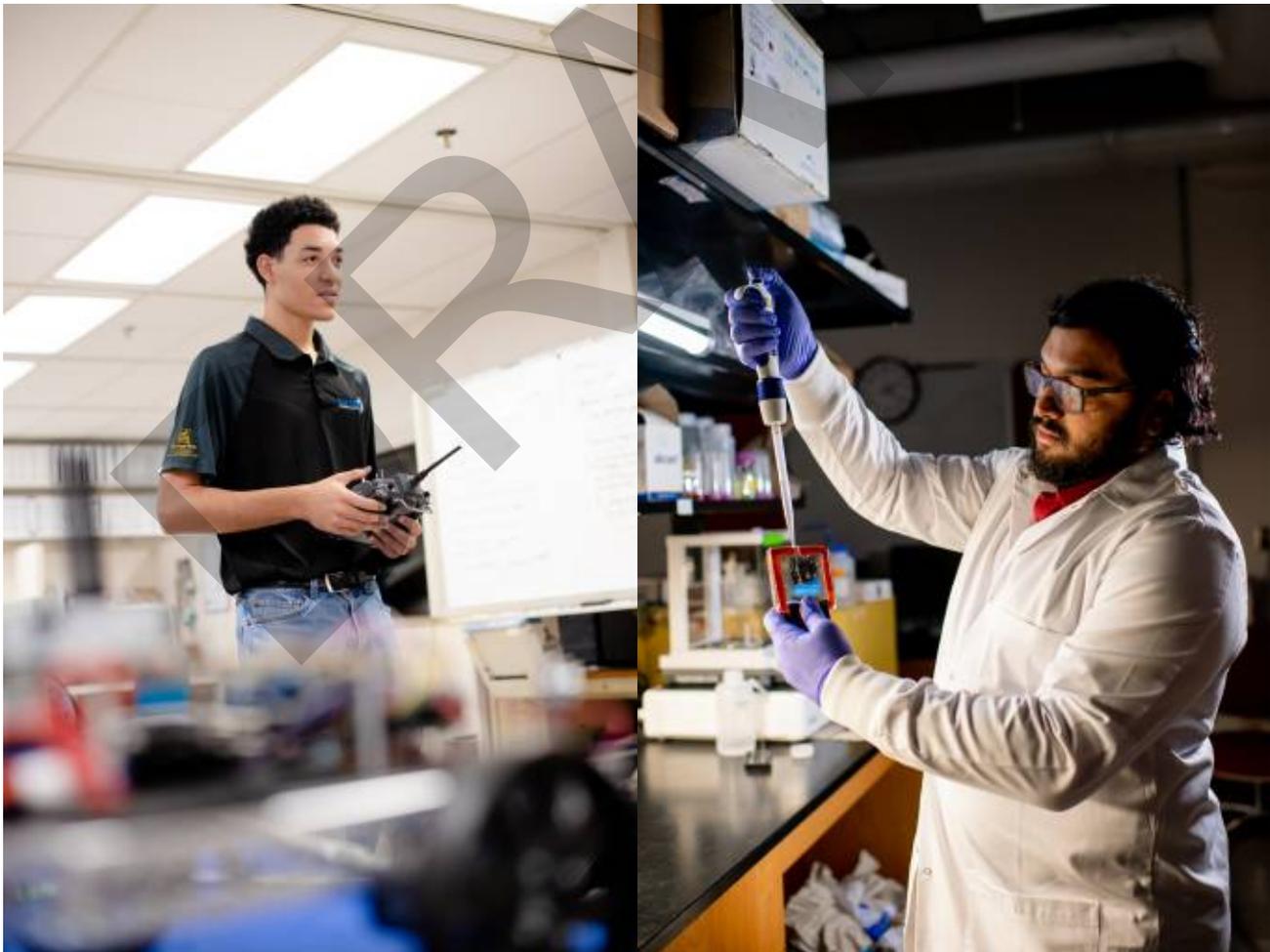
Cash from operations increased by \$1.1 million. Tuition and student residence fees increased cash provided by operations by \$3.4 million, and grants and contracts revenue increased by \$4.2 million. Significant changes in cash used in operations include an increase in payments to employees and for employee benefits of \$3.2 million. The other components of operating activities contributed \$3.3 million to a cash decrease.

Cash from noncapital financing activities increased by \$4.2 million. Gift income increased by \$4.0 million, State appropriations increased by \$247,000 and all other receipts decreased by \$62,000.

Cash from capital and related financing activities decreased by \$1.2 million compared to the previous year. During fiscal year 2019, \$3.4 million less cash was used to purchase capital assets, \$25,000 more cash was received for disposals, \$3.8 million less was received in capital gifts and grants, and \$244,000 less was paid for interest and principal on capital debt. Also decreasing cash was the net \$993,000 paid for flood repairs.

Cash from investing activities decreased by \$2.4 million.

Overall, cash and cash equivalents, including restricted cash, decreased by \$3.0 million for the fiscal year ended June 30, 2019.





FACTORS IMPACTING FUTURE PERIODS

Enrollment

Admission is open to all students on a competitive basis. The University's incoming first-year students consistently have average ACT scores greater than the national average. The following tables show that about 33% of accepted students enroll at the University. Michigan residents account for 66% of the University's enrollment. Enrollment has been a priority of the University and is a part of its Strategic Plan.

ACCEPTED STUDENTS SUMMER AND FALL TERMS

	2019	2018	2017	2016	2015
First-Year Students	4,442	4,313	4,074	4,272	4,063
Transfer Students	310	298	342	377	345
Graduate Students	1,655	1,566	1,616	1,327	1,665
Total	6,407	6,177	6,032	5,976	6,073

AVERAGE ACT SCORES FOR INCOMING FIRST-YEAR STUDENTS, FALL

	Michigan Tech	National
2019	27.6	20.7
2018	27.3	20.8
2017	27.2	21.0
2016	27.2	20.8
2015	26.8	21.0

SELECTED ENROLLMENT DATA* SUMMER AND FALL TERMS

	2019	2018	2017	2016	2015
First-Year Students	1,301	1,245	1,323	1,381	1,277
New Transfer Students	159	156	189	199	184
Graduate Students	389	396	434	378	468
Total	1,849	1,797	1,946	1,958	1,929

ENROLLMENT BY RESIDENCY*

	2019	2018	2017	2016	2015
Resident	4,755	4,746	4,766	4,644	4,544
Non-Resident	1,389	1,470	1,478	1,498	1,455
International	768	900	1,000	1,056	1,156
Total	6,912	7,116	7,244	7,198	7,155

*Does not include Distance Learning

FULL-TIME EQUIVALENT STUDENTS BY RESIDENCY*

	2019	2018	2017	2016	2015
Resident	4,475	4,482	4,471	4,361	4,270
Non-Resident	1,324	1,401	1,393	1,416	1,372
International	730	858	936	990	1,068
Total	6,529	6,741	6,800	6,767	6,710

*Does not include Distance Learning

Degrees Awarded

The University awards four levels of degrees: Associate's, Bachelor's, Master's, and Doctoral/Professional. Listed below is a five-year history of degrees awarded.

	2020	2019	2018	2017	2016
Associate	2	1	1	1	3
Bachelor's	1,170	1,160	1,120	1,066	1,065
Master's	357	448	438	489	416
Doctoral	85	86	93	88	86
Total	1,614	1,695	1,652	1,644	1,570



Report of Independent Auditors

Board of Trustees
Michigan Technological University
Houghton, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of Michigan Technological University (University), a component unit of the State of Michigan, which comprise the statements of net position as of June 30, 2020 and 2019, and the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the University's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Michigan Technological University as of June 30, 2020 and 2019, and the changes in its financial position and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information (Schedule of the University's Proportionate Share of the Net Pension Liability, Schedule of University Pension Contributions, Schedule of the University's Proportionate Share of the Net OPEB Liability, Schedule of University OPEB Contributions, and Notes to Required Supplementary Information) be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purposes of forming an opinion on the financial statements as a whole. The Schedule of Net Position by Fund; Schedule of Revenues, Expenses and Changes in Net Position by Fund by Object; and Schedule of Revenues, Expenses and Changes in Net Position by Fund by Function are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The introductory sections listed in the table of contents on pages 2 through 5 have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October __, 2020 on our consideration of Michigan Technological University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Michigan Technological University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Michigan Technological University's internal control over financial reporting and compliance.

Bay City, Michigan
October __, 2020

MICHIGAN TECHNOLOGICAL UNIVERSITY
STATEMENTS OF NET POSITION

	June 30	
	2020	2019
Assets		
Current assets		
Cash and cash equivalents	\$ 29,543,709	\$ 26,429,190
Accounts receivable, net	14,490,942	19,884,566
Insurance receivable	-	1,500,000
Pledges receivable, net	849,449	923,492
Other assets	1,969,071	2,274,273
Total current assets	46,853,171	51,011,521
Noncurrent assets		
Student loans receivable, net	7,958,867	9,717,147
Pledges receivable, net of allowance and current portion	798,115	1,712,253
Restricted cash for capital projects - unspent bond proceeds	99,422	77,304
Investments	177,762,468	175,235,888
Beneficial interest in charitable remainder trusts	6,110,969	6,273,104
Land held for investment	9,889,597	9,943,597
Capital assets, net	227,503,910	234,218,326
Other assets	2,014,890	2,001,305
Total noncurrent assets	432,138,238	439,178,924
Total assets	478,991,409	490,190,445
Deferred outflows of resources		
Deferred pension amounts	4,322,626	5,191,516
Deferred OPEB amounts	1,416,480	1,817,671
Total deferred outflows of resources	5,739,106	7,009,187
Liabilities		
Current liabilities		
Accounts payable	6,420,086	7,153,663
Other accrued liabilities	14,613,925	14,355,699
Unearned revenue	5,855,839	5,828,342
Annuity obligations, current portion	385,279	428,477
Insurance and benefit reserves	1,332,756	940,371
Long-term debt, current portion	3,916,927	3,748,339
Total current liabilities	32,524,812	32,454,891
Noncurrent liabilities		
Funds held for others	635,651	775,451
Annuity obligations, net of current portion	5,390,313	5,613,091
Long-term debt, net of current portion	85,180,388	89,237,063
Net pension liability	75,502,509	71,833,414
Net OPEB liability	15,812,904	19,414,485
Total noncurrent liabilities	182,521,765	186,873,504
Total liabilities	215,046,577	219,328,395
Deferred inflows of resources		
Deferred pension amounts	1,829,282	2,885,087
Deferred OPEB amounts	959,762	1,822,152
Total deferred inflows of resources	2,789,044	4,707,239
Net position		
Net investment in capital assets	138,086,386	141,106,255
Restricted:		
Nonexpendable	104,236,751	99,051,271
Expendable	70,460,591	73,420,432
Unrestricted deficit	(45,888,834)	(40,413,960)
Total net position	\$ 266,894,894	\$ 273,163,998

The accompanying notes are an integral part of these financial statements.



MICHIGAN TECHNOLOGICAL UNIVERSITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	Year Ended June 30	
	2020	2019
Revenues		
Operating revenues		
Student tuition and fees (net of scholarship allowances of \$41,545,008 and \$38,744,959 in 2020 and 2019, respectively)	\$ 101,082,940	\$ 102,821,248
Federal grants and contracts	25,114,659	28,842,208
State and local grants and contracts	4,076,024	4,377,969
Nongovernmental grants and contracts	20,445,108	18,796,611
Educational activities	3,643,172	5,363,254
Departmental activities	8,933,470	9,734,257
Student residence fees (net of scholarship allowances of \$8,120,273 and \$7,683,991 in 2020 and 2019, respectively)	18,031,676	18,820,637
Total operating revenues	181,327,049	188,756,184
Expenses		
Operating expenses		
Compensation and benefits	174,337,667	178,836,147
Supplies and services	49,073,033	55,035,855
Student financial support	11,240,114	13,567,107
Utilities	6,303,890	6,790,677
Depreciation	14,767,842	14,933,237
Total operating expenses	255,722,546	269,163,023
Operating loss	(74,395,497)	(80,406,839)
Nonoperating revenues (expenses)		
Federal Pell grants	5,383,769	6,293,211
Federal grants, other	583,526	483,764
Federal grants, CARES Act	80,538	-
State appropriations	44,953,000	49,949,600
Gifts	6,601,957	11,904,921
Investment return	7,671,386	6,211,502
Interest on capital asset-related debt	(4,123,654)	(4,218,557)
Loss on disposal of capital assets	(75,492)	(138,434)
Net nonoperating revenues	61,075,030	70,486,007
Loss before other revenues	(13,320,467)	(9,920,832)
Other revenues		
Capital grants and gifts	800,332	1,721,462
Gifts for permanent endowment purposes	5,467,724	2,575,646
Other nonoperating revenues	106,313	94,427
Total other revenues	6,374,369	4,391,535
Extraordinary items due to flood		
Other flood expenses	(1,079,909)	(1,993,000)
Other realized insurance recoveries	1,756,903	2,500,000
Net extraordinary items due to flood	676,994	507,000
Change in net position	(6,269,104)	(5,022,297)
Net position		
Beginning of year	273,163,998	278,186,295
End of year	\$ 266,894,894	\$ 273,163,998

The accompanying notes are an integral part of these financial statements.

**MICHIGAN TECHNOLOGICAL UNIVERSITY
STATEMENTS OF CASH FLOWS**

	Year Ended June 30	
	2020	2019
Cash flows from operating activities		
Student tuition and fees	\$ 103,117,848	\$ 102,064,188
Grants and contracts	48,548,342	51,533,013
Payments to employees	(132,016,169)	(132,573,001)
Payments for benefits	(42,738,843)	(39,923,939)
Payments to suppliers	(50,401,533)	(54,854,159)
Payments for utilities	(6,415,671)	(6,535,858)
Payments for financial aid	(11,240,114)	(13,567,107)
Loans issued to students	(198,542)	(214,711)
Collection of loans to students	1,956,821	2,069,640
Departmental activities	8,926,886	9,709,039
Educational activities	4,292,475	5,653,938
Student residence fees	17,901,541	18,895,937
Other disbursements	135,430	(181,415)
Net cash from operating activities	(58,131,529)	(57,924,435)
Cash flows from noncapital financing activities		
Federal Pell grants	5,461,226	6,301,682
Federal grants, other	583,526	483,764
State appropriations	50,918,475	50,233,028
Gifts and grants for other than capital purposes	5,384,175	12,150,074
Payments to annuitants	(419,459)	(412,845)
Other receipts	106,313	94,427
William D. Ford direct lending cash received	27,905,375	28,935,945
William D. Ford direct lending cash disbursed	(27,887,901)	(28,962,801)
Net cash from noncapital financing activities	62,051,730	68,823,274
Cash flows from capital and related financing activities		
Grants and gifts received for capital and endowment purposes	5,844,687	2,992,429
Proceeds from sale of capital assets	6,584	25,218
Purchases of capital assets	(7,889,904)	(10,823,280)
Proceeds from issuance of debt refinancing	4,725,000	-
Principal paid on capital debt and leases	(8,418,339)	(3,626,197)
Interest paid on capital debt and leases	(4,349,742)	(4,440,519)
Payments for flood repairs	(1,079,909)	(1,993,000)
Proceeds from insurance recoveries	3,256,903	1,000,000
Net cash from capital and related financing activities	(7,904,720)	(16,865,349)
Cash flows from investing activities		
Proceeds from sales and maturities of investments	41,402,976	165,371,038
Purchase of investments	(37,579,131)	(166,319,716)
Income on investments	3,297,311	3,907,138
Net cash from investing activities	7,121,156	2,958,460
Net change in cash and cash equivalents	3,136,637	(3,008,050)
Cash and cash equivalents, beginning of year	26,506,494	29,514,544
Cash and cash equivalents, end of year	\$ 29,643,131	\$ 26,506,494
Cash and cash equivalents per statement of net position	\$ 29,543,709	\$ 26,429,190
Restricted cash for capital projects - unspent bond proceeds	99,422	77,304
Total cash and cash equivalents per statement of net position	\$ 29,643,131	\$ 26,506,494

The accompanying notes are an integral part of these financial statements.



**MICHIGAN TECHNOLOGICAL UNIVERSITY
STATEMENTS OF CASH FLOWS (CONTINUED)**

	Year Ended June 30	
	2020	2019
Reconciliation of operating loss to net cash from operating activities		
Operating loss	\$ (74,395,497)	\$ (80,406,839)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation expense	14,767,842	14,933,237
Noncash gifts	(540,484)	(187,831)
Changes in operating assets and liabilities:		
Receivables, net	2,401,057	(1,164,131)
Other assets	291,258	(165,407)
Student loans receivable	1,758,280	1,854,929
Accounts payable	(2,396,694)	163,806
Other accrued liabilities	258,226	670,808
Unearned revenue	52,498	75,457
Funds held for others	(139,800)	238,501
Insurance and benefit reserves	392,385	14,731
Change in net pension and OPEB liability and deferred amounts	(580,600)	6,048,304
Net cash from operating activities	\$ (58,131,529)	\$ (57,924,435)

The accompanying notes are an integral part of these financial statements.



NOTES TO THE FINANCIAL STATEMENTS

(1) BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

Reporting Entity

Michigan Technological University ("University") is an institution of higher education and is considered to be a component unit of the State of Michigan because its Board of Trustees is appointed by the Governor of the State of Michigan. Accordingly, the University is included in the State's financial statements as a discretely presented component unit. Transactions with the State of Michigan relate primarily to appropriations for operations, grants from various state agencies, State Building Authority (SBA) revenues, and payments to the state retirement system for University employees.

The University has two component units which are described below. The descriptions include the impact that each component unit has on the University.

The Michigan Tech Fund ("Fund") is a legally separate tax-exempt component unit of the University. The primary purpose of the Fund is to receive, invest, and disburse gifts received on behalf of the University. The Fund provides services entirely to the University and has substantially the same governing body. The Fund is blended into the University's financial statements because management of the University has operational responsibility for the Fund and the Fund exclusively benefits the University. The June 30, 2020, audited financial statements of the Fund can be obtained from its office at 1400 Townsend Drive, Houghton, MI 49931, or at www.mtu.edu/giving/about/tech-fund/.

The Michigan Tech Entrepreneurial Support Corporation (MTEESC) is a legally separate tax-exempt component unit of the University. The primary purpose of the MTEESC is to support the entrepreneurial and commercial development efforts of the University. The MTEESC meets the criteria for blending its financial activity into the University's financial statements. The MTEESC provides services entirely to the University and has substantially the same governing body. The University, however, has excluded the MTEESC's financial activity from the financial statements due to insignificance.

The financial statements include the operations of the University and the Fund, collectively known as the University's financial statements. All significant accounts and transactions between the Fund and the University have been eliminated.





Condensed financial information for the Michigan Tech Fund is provided below:

**MICHIGAN TECH FUND
CONDENSED STATEMENTS OF NET POSITION
AS OF JUNE 30**

	<u>2020</u>	<u>2019</u>
Assets		
Current assets	\$ 11,035,400	\$ 8,178,611
Noncurrent assets:		
Investments	139,991,855	139,637,161
Accounts receivable from the University	485,000	485,000
Other	8,110,430	9,227,118
Total assets	159,622,685	157,527,890
Liabilities		
Current liabilities:		
Accounts payable to the University	10,367	998,789
Other	526,943	510,297
Noncurrent liabilities	5,390,313	5,613,091
Total liabilities	5,927,623	7,122,177
Net position		
Restricted		
Nonexpendable	104,236,751	99,051,271
Expendable	41,072,805	43,622,679
Unrestricted	8,385,506	7,731,763
Total net position	\$ 153,695,062	\$ 150,405,713



MICHIGAN TECH FUND
CONDENSED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30

	<u>2020</u>	<u>2019</u>
Operating expenses		
Supplies and services	\$ 12,201,478	\$ 12,189,077
Student financial support	2,524,897	2,825,649
Total operating expenses	<u>14,726,375</u>	<u>15,014,726</u>
Operating loss	(14,726,375)	(15,014,726)
Nonoperating revenues and expenses		
Gifts	6,563,448	11,177,042
Investment return	5,148,169	3,042,451
Gifts for capital and permanent endowment purposes	6,197,794	3,433,258
Other nonoperating revenues	106,313	94,427
Net nonoperating revenues	<u>18,015,724</u>	<u>17,747,178</u>
Change in net position	3,289,349	2,732,452
Net position		
Beginning of year	150,405,713	147,673,261
End of year	<u>\$ 153,695,062</u>	<u>\$ 150,405,713</u>

MICHIGAN TECH FUND
CONDENSED STATEMENTS OF CASH FLOWS
YEAR ENDED JUNE 30

	<u>2020</u>	<u>2019</u>
Cash flows from		
Operating activities	\$ (15,109,153)	\$ (14,191,311)
Noncapital financing activities	5,516,829	9,361,667
Capital and related financing activities	5,785,653	3,608,937
Investing activities	6,744,432	2,195,116
Net increase in cash and cash equivalents	<u>2,937,761</u>	<u>974,409</u>
Cash and cash equivalents, beginning of year	7,233,184	6,258,775
Cash and cash equivalents, end of year	<u>\$ 10,170,945</u>	<u>\$ 7,233,184</u>

Basis of Presentation

The accompanying financial statements have been prepared using the economic resource measurement focus and the accrual basis of accounting. In accordance with governmental accounting standards, the University follows all applicable Governmental Accounting Standards Board (GASB) pronouncements. In applying these accounting pronouncements, the University follows the guidance for special-purpose governments engaged only in "business type" activities rather than issuing financial statements that focus on accountability of individual funds.



Use of Estimates

The preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include, but are not limited to, the allowance for doubtful accounts and pledges receivable, accrued compensated absences, net pension and other post employment benefits (OPEB) liabilities, insurance claims incurred but not reported, fair value of investments that are not readily marketable, and life expectancies for split-interest gift agreements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

The University considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. On the Statements of Net Position, restricted cash (unspent bond proceeds) is segregated from cash and cash equivalents and included in noncurrent assets. For the Statements of Cash Flows, however, restricted cash is included in the beginning and ending balances of cash and cash equivalents.

Pledges Receivable and Gifts

Pledges receivable and gifts are recognized at their fair values as revenues in the periods received. Pledges receivable that are expected to be collected in future years are recorded at the present value of estimated future cash flows. All pledges receivable are recorded at their net realizable values.

Investments

The University's investments in marketable securities are carried at quoted fair market value whenever possible. The University also holds land for investment purposes which functions as an endowment and is recorded at fair value. Fair value is arrived at through independent appraisals of the land and of the timber holdings.

Fund investments in marketable securities including hedge funds are carried at quoted fair market value whenever possible. Hedge funds' fair values are based on information provided by the administrators of each underlying fund. Real estate and natural resources are accounted for on the equity method. Private equity funds that do not have readily determinable market values as of June 30 are valued based on the most recent available partner capital account balances as reported by the partnerships to the Fund. The partnership valuations involve assumptions and methods that are reviewed by the Fund. Because of the inherent uncertainty of valuations in the absence of a highly liquid market, private equity funds' estimated values may differ materially from the values that would have been used if a ready market for the securities existed. Precious metals are carried at quoted fair market value. Gifts of securities are recorded at their fair value based on the mean of the high and low quoted price of stock transactions at the date of the gift. Except for investments that are not readily marketable or where donors specifically provide otherwise, investments are maintained by custodial institutions responsible for consummating investment transactions at the request of the Fund to facilitate cash flow requirements. The Fund employs an asset allocation investment policy and uses the services of an investment advisor to facilitate the implementation of this policy. Asset allocations are reviewed monthly and rebalanced as necessary. The Fund's Investment Committee of the Board of Directors provides oversight of the investment advisor and makes recommendations to the Board of Directors concerning any changes in the asset allocation. Each month, the Fund allocates and credits investment earnings (including realized and unrealized gains and losses) on nonexpendable restricted, expendable restricted, and unrestricted net position to departmental funds based on an average of each fund's beginning and ending monthly balances.

Capital Assets

The University currently uses a \$5,000 capitalization threshold for capital assets acquired with an estimated useful life in excess of one year. Physical properties are stated at cost when purchased. Other acquisitions are stated at appraised value on date of receipt. Depreciation is provided for physical properties on a straight-line basis over the estimated useful life of the property, generally as follows:

Classification	Life
Land improvements and infrastructure	20 years
Buildings	40 years
Computer equipment	5 years
Equipment	7 years
Library books	5 years

Goodwill

The University purchased the assets of Environmental and Emerging Technologies Division (EETD) (a division of Altarum Institute) for a price of \$1.4 million. The University operates this research center under the name of Michigan Tech Research Institute (MTRI). The purchase price exceeded the value of net assets by \$978,544 and was considered goodwill. The University does not amortize goodwill. Management annually analyzes the goodwill for impairment. At year end, management concluded there is no impairment of goodwill. Goodwill is included with other assets (noncurrent) on the Statements of Net Position.

Revenue Recognition

Revenues are recognized when earned. State appropriation revenue is recognized in the period for which it is appropriated. Restricted grant revenue is recognized only to the extent expended. Restricted and unrestricted resources are allocated to the appropriate departments within the University that are responsible for adhering to any donor restrictions.



Classification of Revenues

The University and the Fund classify revenues as either operating or nonoperating revenues according to the following criteria:

Operating Revenues

Operating revenues of the University include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances; (2) auxiliary enterprises net; and (3) most federal, state, and local grants and contracts.



Nonoperating Revenues

Nonoperating revenues of the University include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, state appropriations, investment income, interest on institutional student loans, and other revenue sources that are defined as nonoperating revenues by governmental accounting standards.

Classification of Expenses

Expenses are recognized when the service is provided or when materials are received. The University and the Fund have classified expenses as either operating or nonoperating expenses according to the following criteria:

Operating Expenses

Operating expenses include activities that have the characteristics of exchange transactions, such as (1) employee salaries, benefits, and related expenses; (2) scholarships and fellowships, net of scholarship discounts and allowances; (3) utilities, supplies, and other services; (4) professional fees; and (5) depreciation expense related to University capital assets.

Nonoperating Expenses

Nonoperating expenses include activities that have the characteristics of nonexchange transactions, such as interest on capital asset-related debt and other expenses that are defined as nonoperating expenses by governmental accounting standards.

Income Taxes

The University is classified as a political subdivision of the State of Michigan under Internal Revenue Code Section 115(A) and is, therefore, exempt from federal income taxes. Certain activities of the University, to the extent profitable, may be subject to taxation as unrelated business income under Internal Revenue Code Sections 511 to 514. No such taxes were incurred for either fiscal year presented in this report. The Fund is exempt from federal income taxes under Internal Revenue Code section 501(c)(3).

Net Position

The University's net position is classified as follows:

Net investment in capital assets

Capital assets, net of accumulated depreciation, unspent bond proceeds, and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

Restricted for nonexpendable purposes

Net position from gifts and other inflows of assets that represent permanent endowments. Use of these gifts is limited by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by the University.

Restricted for expendable purposes

Net position whose use is subject to externally imposed stipulations that can be fulfilled by actions of the University pursuant to those stipulations or that expire by the passage of time. Such net position includes net appreciation of permanent endowment funds and funds designated for student financial aid and other University programs.

Unrestricted

Net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of the University's Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

Deferred Outflows of Resources

In addition to assets, the Statements of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to one or more future periods and so will not be recognized as an outflow of resources (expense) until then. The University reports deferred outflows of resources for certain pension and OPEB related amounts, such as change in expected and actual experience, changes in assumptions, and certain contributions made to the plan subsequent to the measurement date. More detailed information can be found in Note 9.

Deferred Inflows of Resources

In addition to liabilities, the Statements of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time. The University reports deferred inflows of resources for certain pension and OPEB related amounts, such as the difference between projected and actual earnings of the pension plan's investments and appropriations received for the pension plan subsequent to the measurement date. More detailed information can be found in Note 9.

Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plan and additions to/deductions from the plan fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Postemployment Benefits Other Than Pensions

For the purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the plan and additions to/deductions from the plan fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Reclassification

Certain amounts as reported in the 2019 financial statements have been reclassified to conform to the 2020 presentation.





(2) CASH AND INVESTMENTS

Authorizations

The University utilizes the “pooled cash” method of accounting for substantially all of its cash and cash equivalents. The University investment policies are governed and authorized by University Bylaws and the Board of Trustees. The Fund’s investment policies are governed by its Board of Directors and the performance of its investments is monitored by its Investment Committee.

Interest rate risk

Neither the University nor the Fund has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Investment policies for cash and cash equivalents, as set forth by the Board of Trustees, authorize the University to invest, with limitations, in commercial paper rated within the two highest classifications of prime as established by at least one of the standard rating services. Investments may also be made in securities of the US Treasury and federal agencies, or in mutual funds holding securities of the US Treasury and federal agencies, and in time savings accounts. University policies regarding investments and marketable securities, as set forth by the Board of Trustees, authorize the University to invest in US Treasury obligations; commercial paper rated within the two highest classifications of prime as established by at least one of the standard rating services; federal agency securities; certificates of deposit issued by FDIC insured banks or an NCUA credit union member; or Eurodollar time deposits in Tier 1, 2, or 3 banks.

Custodial credit risk: deposits

For deposits, custodial credit risk is present if the University’s deposits would not be covered by depository insurance or collateralized by the bank. State law does not require, and the University does not have, a policy for deposit custodial credit risk. Deposits were reflected in the accounts of the banks of \$29,697,296 and \$27,082,919 as of June 30, 2020 and 2019, respectively. The University had \$14,396,621 and \$12,238,706 exposed to custodial credit risk because the deposits were uninsured or uncollateralized, as of June 30, 2020 and 2019, respectively.

Custodial credit risk: investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the University will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Neither the University nor the Fund has a policy for investment custodial risk. However, all investments are in the name of the University or the Fund, as applicable, and the investments are held in accounts with each financial institution from which they were purchased.

Concentration of credit risk

Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. Neither the University’s nor the Fund’s investment policy has specific limits on concentration of credit risk. The majority of the University’s and Fund’s investments are in mutual funds; accordingly, concentration of credit risk is considered to be insignificant.

Foreign currency risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The University and Fund invest in mutual funds whose underlying investments are in foreign currency; however, management of the University and Fund does not believe that there is significant risk as a result of these investments.

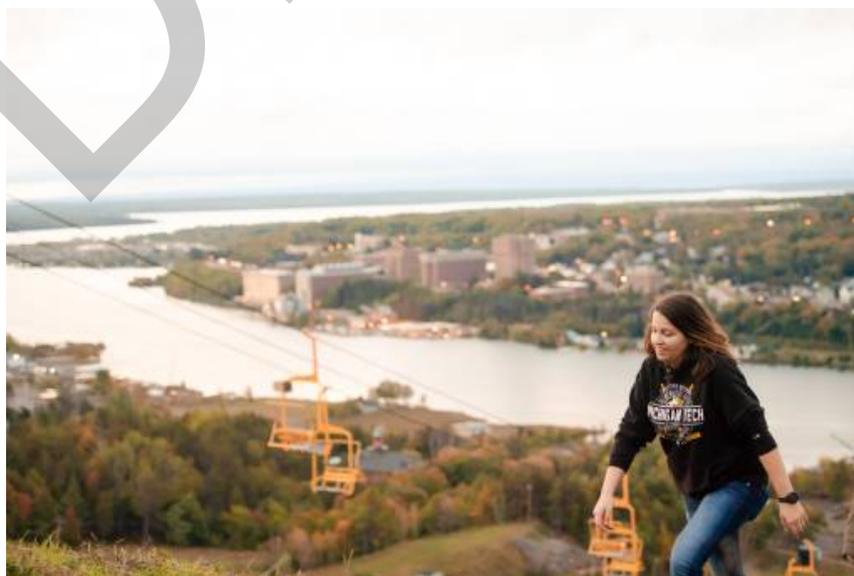
Investments and Investment Return

Investments, carried at fair value, at June 30, are categorized as follows:

	2020	2019
INVESTMENT PORTFOLIO		
Marketable securities		
Equities	\$ 22,266,664	\$ 21,366,471
Equity mutual funds	59,164,566	63,206,300
Fixed income mutual funds	70,414,136	69,729,132
Total marketable securities	151,845,366	154,301,903
Alternative investments		
Hedge funds	5,937,439	5,114,979
Real estate and natural resources	7,848,804	7,199,218
Private equity limited partnerships	11,056,346	6,804,866
Global credit	1,054,513	-
Total alternative investments	25,897,102	19,119,063
Precious metals	-	1,794,922
Closely-held stock	20,000	20,000
Total investments	\$ 177,762,468	\$ 175,235,888

The University's net investment return is comprised of the following for the years ended June 30:

	2020	2019
INVESTMENT RETURN		
Dividends and interest	\$ 3,763,045	\$ 4,654,792
Net (loss) gain on sale of investments	(208,413)	9,272,751
Net increase (decrease) in the fair value of investments	4,582,847	(7,109,095)
Investment fees	(466,093)	(606,946)
Total investment return	\$ 7,671,386	\$ 6,211,502





The fair values of investments measured on a recurring basis at June 30, 2020 are as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equities	22,266,664	22,266,664	-	-
Equity mutual funds	43,273,993	43,273,993	-	-
Fixed income mutual funds	48,534,096	48,115,574	418,522	-
Closely-held stock	20,000	-	-	20,000
Total investments by fair value level	114,094,753	113,656,231	418,522	20,000
Investments measured at the net asset value:				
Commonfund equity funds	15,890,573			
Commonfund fixed income funds	21,880,040			
Hedge funds	5,937,439			
Real estate and natural resources	7,848,804			
Private equity limited partnerships	11,056,346			
Global credit	1,054,513			
Total investments at the net asset value	63,667,715			
Total investments	\$ 177,762,468			

The fair values of investments measured on a recurring basis at June 30, 2019 are as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equities	21,366,471	21,366,471	-	-
Equity mutual funds	47,916,249	47,916,249	-	-
Fixed income mutual funds	49,420,456	49,190,930	229,526	-
Precious metals	1,794,922	1,794,922	-	-
Closely-held stock	20,000	-	-	20,000
Total investments by fair value level	120,518,098	120,268,572	229,526	20,000
Investments measured at the net asset value:				
Commonfund equity funds	15,290,051			
Commonfund fixed income funds	20,308,676			
Hedge funds	5,114,979			
Real estate and natural resources	7,199,218			
Private equity limited partnerships	6,804,866			
Total investments at the net asset value	54,717,790			
Total investments	\$ 175,235,888			

2020 Financial Report

The University holds shares or interests in investment companies whereby the fair value of the investments are measured on a recurring basis using net asset values per share (or its equivalent) of the investment companies. At year-end, the net asset value, the unfunded commitments, and redemptions rules of those investments are as follows:

	Net Asset Value FY 2020	Net Asset Value FY 2019	Unfunded Commitments FY 2020	Unfunded Commitments FY 2019	Redemption Frequency	Redemption Notice Period
Commonfund equity funds	\$ 15,890,573	\$ 15,290,051	\$ -	\$ -	Monthly	5 business days
Commonfund fixed income funds	21,880,040	20,308,676	-	-	Monthly	5 business days
Hedge funds	5,937,439	5,114,979	-	-	Quarterly	90 calendar days + 5 business days
Real estate and natural resources	7,848,804	7,199,218	1,694,376	139,436	Quarterly	10 business days
Private equity limited partnerships	11,056,346	6,804,866	14,071,337	7,384,643	NA	NA
Global credit	1,054,513	-	-	-	Semi-annually	90 calendar days
Total	\$ 63,667,715	\$ 54,717,790	\$ 15,765,713	\$ 7,524,079		

(3) RECEIVABLES

Accounts receivable of the University are summarized as follows as of June 30:

	ACCOUNTS RECEIVABLE	
	2020	2019
Student tuition and fees	\$ 1,108,419	\$ 746,559
State appropriations		
Operating	3,579,098	9,081,742
Capital	70,751	129,785
Grants and contracts	8,901,956	9,025,101
Auxiliary activities	290,728	358,796
Other	660,666	663,236
Less allowance for doubtful accounts	(120,676)	(120,653)
Accounts receivable, net	\$ 14,490,942	\$ 19,884,566

In addition, the University has student loans receivable in the amount of \$7,958,867 and \$9,717,147, recorded at June 30, 2020 and 2019, respectively. These amounts are net of an allowance for uncollectible accounts of \$174,000 at June 30, 2020 and 2019.

Pledges receivable of the University are summarized as follows as of June 30:

	PLEDGES RECEIVABLE	
	2020	2019
Pledges receivable in less than one year	\$ 1,656,840	\$ 1,945,898
Pledges receivable in one to five years	888,677	1,846,497
Pledges receivable in more than five years	30,000	52,000
Less:		
Allowance for uncollectible pledges	(807,391)	(1,022,406)
Present value discount	(120,562)	(186,244)
Net pledges receivable	\$ 1,647,564	\$ 2,635,745

The present value of future cash flows were estimated using .25% over the risk-adjusted rate at the date of the gift. For fiscal year 2020, rates range from .41% to .91%.



(4) CAPITAL ASSETS

The following table presents the changes in the capital asset class categories for the year ended June 30, 2020:

CHANGES IN CAPITAL ASSETS				
	Beginning Balance	Additions/ Transfers	Disposals/ Transfers	Ending Balance
Nondepreciable capital assets				
Land	\$ 10,762,548		\$ -	\$ 10,762,548
Mineral collections	6,221,172	-	-	6,221,172
Timber holdings	376,088	-	-	376,088
Construction in progress	780,410	4,101,144	(890,194)	3,991,360
Cost of nondepreciable capital assets	18,140,218	4,101,144	(890,194)	21,351,168
Depreciable capital assets				
Land improvements	1,739,083	-	(305,104)	1,433,979
Infrastructure	7,874,550	-	(1,095,660)	6,778,890
Buildings	392,173,956	890,194	(137,308)	392,926,842
Equipment	52,146,755	3,998,914	(20,392,412)	35,753,257
Library books	364,513	9,061	(227,189)	146,385
Cost of depreciable capital assets	454,298,857	4,898,169	(22,157,673)	437,039,353
Total cost of capital assets	472,439,075	8,999,313	(23,047,867)	458,390,521
Less: accumulated depreciation				
Land improvements	766,586	72,387	(305,104)	533,869
Infrastructure	3,887,093	341,610	(1,095,660)	3,133,043
Buildings	196,898,994	9,621,304	(93,268)	206,427,030
Equipment	36,365,627	4,705,313	(20,380,760)	20,690,180
Library books	302,449	27,229	(227,189)	102,489
Total accumulated depreciation	238,220,749	14,767,843	(22,101,981)	230,886,611
Capital assets, net	\$ 234,218,326	\$ (5,768,530)	\$ (945,886)	\$ 227,503,910



The following table presents the changes in the capital asset class categories for the year ended June 30, 2019:

CHANGES IN CAPITAL ASSETS				
	Beginning Balance	Additions/ Transfers	Disposals/ Transfers	Ending Balance
Nondepreciable capital assets				
Land	\$ 9,962,548	\$ 800,000	\$ -	\$ 10,762,548
Mineral collections	6,221,172	-	-	6,221,172
Timber holdings	376,088	-	-	376,088
Construction in progress	1,475,727	6,590,512	(7,285,829)	780,410
Cost of nondepreciable capital assets	18,035,535	7,390,512	(7,285,829)	18,140,218
Depreciable capital assets				
Land improvements	1,368,679	370,404	-	1,739,083
Infrastructure	7,474,022	400,528	-	7,874,550
Buildings	385,659,059	6,514,897	-	392,173,956
Equipment	48,219,864	4,612,012	(685,121)	52,146,755
Library books	354,264	10,249	-	364,513
Cost of depreciable capital assets	443,075,888	11,908,090	(685,121)	454,298,857
Total cost of capital assets	461,111,423	19,298,602	(7,970,950)	472,439,075
Less: accumulated depreciation				
Land improvements	702,111	64,475	-	766,586
Infrastructure	3,566,369	320,724	-	3,887,093
Buildings	187,243,989	9,655,005	-	196,898,994
Equipment	32,047,864	4,864,450	(546,687)	36,365,627
Library books	273,866	28,583	-	302,449
Total accumulated depreciation	223,834,199	14,933,237	(546,687)	238,220,749
Capital assets, net	\$ 237,277,224	\$ 4,365,365	\$ (7,424,263)	\$ 234,218,326





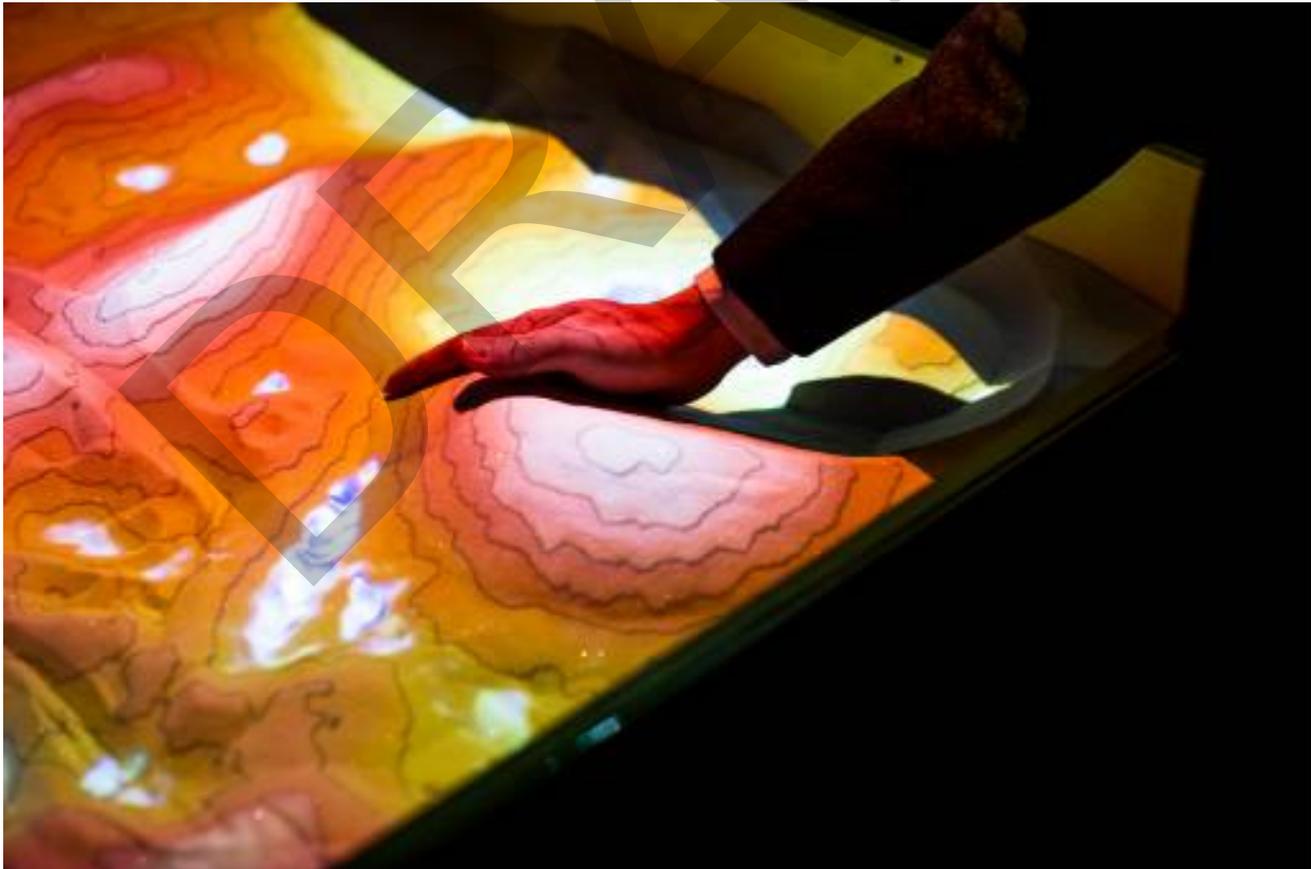
Construction in Progress

One of the critical factors in continuing the quality of the University's academic programs, research programs, and residential life is the development and renewal of its capital assets. The University continues to maintain and amend its long-range capital plan to modernize its complement of older facilities balanced with new construction. Construction in progress reflects multiyear projects which, once completed and placed into service, are categorized as buildings, land improvements, and infrastructure. At June 30, 2020 and 2019, respectively, construction in progress consisted of several building renovation projects and the costs of one new building as detailed below.

CONSTRUCTION IN PROGRESS

Project	2020	2019
McNair Residence Hall renovations	\$ -	\$ 97,000
Athletic Facilities upgrades	1,734,079	444,316
H-STEM Building planning	723,631	68,500
Elevator replacements	1,245,771	-
Infrastructure and other projects	287,879	170,594
Total	\$ 3,991,360	\$ 780,410

The estimate to complete the above construction projects approximated \$6.8 million at June 30, 2020. The expected sources of financing for these projects are private gifts and other University resources.



(5) LINE OF CREDIT

The University has an unused line of credit arrangement with one bank, under which it may borrow up to \$20 million. This agreement is set at variable rates of interest, based on the 30-day London Interbank Offered Rate ("LIBOR") plus 135 basis points. There were no amounts outstanding under the line of credit at June 30, 2020 and 2019. There are no restrictive covenants associated with this line of credit. The line of credit expires on October 15, 2022.

(6) ACCOUNTS PAYABLE AND OTHER ACCRUED LIABILITIES

Accounts payable and other accrued liabilities of the University are summarized as follows as of June 30:

	ACCOUNTS PAYABLE	
	2020	2019
Vendors for supplies and services	\$ 2,790,163	\$ 4,272,131
Employee benefits	1,183,447	1,109,751
Construction payables	2,446,476	1,771,781
Total accounts payable	\$ 6,420,086	\$ 7,153,663

	OTHER ACCRUED LIABILITIES	
	2020	2019
Payroll and payroll taxes	\$ 8,506,790	\$ 8,083,876
Compensated absences	4,983,381	5,316,736
Deposits payable	1,123,754	955,087
Total other accrued liabilities	\$ 14,613,925	\$ 14,355,699





(7) NONCURRENT LIABILITIES

NONCURRENT LIABILITIES AS OF JUNE 30, 2020					
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
General revenue bonds					
General revenue and refunding bonds, 2008	\$ 5,090,000	\$ -	\$ 4,825,000	\$ 265,000	\$ 10,000
General revenue bonds, 2009A/2009B	14,750,000	-	445,000	14,305,000	465,000
General revenue bonds, 2010A	7,890,000	-	235,000	7,655,000	245,000
General revenue and refunding bonds, 2012A	26,350,000	-	1,365,000	24,985,000	1,415,000
General revenue refunding bonds, 2013A	11,235,000	-	665,000	10,570,000	690,000
General revenue bonds, 2015A	22,990,000	-	465,000	22,525,000	490,000
General revenue refunding bonds, 2020A	-	4,725,000	-	4,725,000	165,000
Total bonds payable	88,305,000	4,725,000	8,000,000	85,030,000	3,480,000
Bond premium	3,390,343	-	194,748	3,195,595	-
Capital lease	1,290,059	-	418,339	871,720	436,927
Total debt	92,985,402	4,725,000	8,613,087	89,097,315	3,916,927
Other liabilities					
Insurance reserves	940,371	17,920,160	17,527,775	1,332,756	1,332,756
Funds held for others	775,451	185,200	325,000	635,651	-
Annuity and pooled income obligations	6,041,568	517,886	783,862	5,775,592	385,279
Total	\$ 100,742,792	\$ 23,348,246	\$ 27,249,724	\$ 96,841,314	\$ 5,634,962
Due within one year				(5,634,962)	
Total noncurrent liabilities (excluding net pension and OPEB liabilities)				\$ 91,206,352	

NONCURRENT LIABILITIES AS OF JUNE 30, 2019					
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
General revenue bonds					
General revenue and refunding bonds, 2008	\$ 5,090,000	\$ -	\$ -	\$ 5,090,000	\$ 155,000
General revenue bonds, 2009A/2009B	15,180,000	-	430,000	14,750,000	445,000
General revenue bonds, 2010A	8,120,000	-	230,000	7,890,000	235,000
General revenue and refunding bonds, 2012A	27,660,000	-	1,310,000	26,350,000	1,365,000
General revenue refunding bonds, 2013A	12,025,000	-	790,000	11,235,000	665,000
General revenue bonds, 2015A	23,435,000	-	445,000	22,990,000	465,000
Total bonds payable	91,510,000	-	3,205,000	88,305,000	3,330,000
Bond premium	3,585,091	-	194,748	3,390,343	-
Capital lease	1,223,356	487,900	421,197	1,290,059	418,339
Total debt	96,318,447	487,900	3,820,945	92,985,402	3,748,339
Other liabilities					
Insurance reserves	925,640	14,731	-	940,371	940,371
Funds held for others	759,950	199,001	183,500	775,451	-
Annuity and pooled income obligations	5,788,476	800,286	547,194	6,041,568	428,477
Total	\$ 103,792,513	\$ 1,501,918	\$ 4,551,639	\$ 100,742,792	\$ 5,117,187
Due within one year				(5,117,187)	
Total noncurrent liabilities (excluding net pension and OPEB liabilities)				\$ 95,625,605	

Bonds

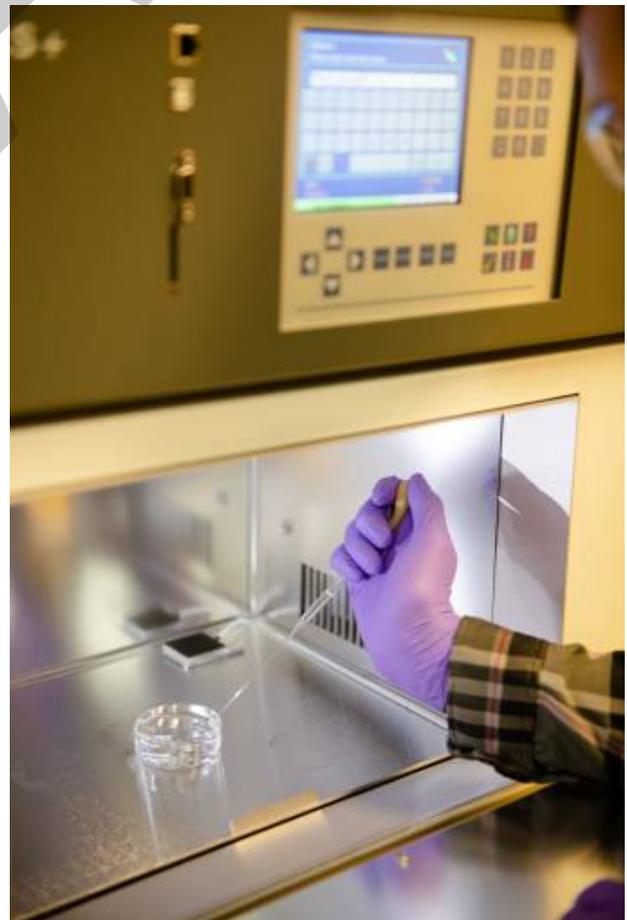
The principal and interest on bonds are payable only from certain general revenues. The obligations are generally callable. Premiums on bonds payable are recorded in total and amortized over the life of the bonds using straight line amortization.

All bonds of the University, unless otherwise specified, have received an underlying rating of A1 from Moody's.

During fiscal year 2009, the University's Board of Trustees approved the issuance of General Revenue and Refunding Bonds, Series 2008 in the amount of \$15.88 million. The proceeds of this bond issue were used to refund the \$10 million of Series 1998 bonds outstanding with the remainder funding the remodeling of the Michigan Tech Lakeshore Center building, remodeling of the Memorial Union ballroom and providing initial construction funds for the Keweenaw Research Center. These bonds bear fixed interest rates at 3.0% to 5.25% and mature at various dates from October 2009 through October 2038. These bonds are secured by an irrevocable pledge of general revenues as provided in the indenture. Outstanding principal of \$11.55 million was refunded with the series 2013A bonds.

During fiscal year 2010, the University's Board of Trustees approved the issuance of General Revenue Bonds, Series 2009A and 2009B. The combined amount of bonds issued was \$18.235 million. Series 2009A, in the amount of \$17.885 million, was issued as taxable Build America Bonds. Under this federal program, 35% of the interest related to this bond issue in the principal and interest amounts due is anticipated to be paid by the federal government for the life of the Build America Bonds. This bond series consists of serial bonds in the amount of \$3.580 million with maturities of October 2011 through October 2019 and interest rates ranging from 2.58% to 5.30%. Two term bonds totaling \$14.305 million were also issued in this series. The first term bond in the amount of \$5.650 million matures in October 2029 and bears an interest rate of 6.44%. The second term bond in the amount of \$8.655 million matures in October 2039 and bears an interest rate of 6.69%. Series 2009B, issued as a tax-exempt bond in the amount of \$350,000 matured in October 2010. The proceeds of this bond issue were used to construct a student residential facility and for the construction of a new facility at the Keweenaw Research Center. These bonds are secured by an irrevocable pledge of general revenues as provided in the indenture.

During fiscal year 2011, the University's Board of Trustees approved the issuance of General Revenue Bonds, Series 2010A in the amount of \$10.975 million. The Series 2010A bonds were issued as taxable Build America Bonds. Under this federal program, 35% of the interest related to this bond issue in the principal and interest amounts due is anticipated to be paid by the federal government for the life of the Build America Bonds. This bond series consists of serial bonds in the amount of \$2.855 million with maturities of October 2011 through October 2017 and interest rates ranging from 1.37% to 3.84%. Three term bonds totaling \$8.12 million were also issued in this series. The first term bond in the amount of \$2.085 million matures in October 2025 and bears an interest rate of 5.569%. The second term bond in the amount of \$1.66 million matures in October 2030 and bears an interest rate of 6.2%. The third term bond in the amount of \$4.375 million matures in October 2040 and bears an





interest rate of 6.55%. The proceeds of this bond issue were used to construct, acquire, and equip new research facilities and to construct and equip a new museum building. These bonds are secured by an irrevocable pledge of general revenues as provided in the indenture and have been rated as Aa3 by Moody's.

During fiscal year 2012, the University's Board of Trustees approved the issuance of General Revenue and Refunding Bonds, Series 2012A in the amount of \$33.070 million. The proceeds of this bond issue were used to partially refund Series 2003 bonds in the amount of \$3.965 million, to partially refund Series 2004 bonds in the amount of \$27.150 million with the remainder funding the replacement of the ice plant and rink slab in the hockey arena and partial replacement of the roof of the Student Development Center. The Series 2003 bonds refunded were called for redemption on April 1, 2013 and the Series 2004 bonds refunded were called for redemption on October 1, 2013 each at a redemption price equal to 100% of the principal amount plus accrued interest. The 2012A bond series consists of serial bonds in the amount of \$19.75 million with maturities of October 2012 through October 2027 and interest rates ranging from 3.0% to 5.0%. The issue also included two term bonds totaling \$13.32 million. The first term bond in the amount of \$5.32 million matures in October 2030 and bears an interest rate of 4.0%. The second term bond in the amount of \$8.0 million matures in October 2034 and bears an interest rate of 5.0%. These bonds are secured by an irrevocable pledge of general revenues as provided in the indenture and have been rated as Aa3 by Moody's.

During fiscal year 2013, the University's Board of Trustees approved the issuance of General Revenue Refunding Bonds, Series 2013A in the amount of \$14.265 million. The proceeds of this bond issue were used to refund Series 2006 bonds in the amount of \$2.715 million and to partially refund Series 2008 bonds in the amount of \$11.550 million. The Series 2006 bonds to be refunded were called for redemption on April 1, 2016 at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest to the redemption date. Principal and interest on the Series 2008 bonds will be paid at maturity on October 1, 2016, October 1, 2017, and October 1, 2018, respectively. The advance refunding of the \$2.715 million of Series 2006 bonds and the \$11.550 million of Series 2008 bonds provided resources to purchase US



government securities that were placed in an escrow fund for the purpose of generating resources for all future debt service payments on \$14.265 million of refunded debt. The 2013A bond series consists of serial bonds in the amount of \$8.325 million with maturities of October 2013 through October 2026 and interest rates ranging from 2.0% to 5.0%. The issue also included three term bonds totaling \$5.940 million. The first term bond in the amount of \$2.200 million matures in October 2025 and bears an interest rate of 3.0%. The second term bond in the amount of \$2.470 million matures in October 2028 and bears an interest rate of 3.25%. The third term bond in the amount of \$1.270 million matures in October 2036 and bears an interest rate of 4.0%. These bonds are secured by an irrevocable pledge of general revenues as provided in the indenture.

During fiscal year 2015, the University's Board of Trustees approved the issuance of General Revenue Bonds, Series 2015A in the amount of \$24.295 million. The proceeds of this bond issue will be used to

renovate Daniell Heights student apartments, construct a fuel storage tank facility, renovate a campus dining facility, upgrade information technology and safety systems, renovate a chemical storage facility and undergraduate laboratories, and renovate bathrooms in the McNair Hall dormitory. The bonds bear fixed interest rates ranging from 2.0% to 5.0%, and mature at various dates from October 2016 through October 2045. All bonds of this issuance are rated A1 by Moody's; \$8.605 million of the issuance are insured and rated AA by Standard & Poor's.

During fiscal year 2020, the University's Board of Trustees approved the issuance of General Revenue Refunding Bonds Series 2020A in the amount of \$4.725 million. The Series 2020A bonds bear a fixed interest rate of 2.190% and mature on October 1, 2038. The proceeds of this bond issue were used to refund certain portions of the outstanding Series 2008 bond in the aggregate principal amount of \$4.670 million, maturing on October 1 of the years 2020 (4.375% interest rate), 2023 (4.500% interest rate), 2028 (4.750% interest rate), and 2038 (5.000% interest rate). The refunded Series 2008 bonds were called for redemption on June 8, 2020. These bonds are secured by an irrevocable pledge of general revenues as provided in the indenture.

PRINCIPAL AND INTEREST AMOUNTS DUE ON BONDED DEBT FOR FISCAL YEARS ENDING JUNE 30

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 3,480,000	\$ 3,960,508	\$ 7,440,508
2022	3,640,000	3,806,576	7,446,576
2023	3,800,000	3,630,539	7,430,539
2024	3,970,000	3,447,746	7,417,746
2025	4,155,000	3,256,726	7,411,726
Total 5 years	19,045,000	18,102,095	37,147,095
2026 to 2030	22,285,000	13,351,912	35,636,912
2031 to 2035	21,845,000	8,378,176	30,223,176
2036 to 2040	13,830,000	3,806,892	17,636,892
2041 to 2045	6,615,000	1,154,919	7,769,919
2046	1,410,000	35,250	1,445,250
Total bonds	\$ 85,030,000	\$ 44,829,244	\$ 129,859,244

Capital and Operating Lease Obligations

At June 30, 2020, the capitalized cost of equipment purchased under capital leases was \$730,348, and its net book value was \$326,748.

Commitments and related rental expenses for the University under operating leases with initial or remaining noncancelable lease terms in excess of one year as of and for the years ended June 30, 2020 and 2019 are insignificant.

SCHEDULED MATURITIES OF CAPITAL LEASES FOR FISCAL YEARS ENDING JUNE 30

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	436,927	31,959	468,886
2022	325,897	12,527	338,424
2023	18,875	2,827	21,702
2024	19,408	2,294	21,702
2025	19,969	1,734	21,703
2026 to 2028	50,644	1,806	52,450
Total lease payments	\$ 871,720	\$ 53,147	\$ 924,867



(8) INSURANCE

Self-Insurance

The University is essentially self-insured for medical benefits claims, unemployment compensation, and workers' compensation. Stop-loss coverage has been purchased by the University for its workers' compensation coverage. Liabilities for estimates of losses retained by the University under self-insurance programs have been determined and accrued for and included in insurance and benefit reserves on the accompanying Statements of Net Position. Changes in the estimated liability for self-insured plans during the past two fiscal years are as follows:

SELF-INSURED CLAIMS LIABILITY

	2020	2019
Balance, beginning of year	\$ 940,371	\$ 925,640
Claims incurred, including changes in estimates	17,927,775	14,731,317
Less: claims paid	(17,535,390)	(14,716,586)
Balance, end of year	\$ 1,332,756	\$ 940,371

Liability and Property Insurance

The University participates with eleven other Michigan universities in the Michigan Universities Self-Insurance Corporation ("MUSIC"). MUSIC's purpose is to provide indemnity to members against auto, comprehensive general liability, errors and omissions, and property losses commonly covered by insurance. Premiums are assessed annually for (1) insurance risks retained by MUSIC, (2) costs related to excess coverage, and (3) general and administrative expenses. MUSIC also provides risk-management and loss control services and programs.

Loss coverages are structured on a three-layer basis with each member retaining a portion of its losses, MUSIC covering the second layer of losses, and commercial carriers covering the third layer.

Comprehensive general liability coverage is provided on a per-occurrence basis; errors and omissions coverage is provided on a claims-made basis. In the event of excess assets, MUSIC will return the surplus, credit the surplus toward future payments, or provide for increased coverage. Recommended reserves for both MUSIC and each member are actuarially determined on an annual basis. MUSIC will be self-sustaining through member payments and will purchase commercial coverage for claims in excess of established annual limits for each line of coverage. Members may fund their respective reserves as they deem appropriate.

(9) POSTEMPLOYMENT BENEFITS

Retirement Plans

The University has a defined contribution retirement plan and a defined benefit retirement plan for qualified employees. The defined benefit plan is closed to new participants, unless they were previously enrolled in the plan at the University or enrolled in the plan at one of the other six participating universities in Michigan.

Defined Contribution Plan

The University has a defined contribution plan with Teachers Insurance and Annuities Association College Retirement Equities Fund (TIAA-CREF) and Fidelity. Any regular employee who works in a position of half-time or greater is eligible to participate in the defined contribution plan.

Plan participants maintain individual investment accounts with TIAA-CREF and/or with Fidelity Investments. At June 30, 2020, the University had approximately 3,704 plan participants. Employees may also deposit supplemental retirement funds into 403(b) and/or 457(b) plans up to permissible limits. The University contributes a specified percentage of employee wages up to 7.5%, and has no liability beyond its own contribution. University contributions to this program are summarized in the Retirement Plan Contributions table.

DEFINED CONTRIBUTION RETIREMENT PLAN CONTRIBUTIONS

	<u>2020</u>	<u>2019</u>	<u>2018</u>
University contributions to TIAA-CREF/Fidelity	\$ 7,209,900	\$ 7,042,336	\$ 6,966,911
Payroll covered under TIAA-CREF/Fidelity	\$ 101,220,224	\$ 99,832,956	\$ 97,399,656

Defined Benefit Plan

The University contributes to MPSERS, a cost-sharing multi-employer pension plan administered by the State of Michigan Department of Management and Budget, Office of Retirement Services. Benefit provisions are established and may be amended by state statute. Due to State of Michigan House Bill HB4047, University employees hired after December 31, 1995 can no longer participate in this retirement plan, unless they were previously enrolled in the plan at the University or one of the other six universities that are part of MPSERS. The Office of Retirement Services issues a publicly available financial report that includes financial statements and required supplementary information for MPSERS. That report may be obtained by writing to Michigan Public School Employees' Retirement System, 7150 Harris Drive, P.O. Box 30171, Lansing, Michigan, 48909 or by calling (517) 322-5103.

University participants are enrolled in one of multiple plans based on date of hire and certain voluntary elections. A summary of the pension plans offered by MPSERS is as follows:

<u>Plan Name</u>	<u>Plan Type</u>	<u>Plan Status</u>
Member Investment Plan (MIP)	Defined Benefit	Closed
Basic	Defined Benefit	Closed
Defined Contribution	Defined Contribution	Open

The *Member Investment Plan* (MIP) includes additional subgroups based on hire date. The *MIP Fixed* plan includes members hired prior to January 1, 1990. The *MIP Graded* plan includes members first hired from January 1, 1990 through December 31, 1995. The *MIP Plus* plan includes members first hired from July 1, 2008 through June 30, 2010. Members who initially enrolled in the *MIP* plan and made a voluntary election to contribute a higher rate are participants in the *MIP 7%* plan.

Members hired between July 1, 2010 and September 3, 2012 were enrolled in the *Pension Plus* plan. Members hired on or after September 4, 2012 are automatically enrolled in this plan unless an election is made to participate in the defined contribution plan. The plan includes a pension component as well as a savings component. Member contributions to the savings component are matched at a rate of 50% by the employer (up to a maximum of 1%) and invested in a 401(k) plan.

Effective February 1, 2013, members that initially enrolled in MIP were provided the option to convert to a defined contribution plan (*Basic 4%*). In these instances, any service credit accumulated under the defined benefit plan before February 1, 2013 is retained. For service performed after this date, the converted plan member receives 4% employer contributions to a personal 401(k) account.

A member first enrolling in MPSERS on or after September 4, 2012 may elect to enroll in the *defined contribution* plan. Employer and employee contribution rates and vesting requirements are consistent with the defined contribution component of the *Pension Plus* plan as described above.



Benefits Provided

MPSERS provides retirement, death, disability and postemployment benefits to eligible participants. Retirement benefits are calculated as a percentage of the employee's final average compensation multiplied by the employee's years of service. All participants qualify for a benefit multiplier of 1.5% for the first 30 years of service. Certain benefit groups receive a reduced rate of 1.25% for service above 30 years. Disability benefits are calculated the same as regular service retirement. Participants are eligible to receive full retirement benefits upon reaching the age and years of service requirements below. Most plans offer additional options for early retirement if certain stipulations have been met. Voluntary contributions vest immediately.

Plan Name	Eligibility Based on Years of Service	Vesting
Member Investment Plan (MIP)	Age 46 with 30 years or age 60 with 10 years	10 years
Basic	Age 55 with 30 years or age 60 with 10 years	10 years
Defined Contribution	---	4 years

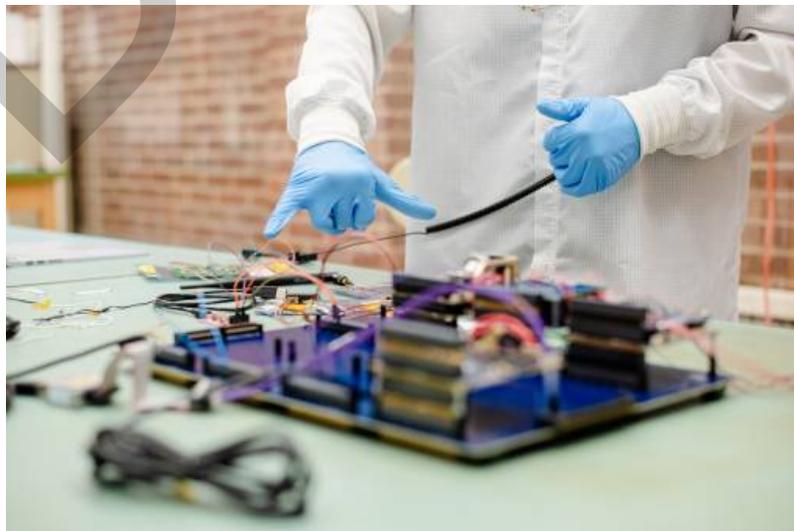
Contributions

Employer contributions to the plans are based on a percentage of covered payroll that has been actuarially determined as an amount that, when combined with employee contributions, is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Member contributions are determined based on date of hire and the plan selected. Contribution rates are adjusted annually by the ORS. The rates from October 1 to September 30 are as follows:

Fiscal Year Ended	Funded Portion	Unfunded Portion
June 30, 2020	6.29%	19.74%
June 30, 2019	5.29%	19.74%

Depending on the plan selected, plan member contributions range from 0.0 percent to 7.0 percent of gross wages. Plan members electing into the defined contribution plan are not required to make additional contributions.

The University's contributions to MPSERS under all pension plans as described above for the years ended June 30, 2020 and 2019 were \$5,635,665 and \$5,683,916, respectively, equal to the required contributions for each year.



Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2020 and 2019, the University reported a liability of \$75.503 million and \$71.833 million respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2019 and 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2017 and 2016, respectively. The University's proportion of the net pension liability was based on a projection of the University's long-term share of contributions to the pension plan relative to the projected contributions of all participating universities, actuarially determined. At September 30, 2019 and 2018, the University's proportion (as calculated by MPSERS) was 11.27592% and 11.24088%, respectively.

For the years ended June 30, 2020 and 2019, the University recognized pension expense of \$8.832 million and \$14.050 million, respectively. At June 30, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to measurement date	\$ 4,322,626	\$ -
Rate stabilization appropriations received subsequent to the measurement date	-	462,831
Net difference between projected and actual earnings on pension plan investments	-	1,366,451
Total	\$ 4,322,626	\$ 1,829,282

	2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 55,713
Changes of assumptions	576,176	-
Contributions subsequent to measurement date	4,592,388	-
Rate stabilization appropriations received subsequent to the measurement date	-	446,592
Changes in proportionate share and differences between contributions and proportionate share of contributions	22,952	6,617
Net difference between projected and actual earnings on pension plan investments	-	2,376,165
Total	\$ 5,191,516	\$ 2,885,087





The amount of deferred outflows of resources related to University contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the fiscal year ending June 30, 2021. The amount of deferred inflows of resources related to rate stabilization appropriations received subsequent to the measurement date will be recognized as an increase in revenue for the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2021	(678,554)
2022	(734,542)
2023	(182,517)
2024	229,162
Total	<u><u>\$ (1,366,451)</u></u>

Actuarial Assumptions

The total pension liability in the September 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage inflation	2.75%
Salary increases	2.75% --11.55%, including wage inflation at 2.75%
Investment rate of return	6.80% (6% for the Pension-Plus 2 plan), net of pension plan investment expenses, including inflation
Cost of Living adjustments	3.0% annual, non-compounded for MIP members

The mortality table used in this valuation was the RP-2014 Male and Female Healthy Annuitant Mortality Tables. For active members, 100% of the table rates were used. For retirees, 82% of the table rates were used for males and 78% of the table rates were used for females.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which the best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity pools	28.0%	5.5%
Private equity pools	18.0%	8.6%
International equity pools	16.0%	7.3%
Fixed income pools	10.5%	1.2%
Real estate and infrastructure pools	10.0%	4.2%
Absolute return pools	15.5%	5.4%
Short-term investment pools	2.0%	0.8%
Total	<u><u>100.0%</u></u>	

Discount Rate

The discount rate used to measure the total pension liability was 6.80% for June 30, 2020 (7.05% for June 30, 2019). The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the University's contributions will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees.

Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the University, calculated using the discount rate of 6.80% for fiscal year 2020 and 7.05% for fiscal year 2019, as well as what the University's net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

NET PENSION LIABILITY			
Fiscal Year	1% Decrease (5.80%)	Current Discount Rate (6.80%)	1% Increase (7.80%)
2020	\$ 88,899,676	\$ 75,502,509	\$ 64,088,832
Fiscal Year	1% Decrease (6.05%)	Current Discount Rate (7.05%)	1% Increase (8.05%)
2019	\$ 84,919,884	\$ 71,833,414	\$ 60,669,703

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued MPSERS financial statements available on the State of Michigan Office of Retirement Services website at www.michigan.gov/orsschools.

Other Postemployment Benefits

Plan Description

The University offers postemployment benefits to its retirees through a single-employer plan, administered by the University, and through a multi-employer cost sharing plan, administered by the State of Michigan.

Retiree Benefits Program

The University offers health coverage to its retirees and their covered dependents. The plan provides health, dental, and vision insurance benefits to eligible participants. To be eligible, a retiree from the University must be at least 60 years old and his or her years of service plus age must be equal to, or greater than, 80. Retirees are responsible for the full cost of insurance premiums which are set at COBRA rates. Prior to January 1, 2014, the University subsidized the insurance premium costs for retirees. The phasing-out of subsidies for new retirees occurred from January 1, 2007 to December 31, 2013. The OPEB liability recognized by the University is associated with retirees and covered dependents who continue to receive subsidized premiums.

MPSERS

MPSERS is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. The board consists



of twelve members—eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

The System's health plan provides all eligible retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act (1980 PA 300 as amended).

The System is administered by the Office of Retirement Services (ORS) within the Michigan Department of Technology, Management & Budget. The Department Director appoints the Office Director, with whom the general oversight of the System resides. The State Treasurer serves as the investment officer and custodian for the System.

The System's financial statements are available on the ORS website at www.michigan.gov/orsschools.

Benefits Provided

Benefit provisions of the postemployment healthcare plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions. Retirees have the option of health coverage, which through 2012, was funded on a cash disbursement basis. Beginning fiscal year 2013, it is funded on a prefunded basis. The System has contracted to provide the comprehensive group medical, prescription drug, dental and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by the System with the balance deducted from the monthly pension of each retiree healthcare recipient. For members who first worked before July 1, 2008, (Basic, MIP-Fixed, and MIP Graded plan members) the subsidy is the maximum allowed by statute. To limit future liabilities of Other Postemployment Benefits, members who first worked on or after July 1, 2008 (MIP-Plus plan members) have a graded premium subsidy based on career length where they accrue credit towards their insurance premiums in retirement, not to exceed the maximum allowable by statute. Public Act 300 of 2012 sets the maximum subsidy at 80% beginning January 1, 2013; 90% for those Medicare eligible and enrolled in the insurances as of that date. Dependents are eligible for healthcare coverage if they meet the dependency requirements set forth in Public Act 300 of 1980, as amended.

Public Act 300 of 2012 granted all active members of the Michigan Public School Employees Retirement System, who earned service credit in the 12 months ending September 3, 2012 or were on an approved professional services or military leave of absence on September 3, 2012, a voluntary election regarding their retirement healthcare. Any changes to a member's healthcare benefit are effective as of the member's transition date, which is defined as the first day of the pay period that begins on or after February 1, 2013.

Under Public Act 300 of 2012, members were given the choice between continuing the 3% contribution to retiree healthcare and keeping the premium subsidy benefit described above, or choosing not to pay the 3% contribution and instead opting out of the subsidy benefit and becoming a participant in the Personal Healthcare Fund (PHF), a portable, tax-deferred fund that can be used to pay healthcare expenses in retirement. Participants in the PHF are automatically enrolled in a 2% employer match into a 401(k) account. Members who selected this option stop paying the 3% contribution to retiree healthcare as of the day before their transition date, and their prior contributions were deposited into their 401(k) account.

Contributions

Retiree Benefits Program

The contribution requirements of the plan members are established annually by the University. The required contribution is based on annual projected pay-as-you go financing requirements. Prior to 2007, the University utilized its COBRA rates as the full cost value of early retiree medical and dental benefits. Depending upon specific fiscal years of retirement, these non-Medicare retirees paid a certain percentage of this COBRA rate. Even for those early retirees where their contribution requirement was 100% of the COBRA rate, there was an implied subsidy as the age-adjusted full cost for pre-Medicare

eligible retirees is significantly higher. Beginning in 2007, the University began a seven year phase out of the subsidy implied when utilizing the COBRA rates so that starting on January 1, 2014 retiree contributions were established on the expected full cost of the retiree medical and dental plans (pre-Medicare and Medicare eligible populations). The University has not prefunded any of its OPEB liability, nor does it presently intend to prefund its OPEB liability. Therefore, as of June 30, 2020, the most recent actuarial valuation date, the Plan was 0% funded.

MPSERS

Employers are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of active and retired members. Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

Employer OPEB contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2018 valuation will be amortized over a 20-year period for the 2019 fiscal year.

The schedule below summarizes OPEB contribution rates in effect for fiscal year 2020.

OPEB CONTRIBUTION RATES

Benefit Structure	Member	Employer (10/1/18 to 9/30/19)	Employer (10/1/19 to 9/30/20)
Premium Subsidy	3.00%	6.42%	6.57%
Personal Healthcare Fund	0.00%	5.99%	5.99%

Required contributions to the OPEB plan from the University were \$1,466,062 and \$1,465,359 for the years ended June 30, 2020 and June 30, 2019, respectively.





OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

Retiree Benefits Program

At June 30, 2020 and 2019, the University reported a liability of \$5,445,459 and \$6,019,259 respectively, for its Retiree Benefit Program. The net OPEB liability was measured as of June 30, 2020, rolled forward from a valuation date of July 1, 2019. Changes in the OPEB liability for the years ended June 30, 2020 and 2019 are summarized as follows:

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 6,019,259	\$ 6,077,123
Interest cost	203,034	226,484
Differences between expected and actual experience	(292,608)	-
Changes in assumptions	(47,634)	165,281
Benefit payments	(436,592)	(449,629)
Balance, end of year	<u>\$ 5,445,459</u>	<u>\$ 6,019,259</u>

On the above, there were no benefit changes. The decrease in the liability from June 30, 2019 to June 30, 2020 is due to the net impact of the changes in the trend, mortality assumptions and the removal of the excise tax which were largely offset by the decrease in the assumed discount rate from 3.50% as of June 30, 2019 to 2.21% as of June 30, 2020.

The below charts summarize the change in the plan fiduciary net position for the fiscal years ended June 30, and show the plan fiduciary net position as a percentage of net OPEB liability and the net OPEB liability as a percentage of covered payroll.

	<u>2020</u>	<u>2019</u>
Plan fiduciary net position, beginning of year	\$ -	\$ -
University contributions	436,592	449,629
Participant contributions	182,800	202,321
Benefit payments	(619,392)	(651,950)
Plan fiduciary net position, end of year	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability	\$ 5,445,459	\$ 6,019,259
Plan fiduciary net position as a percentage of net OPEB liability	0%	0%
University's covered payroll	\$ 132,557,288	\$ 133,097,512
Net OPEB liability as a percentage of covered payroll	4%	5%

The June 30, 2020 OPEB liability is based on participant census data as of July 1, 2019. The number of plan participants consisted of the following:

Retirees younger than 65 years old	2
Retirees 65 years old or older	<u>112</u>
Total inactive participants	<u>114</u>

MPSERS

At June 30, 2020 and 2019, the University reported a liability of \$10,367,445 and \$13,395,226 respectively, for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2018. The University's proportion of the net OPEB liability was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period. At September 30, 2019 and 2018, The University's proportion was 11.29560% and 11.29059% respectively.



For the years ended June 30, 2020 and June 30, 2019, the University recognized OPEB expense of (\$2,222,351) and (\$183,465) respectively. At June 30, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 640,269
Changes of assumptions	257,377	-
Net difference between projected and actual earnings on OPEB plan investments	-	319,434
Changes in proportion and differences between employer contributions and proportionate share of contributions	981	59
Employer contributions subsequent to the measurement date	1,158,122	-
Total	\$ 1,416,480	\$ 959,762
	2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,053,909
Changes of assumptions	572,215	-
Net difference between projected and actual earnings on OPEB plan investments	-	763,205
Changes in proportion and differences between employer contributions and proportionate share of contributions	25,072	5,038
Employer contributions subsequent to the measurement date	1,220,384	-
Total	\$ 1,817,671	\$ 1,822,152



Employer contributions subsequent to the measurement date reported as deferred outflows of resources related to OPEB will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2021	\$ (550,291)
2022	(168,321)
2023	(37,954)
2024	55,162
Total	<u>\$ (701,404)</u>

Actuarial Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

SUMMARY OF ACTUARIAL ASSUMPTIONS

	<u>MPSERS</u>	<u>Retiree Benefits Program</u>
Valuation Date	September 30, 2018	July 1, 2019
Actuarial Cost Method	Entry Age, Normal	Entry Age, Normal
Wage Inflation Rate	2.75%	N/A
Investment Rate of Return	6.95%	N/A
Projected Salary Increases	2.75 - 11.55%, including wage inflation at 2.75%	4.00%
Healthcare Cost Trend	7.5% Year 1 graded to 3.5% year 12	S&P Healthcare Economic Index and internal trend guidance
Mortality: Retirees	RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projections scale MP-2017 from 2006.	Pri.H-2012 Fully Generational Scale MP headcount-weighted
Other Assumptions:		
Opt Out Assumptions	21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan.	N/A
Survivor Coverage	80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death.	N/A
Coverage Election at Retirement	75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.	N/A

Long-Term Expected Return on Plan Assets

MPSERS

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2019, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity pools	28.0%	5.5%
Private equity pools	18.0%	8.6%
International equity pools	16.0%	7.3%
Fixed income pools	10.5%	1.2%
Real estate and infrastructure pools	10.0%	4.2%
Absolute return pools	15.5%	5.4%
Short-term investment pools	2.0%	0.8%
Total	100.0%	

Rate of Return

MPSERS

For the fiscal year ended September 30, 2019, the annual money-weighted rate of return on OPEB plan investment, net of OPEB plan investment expense, was 5.37%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.





Discount Rate

Retiree Benefits Program

A discount rate of 2.21% was used to measure the total OPEB liability for June 30, 2020 (3.50% for June 30, 2019). The discount rate was determined using the interest rate reported under the 20-YEAR Municipal Bond Index on the last Friday prior to the June 30, 2020 measurement date.

MPSERS

A discount rate of 6.95% was used to measure the total OPEB liability for June 30, 2020 (7.15% for June 30, 2019). This discount rate was based on the long-term expected rate of return on OPEB plan investments of 6.95%. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the University's proportionate share of the net OPEB liability to changes in the discount rate

The following presents the University's proportionate share of the net OPEB liability calculated using the discount rate of 6.95% and 2.21% for fiscal year 2020 and 7.15% and 3.50% for fiscal year 2019, as well as what the University's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

	2020					
	1% Decrease		Current Discount Rate		1% Increase	
MPSERS	5.95%	\$ 13,028,027	6.95%	\$ 10,367,445	7.95%	\$ 8,102,601
Retiree Benefits Program	1.21%	5,885,816	2.21%	5,445,459	3.21%	5,062,200
Total		\$ 18,913,843		\$ 15,812,904		\$ 13,164,801
	2019					
	1% Decrease		Current Discount Rate		1% Increase	
MPSERS	6.15%	\$ 16,114,627	7.15%	\$ 13,395,226	8.15%	\$ 11,073,186
Retiree Benefits Program	2.50%	6,511,653	3.50%	6,019,259	4.50%	5,591,155
Total		\$ 22,626,280		\$ 19,414,485		\$ 16,664,341



Sensitivity of the University's proportionate share of the net OPEB liability to Healthcare Cost Trend Rate

The following presents the University's proportionate share of the net OPEB liability calculated using assumed trend rates, as well as what the University's proportionate share of net OPEB liability would be if it were calculated using a trend rate that is 1 percentage point lower or 1 percentage point higher:

	2020		
	1% Decrease	Current Trend Rate	1% Increase
MPSERS	\$ 7,949,889	\$ 10,367,445	\$ 13,137,641
Retiree Benefits Program	5,018,787	5,445,459	5,926,161
Total	\$ 12,968,676	\$ 15,812,904	\$ 19,063,802

	2019		
	1% Decrease	Current Trend Rate	1% Increase
MPSERS	\$ 10,902,786	\$ 13,395,226	\$ 16,246,919
Retiree Benefits Program	5,483,977	6,019,259	6,625,568
Total	\$ 16,386,763	\$ 19,414,485	\$ 22,872,487

OPEB Plan Fiduciary Net Position

Detailed information about the MPSERS OPEB plan's fiduciary net position is available in the separately issued 2019 MPSERS CAFR, available on the ORS website at www.michigan.gov/orsschools.

Retirement Supplemental Voluntary Plan

The University has a Retirement Supplemental Voluntary Plan (RSVP) to facilitate the voluntary retirement of eligible employees. The RSVP is not an early retirement program. The decision to retire is left to the discretion of the individual employee and remains entirely voluntary. However, if an employee decides to retire, the RSVP provides several options upon retirement: a monetary option; a phased retirement option; a combination of the monetary and phased retirement options; and a program for employment after retirement. The University recognizes the related costs in the year the employee decides to retire. There was no RSVP liability at June 30, 2020 and 2019.

(10) COMMITMENTS AND CONTINGENCIES

The University has internally funded reserves for certain employee benefits. Accrued liabilities are generally based on actuarial valuations and represent the present value of unpaid expected claims, including estimates of claims incurred but not reported.

The University receives grants and other forms of reimbursement from various federal and state agencies. These activities are subject to audit by agents of the funding authority, the purpose of which is to ensure compliance with conditions precedent to providing such funds. University administration believes there is no liability for reimbursement which may arise as the result of audits.

The University has an arrangement with the State of Michigan and the SBA to finance a large portion of the Great Lakes Research Center. The arrangement is based upon a lease agreement that is signed by the University which stipulates that the SBA will hold title to the building and the State will make all the lease payments to the SBA on behalf of the University, and the University will pay all operating and maintenance costs. At the expiration of the lease, the SBA has agreed to sell the building to the University for \$1.



In the normal course of its activities, the University is a party in various legal actions. Although some actions have been brought for large amounts, the University has not experienced any significant losses or costs. The University and its legal counsel are of the opinion that the outcome of asserted and unasserted claims outstanding will not have a material effect on the financial statements.

(11) FUNCTIONAL CLASSIFICATION OF OPERATING EXPENSES

The University's operating expenses by functional classification were as follows for years ended June 30:

OPERATING EXPENSES BY FUNCTIONAL CLASSIFICATION

	<u>2020</u>	<u>2019</u>
Instruction	\$ 68,520,081	\$ 68,849,760
Research	59,159,329	60,969,147
Public service	9,768,499	11,163,433
Academic support	22,555,415	24,568,081
Student services	15,985,526	16,161,647
Institutional support	24,913,814	26,221,651
Operations and maintenance of plant	13,738,173	14,850,798
Student financial support	12,470,722	14,307,807
Departmental activities	6,838,574	8,514,434
Student residents	7,004,571	8,623,028
Depreciation	14,767,842	14,933,237
Total	<u>\$ 255,722,546</u>	<u>\$ 269,163,023</u>



(12) EXTRAORDINARY ITEMS DUE TO FLOOD

On June 17, 2018, Houghton County, Michigan experienced a massive rainfall event which produced flash flooding and caused substantial damage throughout the county. The University suffered flood damage to its five-story main administration building, affecting office space, mechanical areas, electrical equipment, and the campus mailroom and print shop. Other areas of campus were affected as well, although not as severely as the administration building. The facilities building, golf course retaining wall, and Keweenaw Research Center test course were all damaged by moving water, as was Mont Ripley, the University-owned ski hill, which suffered a resulting landslide that damaged snow-making equipment and destroyed two ski runs.

As required by GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, the University recognized a loss on capital asset impairment of \$744,170 on the Statements of Revenues, Expenses, and Changes in Net Position for the fiscal year ended June 30, 2018. The June 2018 flood is treated as an extraordinary event as it meets the criteria for being both unusual in nature and infrequent in occurrence, and as such, the loss on capital asset impairment is shown as an extraordinary item due to flood on the Statements of Revenues, Expenses, and Changes in Net Position.

The University has received insurance recoveries and FEMA funding to restore or replace the impaired capital assets and to recover other costs associated with flood damages. Damages not covered under the University's insurance policies are eligible for FEMA funding that is being passed-through the State of Michigan. Under the State of Michigan's Public Assistance Grant Program, the University will be responsible for a 25% cost share.

During fiscal year 2019, the University incurred \$1,993,000 in expenses associated with flood damages and recognized \$2,500,000 in insurance recoveries (\$1,500,000 of which was recorded as a receivable at June 30, 2019), netting to a \$507,000 extraordinary item due to flood. During fiscal year 2020, the University incurred \$1,079,909 in expenses associated with flood damages and recognized \$1,756,903 in insurance recoveries, netting to a \$676,994 extraordinary item due to flood.

(13) IMPACT OF COVID-19

On March 13, 2020, the President of the United States of America issued a proclamation, "Declaring a National Emergency concerning the Novel Coronavirus Disease (COVID-19) Outbreak." On March 10, 2020, the governor of the State of Michigan issued executive order 2020-04 declaring a state of emergency due to COVID-19 and on March 23 issued a statewide stay-at-home order to fight the outbreak of COVID-19. Effective Monday, March 16, 2020, the University suspended face-to-face instruction for lecture and discussion classes and moved to online or remote instruction for the balance of spring semester 2020. Summer semester instruction was also online or remote. Effective March 18, 2020, many faculty and staff began working from home and then on March 23, 2020, all but essential workers moved to working from home. The following represent some of the impacts of COVID-19 on University operations and the financial statements.

Auxiliary Operations - Housing & Meal Plan Refunds

University housing and campus dining remained open through the spring semester to accommodate students who were not able to move off campus. Students electing to move out of University housing between March 18, 2020 and April 12, 2020 were given a credit of \$1,100, which they could receive as a refund or apply to fall 2020 room and board charges. The University refunded housing and meal plans in the total amount of \$2,159,300 related to the spring semester 2020.



CARES Act

The Coronavirus Aid, Relief and Economic Security (CARES) Act was passed by Congress and signed into law to provide economic relief from COVID-19. The University received the following grants under the CARES Act through the US Department of Education:

- \$2,302,890 Student Portion of the Higher Education Emergency Relief Fund
- \$2,302,889 Institutional Portion of the Higher Education Emergency Relief Fund

The Higher Education Emergency Relief Funding provided funding to universities to use for emergency financial aid grants to students for expenses related to the disruption of campus operations due to the coronavirus. As of June 30, 2020, the University had awarded grants totaling \$40,269 to students. This is included in nonoperating revenues on the Statement of Revenues, Expenses, and Change in Net Position.

The Higher Education Emergency Relief Funds are awarded under Section 18004(a)(1) of the CARES Act. There is a requirement that of the combined funds, at the end of the grant period, at least 50 percent must be used for emergency financial aid grants to students. As a result of this grant condition at June 30, 2020, the University is only able to recognize revenue from the Institutional Portion equal to the amount recognized for the Student Portion. Accordingly, the University recognized \$40,269 of revenue which is included in nonoperating revenues on the Statement of Revenues, Expenses, and Change in Net Position.

In addition, a provision of the CARES Act allows the University to defer payment of the employer portion of Social Security taxes through December 31, 2020. As of June 30, 2020, the University had not deferred any of the employer portion of Social Security taxes.

State Appropriations - CARES Act Pass Through Funds

On July 22, 2020, the State of Michigan passed Senate Bill 373 which reduced the state appropriations funding for the University for the fiscal year ended June 30, 2020 by \$5,615,100. Accordingly, the accounts receivable, net on the Statement of Net Position and the state appropriations nonoperating revenue on the Statement of Revenues, Expenses, and Changes in Net Position, have been reduced to reflect that subsequent reduction.

At that same time, the State allocated \$5,615,100 from the federal funding awarded to the State under the CARES Act to the University. Since that award was made after June 30, 2020, no revenue from that allocation can be reflected in the University's financial statements as of and for the fiscal year ended June 30, 2020. The federal pass through funding has the same restrictions as noted in the CARES Act for the funds awarded to the State. During the fiscal year ended June 30, 2021, the University will be able to recognize revenue from the pass-through funds equal to allowable expenditures incurred between March 1 and December 31, 2020.

Accounting Standards Delayed

The Governmental Accounting Standards Board (GASB) and the Financial Accounting Standards Board (FASB) each delayed the effective implementation dates of select accounting and financial reporting standards that would have been effective initially for the fiscal year ended June 30, 2020 for the University. The University elected to delay implementation of those standards.

REQUIRED SUPPLEMENTARY INFORMATION

MPSERS Cost-sharing Multiple Employer Plan

SCHEDULE OF THE UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY						
	2020	2019	2018	2017	2016	2015
University's proportion of the net pension liability	11.27592%	11.24088%	11.26247%	11.20220%	10.00520%	9.64907%
University's proportionate share of the net pension liability	\$75,502,509	\$71,833,414	\$ 64,788,673	\$ 62,759,225	\$ 54,888,547	\$ 36,194,241
University's covered payroll	\$24,004,000	\$23,533,179	\$ 23,879,000	\$ 8,943,572	\$ 9,118,081	\$ 9,156,216
University's proportionate share of the net pension liability as a percentage of its covered payroll	314.54%	305.24%	271.32%	701.72%	601.97%	252.97%
Plan fiduciary net position as a percentage of the total pension liability	44.24%	45.87%	47.42%	46.77%	47.45%	63.00%

SCHEDULE OF UNIVERSITY PENSION CONTRIBUTIONS						
	2020	2019	2018	2017	2016	2015
Contractually required pension contributions	\$ 5,635,665	\$ 5,683,916	\$ 4,919,399	\$ 4,283,370	\$ 4,150,666	\$ 3,395,404
Contributions in relation to the contractually required contribution	\$ 5,635,665	\$ 5,683,916	\$ 4,919,399	\$ 4,283,370	\$ 4,150,666	\$ 3,395,404
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
University's covered payroll	\$24,364,060	\$23,886,295	\$23,619,500	\$ 8,526,091	\$ 8,606,261	\$ 8,877,145
Contributions as a percentage of covered payroll	23.13%	23.80%	20.83%	50.24%	48.23%	38.25%

SCHEDULE OF THE UNIVERSITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY			
	2020	2019	2018
University's proportion of the net OPEB liability	11.29560%	11.29059%	11.22486%
University's proportionate share of the net OPEB liability	\$10,367,445	\$13,395,226	\$ 15,973,138
University's covered payroll	\$24,004,000	\$23,533,179	\$ 23,879,000
University's proportionate share of the net OPEB liability as a percentage of its covered payroll	43.19%	56.92%	66.89%
Plan fiduciary net position as a percentage of the total OPEB liability	61.07%	51.90%	44.11%

SCHEDULE OF UNIVERSITY OPEB CONTRIBUTIONS			
	2020	2019	2018
Contractually required OPEB contributions	\$ 1,466,062	\$ 1,465,359	\$ 1,608,346
Contributions in relation to the contractually required contribution	\$ 1,466,062	\$ 1,465,359	\$ 1,608,346
Contribution deficiency (excess)	\$ -	\$ -	\$ -
University's covered payroll	\$24,364,060	\$23,886,295	\$23,619,500
Contributions as a percentage of covered payroll	6.02%	6.13%	6.81%

Notes to Required Supplementary Information

The amounts presented for the fiscal year in the above Schedule of the University's Proportionate Share of the Net Pension Liability were determined as of September 30 of the preceding year.

GASB 68 was implemented in fiscal year 2015 and GASB 75 was implemented in fiscal year 2018. These schedules are being built prospectively. Ultimately, 10 years of data will be presented.

Changes of benefit terms: There were no changes of benefit terms from 2015 to 2020.

Changes of assumptions:

Pension: The discount rate was reduced to 7.05% for the September 30, 2018 valuation from 7.50% at September 30, 2017. In addition, the September 30, 2017 discount rate was reduced from 8.00%, which was the discount rate for the years ending September 30, 2016, 2015, and 2014.

OPEB: The discount rate was reduced to 7.15% for the September 30, 2018 valuation from 7.50% at September 30, 2017.

The required supplementary information for the University's Retiree Benefits Program is included in Footnote 9, Postemployment Benefits, of this document.



SUPPLEMENTARY *INFORMATION*



MICHIGAN TECHNOLOGICAL UNIVERSITY
SCHEDULE OF NET POSITION BY FUND AT JUNE 30, 2020

	General	Designated	Auxiliary Activities	Retirement & Insurance	Expendable Restricted	Total Current Funds	Student Loan	Plant	Agency	Michigan Tech Fund	Eliminations	Combined Total 2020	Combined Total 2019
Assets													
Current assets:													
Cash and cash equivalents	\$ (13,798,484)	\$ 21,817,254	\$ 4,500,273	\$ (9,162,208)	\$ 2,459,987	\$ 5,816,822	\$ 2,470,733	\$ 7,698,111	\$ 3,387,098	\$ 10,170,945	\$ -	\$ 29,543,709	\$ 26,429,190
Accounts receivable, net	4,672,308	9,935	269,332	25,662	9,324,850	14,302,087	-	70,751	128,471	-	(10,367)	14,490,942	19,884,566
Insurance receivable	-	-	-	-	-	-	-	-	-	-	-	-	1,500,000
Pledges receivable, net	-	-	-	-	-	-	-	-	-	849,449	-	849,449	923,492
Other assets	331,213	13,525	1,078,404	530,923	-	1,954,065	-	-	-	15,006	-	1,969,071	2,274,273
Total current assets	(8,794,963)	21,840,714	5,848,009	(8,605,623)	11,784,837	22,072,974	2,470,733	7,768,862	3,515,569	11,035,400	(10,367)	46,853,171	51,011,521
Noncurrent assets:													
Student loans receivable, net	-	-	-	-	-	-	7,958,867	-	-	-	-	7,958,867	9,717,147
Pledges receivable, net	-	-	-	-	-	-	-	-	-	798,115	-	798,115	1,712,253
Restricted cash for capital projects	-	-	-	-	-	-	-	99,422	-	-	-	99,422	77,304
Investments	15,615,806	-	-	22,154,807	-	37,770,613	-	-	-	139,991,855	-	177,762,468	175,235,888
Beneficial interest in charitable remainder trusts	-	-	-	-	-	-	-	-	-	6,110,969	-	6,110,969	6,273,104
Land held for investment	-	-	-	-	-	-	-	9,724,597	-	165,000	-	9,889,597	9,943,597
Capital assets, net	-	-	-	-	-	-	-	227,503,910	-	-	-	227,503,910	234,218,324
Other assets	-	-	-	-	-	-	-	978,544	-	1,521,346	(485,000)	2,014,890	2,001,305
Total noncurrent assets	15,615,806	-	-	22,154,807	-	37,770,613	7,958,867	238,306,473	-	148,587,285	(485,000)	432,138,238	439,178,924
Total assets	6,820,843	21,840,714	5,848,009	13,549,184	11,784,837	59,843,587	10,429,600	246,075,335	3,515,569	159,622,685	(495,367)	478,991,409	490,190,445
Deferred outflows of resources													
	-	-	-	5,739,106	-	5,739,106	-	-	-	-	-	5,739,106	7,009,187
Liabilities													
Current liabilities													
Accounts payable	1,193,244	366,131	260,367	1,183,447	738,800	3,741,989	-	2,446,476	89,957	152,031	(10,367)	6,420,086	7,153,663
Other accrued liabilities	6,069,633	-	132,038	4,985,184	-	11,186,855	-	1,458	3,425,612	-	-	14,613,925	14,355,699
Unearned revenue	139,138	-	795,300	-	4,715,151	5,649,589	-	206,250	-	-	-	5,855,839	5,828,342
Annuity obligations, current portion	-	-	-	-	-	-	-	-	-	385,279	-	385,279	428,477
Insurance and benefit reserves, current portion	-	-	-	1,332,756	-	1,332,756	-	-	-	-	-	1,332,756	940,371
Long-term debt, current portion	-	-	-	-	-	-	-	3,916,927	-	-	-	3,916,927	3,748,339
Total current liabilities	7,402,015	366,131	1,187,705	7,501,387	5,453,951	21,911,189	-	6,571,111	3,515,569	537,310	(10,367)	32,524,812	32,454,891
Noncurrent liabilities													
Funds held for others	635,651	485,000	-	-	-	1,120,651	-	-	-	-	(485,000)	635,651	775,451
Annuity obligations, net of current portion	-	-	-	-	-	-	-	-	-	5,390,313	-	5,390,313	5,613,091
Long-term debt, net of current portion	-	-	-	-	-	-	-	85,180,388	-	-	-	85,180,388	89,237,063
Net pension liability	-	-	-	75,502,509	-	75,502,509	-	-	-	-	-	75,502,509	71,833,414
Net OPEB liability	-	-	-	15,812,904	-	15,812,904	-	-	-	-	-	15,812,904	19,414,485
Total noncurrent liabilities	635,651	485,000	-	91,315,413	-	92,436,064	-	85,180,388	-	5,390,313	(485,000)	182,521,765	186,873,504
Total liabilities	8,037,666	851,131	1,187,705	98,816,800	5,453,951	114,347,253	-	91,751,499	3,515,569	5,927,623	(495,367)	215,046,577	219,328,395
Deferred inflows of resources													
	-	-	-	2,789,044	-	2,789,044	-	-	-	-	-	2,789,044	4,707,239
Net position													
Net investment in capital assets	-	-	-	-	-	-	-	138,086,386	-	-	-	138,086,386	141,106,255
Restricted:													
Nonexpendable	-	-	-	-	-	-	-	-	-	104,236,751	-	104,236,751	99,051,271
Expendable	(517)	-	70,621	-	6,330,886	6,400,990	10,710,918	12,275,878	-	41,072,805	-	70,460,591	73,420,432
Unrestricted (deficit)	(1,216,306)	20,989,583	4,589,683	(82,317,554)	6,330,886	(57,954,594)	(281,318)	3,961,572	-	8,385,506	-	(45,888,834)	(40,413,960)
Total net position	\$ (1,216,823)	\$ 20,989,583	\$ 4,660,304	\$ (82,317,554)	\$ 6,330,886	\$ (51,553,604)	\$ 10,429,600	\$ 154,323,836	\$ -	\$ 153,695,062	\$ -	\$ 266,894,894	\$ 273,163,998

MICHIGAN TECHNOLOGICAL UNIVERSITY
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION BY FUND BY OBJECT
FOR THE YEAR ENDED JUNE 30, 2020

	General	Designated	Auxiliary Activities	Retirement & Insurance	Expendable Restricted	Total Current Funds	Student Loan	Plant	Michigan Tech Fund	Eliminations	2020	2019
Revenues												
Operating revenues												
Student tuition and fees, net	\$ 141,455,582	\$ 900	\$ 1,153,625	\$ -	\$ 17,841	\$ 142,627,948	\$ -	\$ -	\$ -	\$ (41,545,008)	\$ 101,082,940	\$ 102,821,248
Federal grants and contracts	41,633	-	-	-	27,658,341	27,699,974	(2,585,315)	-	-	-	25,114,659	28,842,208
State and local grants and contracts	-	-	-	-	4,076,024	4,076,024	-	-	-	-	4,076,024	4,377,969
Nongovernmental grants and contracts	-	-	-	-	20,445,108	20,445,108	-	-	-	-	20,445,108	18,796,611
Indirect cost recoveries	14,393,214	-	-	-	(14,393,214)	-	-	-	-	-	-	-
Educational activities	427,651	2,138,147	594,327	-	482,963	3,643,088	84	-	-	-	3,643,172	5,363,254
Departmental activities	49,626	72,802	8,758,352	(16)	1,805	8,882,569	-	50,901	-	-	8,933,470	9,734,257
Student residence fees, net	-	-	26,119,247	-	-	26,119,247	-	32,702	-	(8,120,273)	18,031,676	18,820,637
Total operating revenues	156,367,706	2,211,849	36,625,551	(16)	38,288,868	233,493,958	(2,585,231)	83,603	-	(49,665,281)	181,327,049	188,756,184
Expenses												
Operating expenses												
Salaries and wages	93,056,715	6,964,701	8,757,939	3,309,311	20,345,353	132,434,019	-	5,062	-	-	132,439,081	132,984,061
Fringe benefits	32,950,564	1,919,794	2,544,682	(265,656)	4,748,543	41,897,927	-	659	-	-	41,898,586	45,852,086
Supplies and services	14,219,795	6,578,373	13,864,858	1,330,333	14,140,734	50,134,093	66,406	5,604,340	12,201,478	(18,933,284)	49,073,033	55,035,855
Student financial support	49,280,430	557,629	2,991	-	11,064,345	60,905,395	-	-	2,524,897	(52,190,178)	11,240,114	13,567,107
Utilities	3,841,790	199,868	2,232,261	3,046	26,925	6,303,890	-	-	-	-	6,303,890	6,790,677
Depreciation	-	-	-	-	-	-	-	14,767,842	-	-	14,767,842	14,933,237
Total operating expenses	193,349,294	16,220,365	27,402,731	4,377,034	50,325,900	291,675,324	66,406	20,377,903	14,726,375	(71,123,462)	255,722,546	269,163,023
Operating (loss) income	(36,981,588)	(14,008,516)	9,222,820	(4,377,050)	(12,037,032)	(58,181,366)	(2,651,637)	(20,294,300)	(14,726,375)	21,458,181	(74,395,497)	(80,406,839)
Net transfers (out) in Nonoperating revenues (expenses)	(18,218,185)	12,777,754	(10,566,662)	1,350,220	4,298,051	(10,358,822)	(501,997)	10,860,819	-	-	-	-
Federal Pell grants	-	-	-	-	5,383,769	5,383,769	-	-	-	-	5,383,769	6,293,211
Federal grants, other	-	-	-	-	-	-	-	583,526	-	-	583,526	483,764
Federal CARES Act program grants	-	-	-	-	80,538	80,538	-	-	-	-	80,538	-
State appropriations	44,953,000	-	-	-	-	44,953,000	-	-	-	-	44,953,000	49,949,600
Gifts	4,407,918	3,814,059	260,040	-	4,175,464	12,657,481	-	-	6,563,448	(12,618,972)	6,601,957	11,904,921
Investment return	591,500	-	-	1,639,469	349	2,231,318	290,695	1,204	5,148,169	-	7,671,386	6,211,502
Interest on capital asset-related debt	-	-	-	-	-	-	-	(4,123,654)	-	-	(4,123,654)	(4,218,557)
Loss on disposal of capital assets	-	-	-	-	-	-	-	-	-	(75,492)	(75,492)	(138,434)
Net nonoperating revenues (expenses)	49,952,418	3,814,059	260,040	1,639,469	9,640,120	65,306,106	290,695	(3,538,924)	11,711,617	(12,694,464)	61,075,030	70,486,007
Income (loss) before other revenues	(5,247,355)	2,583,297	(1,083,802)	(1,387,361)	1,901,139	(3,234,082)	(2,862,939)	(12,972,405)	(3,014,758)	8,763,717	(13,320,467)	(9,920,832)
Other revenues												
Capital grants and gifts	-	-	-	-	-	-	-	1,025,052	730,070	(954,790)	800,332	1,721,462
Gifts for permanent endowment purposes	-	-	-	-	-	-	-	-	5,467,724	-	5,467,724	2,575,646
Other nonoperating revenues	-	-	-	-	-	-	-	-	106,313	-	106,313	94,427
Fund additions	-	-	-	-	-	-	-	7,808,927	-	(7,808,927)	-	-
Total other revenues	-	-	-	-	-	-	-	8,833,979	6,304,107	(8,763,717)	6,374,369	4,391,535
Net extraordinary items due to flood	-	-	-	(132,121)	-	(132,121)	-	809,115	-	-	676,994	507,000
Net increase (decrease) in net position	(5,247,355)	2,583,297	(1,083,802)	(1,519,482)	1,901,139	(3,366,203)	(2,862,939)	(3,329,311)	3,289,349	-	(6,269,104)	(5,022,297)
Net position, beginning of year	4,030,532	18,406,286	5,744,106	(80,798,072)	4,429,747	(48,187,401)	13,292,539	157,653,147	150,405,713	-	273,163,998	278,186,295
Net position, end of year	\$ (1,216,823)	\$ 20,989,583	\$ 4,660,304	\$ (82,317,554)	\$ 6,330,886	\$ (51,553,604)	\$ 10,429,600	\$ 154,323,836	\$ 153,695,062	\$ -	\$ 266,894,894	\$ 273,163,998



MICHIGAN TECHNOLOGICAL UNIVERSITY
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION BY FUND BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2020

	General	Designated	Auxiliary Activities	Retirement & Insurance	Expendable Restricted	Total Current Funds	Student Loan	Plant	Michigan Tech Fund	Eliminations	2020	2019
Revenues												
Operating revenues												
Student tuition and fees, net	\$ 141,455,582	\$ 900	\$ 1,153,625	\$ -	\$ 17,841	\$ 142,627,948	\$ -	\$ -	\$ -	\$ (41,545,008)	\$ 101,082,940	\$ 102,821,248
Federal grants and contracts	41,633	-	-	-	27,658,341	27,699,974	(2,585,315)	-	-	-	25,114,659	28,842,208
State and local grants and contracts	-	-	-	-	4,076,024	4,076,024	-	-	-	-	4,076,024	4,377,969
Nongovernmental grants and contracts	-	-	-	-	20,445,108	20,445,108	-	-	-	-	20,445,108	18,796,611
Indirect cost recoveries	14,393,214	-	-	-	(14,393,214)	-	-	-	-	-	-	-
Educational activities	427,651	2,138,147	594,327	-	482,963	3,643,088	84	-	-	-	3,643,172	5,363,254
Departmental activities	49,626	72,802	8,758,352	(16)	1,805	8,882,569	-	50,901	-	-	8,933,470	9,734,257
Student residence fees, net	-	-	26,119,247	-	-	26,119,247	-	32,702	-	(8,120,273)	18,031,676	18,820,637
Total operating revenues	156,367,706	2,211,849	36,625,551	(16)	38,288,868	233,493,958	(2,585,231)	83,603	-	(49,665,281)	181,327,049	188,756,184
Expenses												
Operating expenses												
Instruction	66,556,034	2,286,623	-	(185,792)	132,136	68,789,001	-	-	-	(268,920)	68,520,081	68,849,760
Research	17,803,442	9,968,301	-	(139,344)	33,330,450	60,962,849	-	-	-	(1,803,520)	59,159,329	60,969,147
Public service	1,496,206	431,218	-	(17,418)	8,143,475	10,053,481	-	-	-	(284,982)	9,768,499	11,163,433
Academic support	21,740,851	767,507	-	(63,866)	784	22,445,276	-	-	-	110,139	22,555,415	24,568,081
Student services	9,527,341	1,075,452	5,089,531	(34,836)	147,147	15,804,635	-	-	-	180,891	15,985,526	16,161,647
Institutional support	19,889,109	464,984	-	4,595,182	18,088	24,967,363	-	97,828	12,201,478	(12,352,855)	24,913,814	26,221,651
Student financial support	45,395,506	-	-	-	8,553,820	53,949,326	66,406	-	2,524,897	(44,069,907)	12,470,722	14,307,807
Operations and maintenance of plant	10,940,805	1,226,280	-	252,138	-	12,419,223	-	5,512,233	-	(4,193,283)	13,738,173	14,850,798
Sales and services of dept activities	-	-	-	-	-	-	-	-	-	6,838,574	6,838,574	8,514,434
Student residents	-	-	22,313,200	(29,030)	-	22,284,170	-	-	-	(15,279,599)	7,004,571	8,623,028
Depreciation	-	-	-	-	-	-	-	14,767,842	-	-	14,767,842	14,933,237
Total operating expenses	193,349,294	16,220,365	27,402,731	4,377,034	50,325,900	291,675,324	66,406	20,377,903	14,726,375	(71,123,462)	255,722,546	269,163,023
Operating (loss) income	(36,981,588)	(14,008,516)	9,222,820	(4,377,050)	(12,037,032)	(58,181,366)	(2,651,637)	(20,294,300)	(14,726,375)	21,458,181	(74,395,497)	(80,406,839)
Net transfers (out) in	(18,218,185)	12,777,754	(10,566,662)	1,350,220	4,298,051	(10,358,822)	(501,997)	10,860,819	-	-	-	-
Nonoperating revenues (expenses)												
Federal Pell grants	-	-	-	-	5,383,769	5,383,769	-	-	-	-	5,383,769	6,293,211
Federal grants, other	-	-	-	-	-	-	-	583,526	-	-	583,526	483,764
Federal CARES Act program grants	-	-	-	-	80,538	80,538	-	-	-	-	80,538	-
State appropriations	44,953,000	-	-	-	-	44,953,000	-	-	-	-	44,953,000	49,949,600
Gifts	4,407,918	3,814,059	260,040	-	4,175,464	12,657,481	-	-	6,563,448	(12,618,972)	6,601,957	11,904,921
Investment return	591,500	-	-	1,639,469	349	2,231,318	290,695	1,204	5,148,169	-	7,671,386	6,211,502
Interest on capital asset-related debt	-	-	-	-	-	-	-	(4,123,654)	-	-	(4,123,654)	(4,218,557)
Loss on disposal of capital assets	-	-	-	-	-	-	-	-	-	(75,492)	(75,492)	(138,434)
Net nonoperating revenues (expenses)	49,952,418	3,814,059	260,040	1,639,469	9,640,120	65,306,106	290,695	(3,538,924)	11,711,617	(12,694,464)	61,075,030	70,486,007
Income (loss) before other revenues	(5,247,355)	2,583,297	(1,083,802)	(1,387,361)	1,901,139	(3,234,082)	(2,862,939)	(12,972,405)	(3,014,758)	8,763,717	(13,320,467)	(9,920,832)
Other revenues												
Capital grants and gifts	-	-	-	-	-	-	-	1,025,052	730,070	(954,790)	800,332	1,721,462
Gifts for permanent endowment purposes	-	-	-	-	-	-	-	-	5,467,724	-	5,467,724	2,575,646
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Fund additions	-	-	-	-	-	-	-	7,808,927	-	(7,808,927)	-	-
Total other revenues	-	-	-	-	-	-	-	8,833,979	6,304,107	(8,763,717)	6,374,369	4,391,535
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Net position, end of year	\$ (1,216,823)	\$ 20,989,583	\$ 4,660,304	\$ (82,317,554)	\$ 6,330,886	\$ (51,553,604)	\$ 10,429,600	\$ 154,323,836	\$ 153,695,062	\$ -	\$ 266,894,894	\$ 273,163,998

2020 FINANCIAL REPORT



Michigan Technological University
1400 Townsend Drive
Houghton, Michigan 49931-1295
mtu.edu

Michigan Technological University is an Equal Opportunity Educational Institution/Equal Opportunity Employer that provides equal opportunity for all, including protected veterans and individuals with disabilities. 352070919.

C. Green Campus Enterprise: Tiny House Team
Sierra Braun, John Zimelis, and Nick Kampfschulte



TINY HOUSE BUILD

Green Campus Enterprise

CONTENTS

01

GREEN CAMPUS ENTERPRISE

02

TINY HOUSE BUILD

03

DESIGN

04

CONSTRUCTION

05

FUTURE GOALS

GREEN CAMPUS ENTERPRISE

Various student teams
collaborating on engineering
projects to promote sustainability
on and off campus



green campus
ENTERPRISE



CURRENT GREEN CAMPUS PROJECTS

CLEAN AIR COOL PLANET

Calculate and report MTU's annual carbon footprint to provide sustainable solutions

STEAM BACK PRESSURE TURBINE

Retrofit campus steam system to reduce energy losses

DAYLIGHTING

Monitor on-campus lighting demands to reduce energy use by using daylight



TINY HOUSE BUILD

Design and build a functional tiny house to model affordable, low impact, energy efficient housing in cold climates

PROJECT TEAM



SIERRA BRAUN
Civil Engineering



CAROLYN LADUKE
Civil Engineering



NICK KAMPFSCHULTE
Environmental Engineering



LEXI STEVE
Mechanical Engineering



JOHN ZIMELIS
Engineering Management



LEENA RAWASHDEH
Environmental Engineering

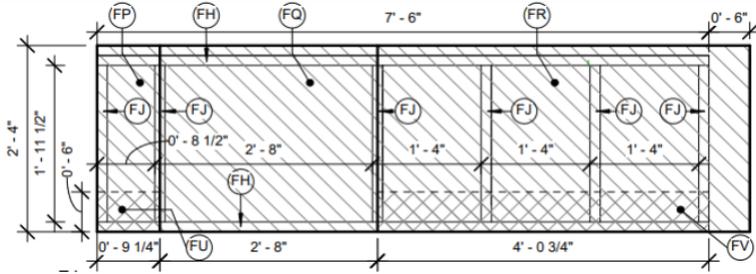
Special thanks to our design and construction expert, **DAVE BACH**.

DESIGN GOALS

- Net-Zero Energy
 - Source method
 - Renewable energy
- Energy Efficient
- Sustainable
 - Materials and design
- Functional, affordable, constructable



DESIGN PROCESS

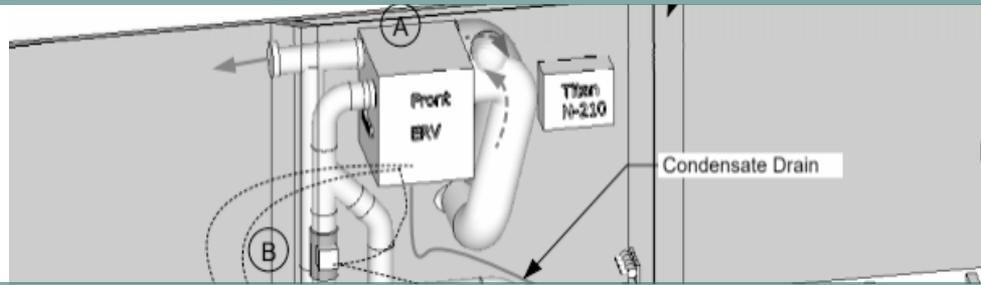


Structure Team

- Present interior layout options to the client
- Design building assemblies and details
- Calculate structural loads based on building codes

Mechanical Team

- Calculate ventilation and space heating requirements based on building assemblies
- Select ventilation, heating, and water heating equipment

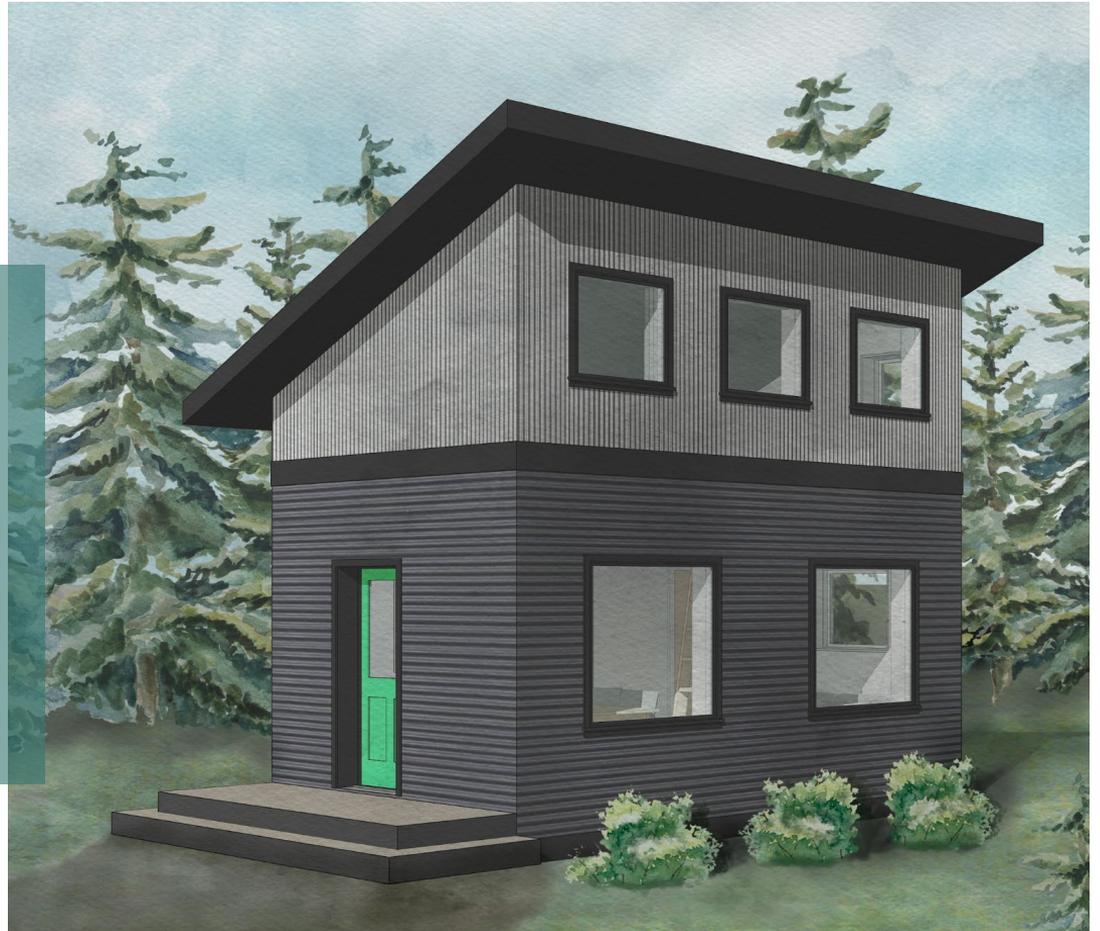


Power, Electrical, & Water Team

- Determine power needs based on demands
- Design solar array system to meet NZE
- Create electrical and plumbing plans

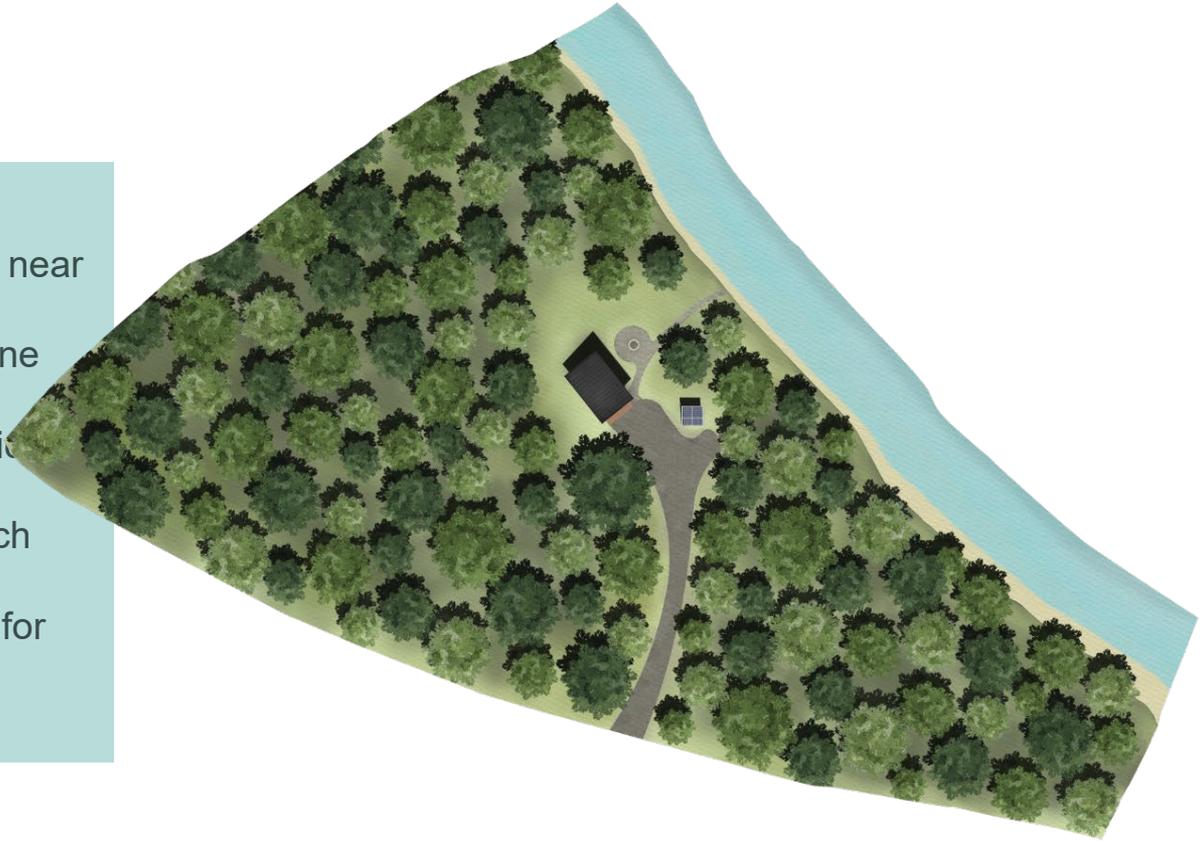
FINAL DESIGN: EXTERIOR

- Many large windows for Lake Superior views
- Single sloped roof to maximize loft height
- Durable steel siding
- Functional, contemporary design



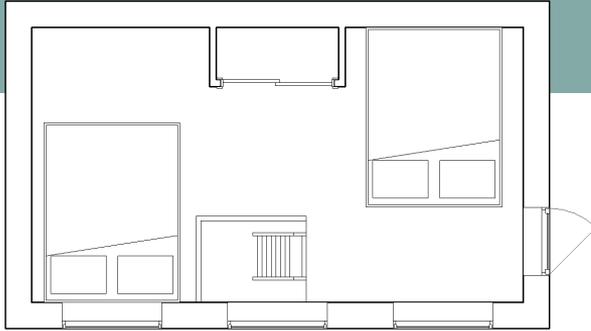
FINAL DESIGN: SITE LAYOUT

- Overlooks Bete Grise Bay near Lac La Belle
- Wooded section of shoreline with wetlands
- Consider engineered septic field and well locations
- Avoid tree removal as much as possible
- Utilize current clear areas for solar array location

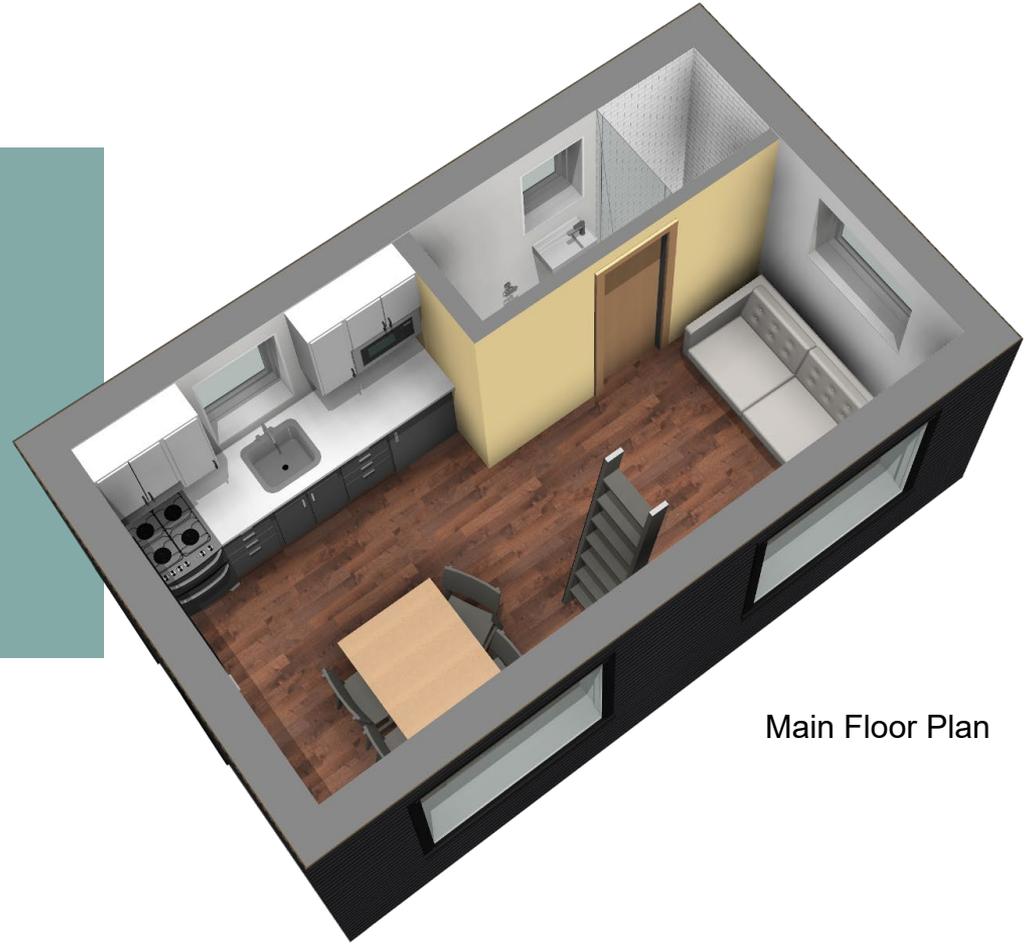


FINAL DESIGN: INTERIOR

- Functional floor plan maximizes usable space and outside views
- Dimensions: 10' x 18' interior, 12' x 20' exterior
- Full bathroom and 8'-9" long kitchen
- Sleeping loft for 4 accessible by ladder



Loft Floor Plan



Main Floor Plan

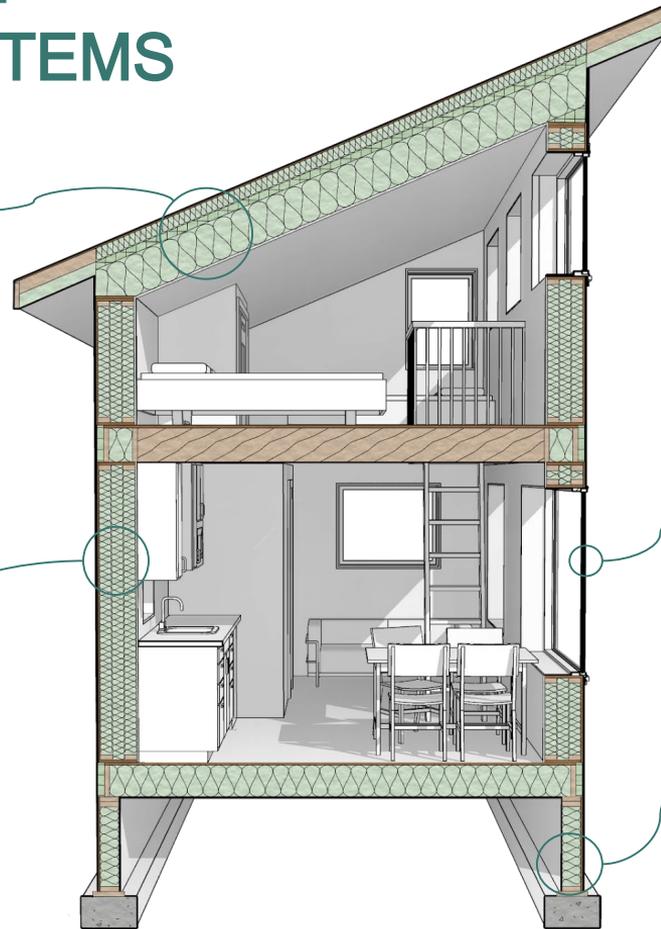
FINAL DESIGN: BUILDING SYSTEMS

Composite Rafter Design

- Lumber and insulation
- Decrease thermal bridging
- Increase insulation cavities

Double Stud Walls

- Two 2x4 stud walls spaced for thermal bridging
- 10 1/2" insulation cavity



ENERGY PERFORMANCE
SUSTAINABLE MATERIALS
EASY TO BUILD
COST EFFECTIVE

Insulated Fiberglass Windows

- Highest R-value frames
- Triple-pane, argon filled glass
- Passive solar glazing to capture sun's energy

Wood-framed Foundation

- Insulated pressure-treated yellow pine stud walls
- Gravel trench footings

CONSTRUCTION

- Building small sections of wood framed walls on campus
 - Framing and sheathing foundation, main, and loft walls
 - Precutting floor joists and rafters
- House to be constructed on site with prefabricated elements



CONSTRUCTION PROCESS



Management

- Manage project schedule
- Organize work sessions
- Record progress and material inventory

Sawing

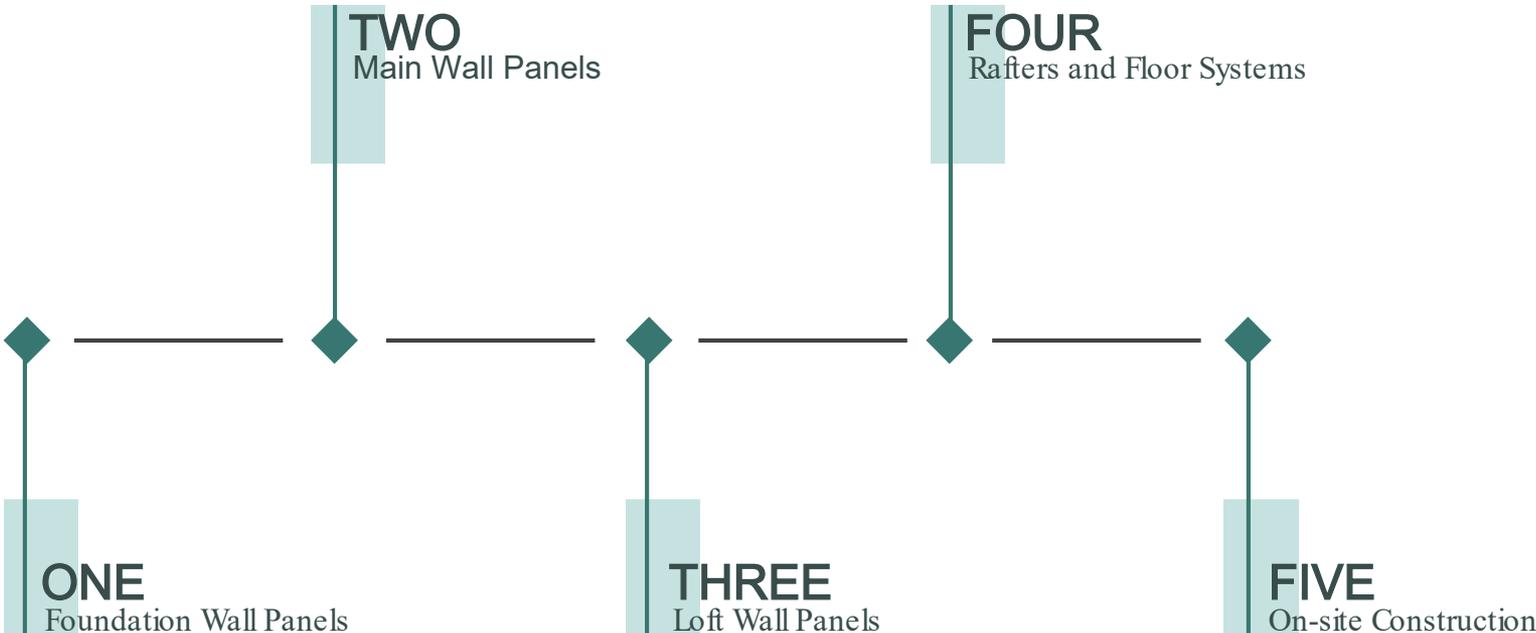
- Get familiar with the tools
- Use material schedules
- Mark completed cuts in inventory sheet



Framing

- Use drawings and material schedules
- Assemble wall panels
- Confirm dimensions

CONSTRUCTION TIMELINE





FOUNDATION WALLS

FOUNDATION WALLS



Wholewall
dimension
verification



Foundation
grade
treated lumber
for longevity and
rot resistance



MAIN WALLS



Double studwalls



Main wall construction is currently in progress

FUTURE GOALS

- Test design performance
- Compare actual performance to design performance
 - Confirm NZE goals
 - Track energy usage
- Model for sustainable construction and green living



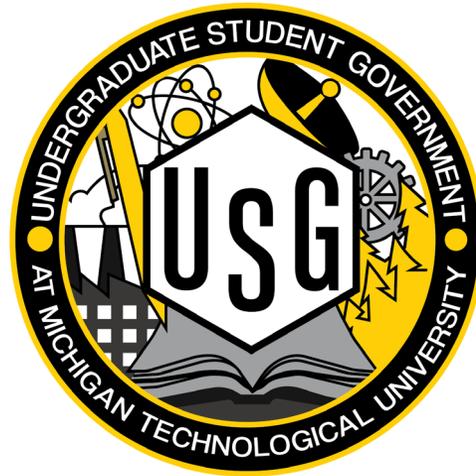


THANK YOU

Does anyone have any questions?

D. Undergraduate Student Government
Larkin Hooker-Moericke, President

Undergraduate Student Government



Larkin Hooker -Moericke, USG President
December 18th, 2020

Agenda

- Internal improvements
- Election initiatives
- Presentations by guest speakers
- Supporting underrepresented students
- Looking ahead

Internal Improvements

- USG Google Calendar for relevant events
- Transitioned from Slack to Discord for communication
- Bylaw updates
 - Led by Sydney Dankert, Judiciary Committee Chair
 - Improved clarity and correctness
 - Transfer students qualify for year representative positions as defined by the University Registrar
 - Reserve Fund can be used to supplement the Opportunity Fund
 - If requested funds exceed the current balance

Election Initiatives

- Led by Zachary Olson, Political Affairs Committee Chair
- Voter registration drive
- Meet the Candidates
- MDOS town hall on voting
- Residence hall voting promotion
- Emergency free stamps promotion
- Election day table

Presentations by Guest Speakers

- University finances
 - Sue Kerry, CFO
 - Learned about sources of income and costs
 - Focused on uses of tuition and fees
- Free speech
 - Kellie Raffaelli, CDI Director
 - Learned about limitations and university-specific details

Supporting Underrepresented Students



- Continued listening sessions
- Report a Concern access on Banweb
- Report a Concern Discrimination and Harassment wording
- Working with GSG to develop future initiatives



Looking Ahead

- Poster project
- 1UP conference
- Budget hearings
- Fall Break proposal
- Instructional feedback videos
- Title IX mock trial

Thank you!



E. Graduate Student Government

Nathan Ford, President and Jordan Ewing, 3MT champion



Advocacy • Enrichment • Community

Graduate Student Government

Nathan Ford

December 18th 2020

Board of Trustees

Michigan Technological University



Agenda

- **Advocacy**
- **Enrichment**
- **Community**
- **Travel Grant Report**



Advocacy

- **Health Insurance**
- **Cost of Living Report**
- **Daniell Heights Contract**
- **Parental Leave Policy**
- **Ad Hoc Committee on Child Care Resources**
- **Diversity and Inclusion**



Enrichment

Seminar Series

- Career Fair Prep - 43
- IDP Seminar - 21
- Work, Health and Family Balance - 11
- 3MT Prep - 37
- Grant Writing - 83

3 Minute Thesis

- 28 Participants
- 8 finalists
- 180 “attendees”
- **Winners**
 - **Jordan Ewing - First Place, People’s Choice**
 - **Ninad Mohale - Runner Up**







Community





Travel Grants

Travel Grant Stats (as of 9/18/20)

- **Total Applications : 16 (PhD - 12, MS - 4)**
 - **Presenting - 8 (PhD - 8, MS - 0)**
 - **Attending - 8 (PhD - 4, MS - 4)**

Career Enrichment Grant Stats

- **Total Applications : 7 (PhD - 2, MS - 5)**



Advocacy • Enrichment • Community



Thank You

F. University Senate
Samuel Sweitz, President

University Senate Update

Sam Sweitz, Senate President

12/18/2020



Michigan Tech

COVID-19 Related Proposals

Proposal 3-21 Emergency Proposal for Career Fair Recess to Begin Fall 2021

Proposal 30-21 Proposal to Extend the Time for Completion of an Incomplete Grade

Proposal 33-21 Proposal to Change the Date for Withdrawal with a 'W' for Fall Semester 2020

Proposal 36-21 Student Evaluations during the COVID-19 Pandemic

Proposal 37-21 Pass / Low Pass / Fail Option for Fall 2020

Campus Community Efforts

Proposal 1-21 Proposal to create a new Senate Standing Committee, the *Committee for Promoting and Facilitating Equity and Understanding*

Proposal 28-21 Proposal to Constitute an ad hoc Committee, the *Committee to Review Institutional Policy and Procedures for On-Campus Events*

Proposal 29-21 Special Considerations for Election Days

Resolution 41-21 Embodying University Values: Condemning Hate Speech, White Supremacy, and Ethnically and Racially Motivated Intolerance

12/18/2020



Michigan Tech

IX. Action and Discussion Items

A. Emeritus Rank

Jackie Huntoon, Provost and Senior Vice President for Academic Affairs

- a. Dr. Charles Kerfoot, Biology, Professor Emeritus
- b. Dr. Julia King, Chemical Engineering, Professor Emerita
- c. Dr. Karla Kitalong, Humanities, Professor Emerita

IX-A. Emeritus Rank

Recommendation for the granting of faculty emerita/emeritus status originates within the retiree's academic department and proceeds through the respective college. Once approved, the recommendation is presented to the Provost, and if successful, to the President of the University for presentation to the Board of Trustees.

RECOMMENDATION: That the Board of Trustees approves the following emeritus appointments:

- a. Dr. Charles Kerfoot, Biology, Professor Emeritus
- b. Dr. Julia King, Chemical Engineering, Professor Emerita
- c. Dr. Karla Kitalong, Humanities, Professor Emerita



TO: Michigan Technological University Board of Trustees

FROM: Scott Marratto, Interim Chair

DATE: October 2, 2020

SUBJECT: Recommendation for Emerita Status

The faculty of the Humanities Department/ College of Sciences & Arts voted on September 16, 2020 to request that the Michigan Technological University Board of Trustees name Karla Kitalong as Professor Emerita upon her retirement on June 30, 2020.

Karla Kitalong has been a member of the faculty at Michigan Technological University since 2008. She retired from her position as Professor of Humanities on June 30, 2020. From 2016 until her retirement she was Director of the program in Scientific and Technical Communication and previously served as Director of Composition (2009-2014) and as Director of the Michigan Tech Multiliteracies Center (MTMC) (2013-14). She was also actively involved in general education and assessment at Michigan Tech, serving from 2012-20 on the General Education Communication Task Force (as President from 2015-20) and on the Assessment and General Education Councils. Her research interests include technical communication theory and practice, writing and communication across the disciplines, usability and user experience, visual studies and digital media. She has been involved in five book publications (one as sole author, two as co-author, and two as co-editor). Her publications have appeared in *Computers and Composition*, *Technical Communication Quarterly*, *Journal of Web Librarianship*, *Journal of Business and Technical Communication*, and other journals and book publications. In 2010, she received the Service Award from the *Council for Programs in Technical and Scientific Communication*. She has worked on multidisciplinary research projects including two NSF-funded projects. She was recently Co-Principal Investigator on the NEH-funded (\$324,310) "Advancing Deep Mapping Infrastructure for Community-Driven Spatial Humanities: The Keweenaw Time Traveler," a project of historical mapping of the copper country. During her time as a member of the graduate faculty at Michigan Tech, Dr. Kitalong supervised seven PhD students and three Master's students, and served on numerous graduate advisory committees.

Approved

Department Chair/School Dean

October 5/2020

Date

College Dean

10/6/2020

Date

Provost and Vice President for Academic Affairs

08 Oct 2020

Date

President

Oct 16, 2020

Date



TO: Michigan Technological University Board of Trustees
FROM: Department of Chemical Engineering
DATE: October 9, 2020
SUBJECT: Recommendation of Professor Emerita Status for Dr. Julia A. King

The faculty of the Department of Chemical Engineering voted unanimously on September 24, 2020 to request that the Michigan Technological University Board of Control name Professor Julia A. King as Professor Emerita pursuant to her retirement on June 30, 2020.

Dr. King joined Chemical Engineering as an Assistant Professor in August of 1996. Coming from Industry, her experience has been invaluable in teaching our hands-on Senior Unit Operations Laboratory. She has been engaged in carbon composites research throughout her time at Michigan Tech, supporting both undergraduate and graduate students. In 2016, Dr. King was named the Lorna and James Mack Professor in Continuous Processing, a position she held until her retirement. Dr. King has remained engaged with the department since her retirement as a Research Professor, and she will continue to be a research mentor for chemical engineering students.

Approved

Robert K. Agrawal

Department Chair

October 9, 2020

Date

College Dean

Date

Provost and Senior Vice President for Academic Affairs

Date

President

Date



TO: Michigan Technological University Board of Trustees

FROM: Shekhar Joshi, Professor and Department Chair, Biological Sciences

DATE: 10/9/2020

SUBJECT: Recommendation for Emeritus Status

The faculty of the Biological Sciences Department voted on August 17, 2020, to request that the Michigan Technological University Board of Trustees name Dr. W. Charles Kerfoot as Professor Emeritus upon his retirement on 8/15/2020.

Dr. W. Charles Kerfoot's distinguished research career in the freshwater ecology of Great Lakes spans over 47 years. He obtained his BS degree from the University of Kansas and Ph.D. from the University of Michigan. Dr. Kerfoot worked at various prestigious institutions such as the University of Washington, Dartmouth College, Cornell University, the University of Michigan, and Max Planck Institute, Plon, Germany before joining Michigan Tech in 1989 as an associate professor and was quickly promoted to full professor in 1991. At Michigan Tech, Dr. Kerfoot has served as the Director of the Lake Superior Ecosystem Research Center and Remote Sensing and Ecosystems Research Institute. He received several accolades such as Michigan Tech's Distinguished Faculty Research award in 2013, Lifetime Achievement Award by International Association for Great Lakes Research in 2014, and the Eugene P. Odum Gold Medal by the International Society for Ecological Communications in 2007 to name just a few. Dr. Kerfoot has published over 90 peer-reviewed journal papers, edited two books, and authored 18 book chapters. His fields of specialization include aquatic ecology, limnology, and population and community interactions. Dr. Kerfoot obtained over \$7 M grants for his research and was a major participant in some of the largest freshwater grants ever awarded by NSF and NOAA for over \$20 M. He has advised 19 graduate students and supervised six postdoctoral scientists. Dr. Kerfoot is credited for the creation of a new area of research, "Resurrection Ecology" and he is an internationally known authority on paleoecology. His research on the effects of mining on our local and regional aquatic ecosystems, including distribution and effects of mercury, copper, and other heavy metals, and the distribution and fate of stamps sands, leading to current efforts to remove and stabilize sediments currently threatening Buffalo Reef in Keweenaw Bay. He has been active in university service at the departmental, college, and university levels. Dr. W. Charles Kerfoot has been active in doing research in freshwater ecology, publishing exciting and epoch-making papers, disseminating knowledge through popular media, and bringing substantial research funding to Michigan Tech to establish a unique niche in Great Lakes research. Dr. Kerfoot along with many others at Michigan Tech made a compelling argument for the creation of the Great Lakes Research Center (GLRC) that come to fruition in 2012 that is already spawning outstanding research on Great Lakes.

Approved

Shekhar Jogli

10/15/2020

Department Chair

David F. Hommer

Date

10/20/2020

College Dean

Date

Jacqueline E. Huntow

Provost and Senior Vice President for Academic Affairs

10/20/2020

Date

Paul Zell

President

10/21/2020

Date

B. Hire with Tenure - Dennis Livesay
Jackie Huntoon, Provost

IX-B. HIRE WITH TENURE

Included herein is a request for the appointment of Dr. Dennis Livesay to Michigan Tech's faculty as a Professor with tenure effective February 1, 2021. Dr. Livesay is joining Michigan Tech to serve as the dean of the College of Computing.

Dr. Dennis Livesay's tenure dossier was reviewed by the Promotion and Tenure Committee in the Department of Applied Computing, the chair of the Department of Applied Computing, the College of Computing Promotion and Tenure Committee, the dean of the College of Computing, the Provost, and the President. All recommended appointment with tenure.

Dr. Livesay is currently dean of the College of Engineering and professor of both biomedical engineering and chemistry at Wichita State University. Dr. Livesay earned his PhD from the University of Illinois at Urbana-Champaign in 2000. He will assume the duties of Dean of the College of Computing on February 1, 2021.

RECOMMENDATION: That the Board of Trustees approves the appointment of Dr. Dennis Livesay as Professor with tenure in the Department of Applied Computing effective February 1, 2021.

INFORMATION SHEET FOR BOARD OF TRUSTEES
DENNIS R. LIVESAY
Michigan Technological University



Dennis R. Livesay is the incoming dean of the College of Computing and professor of applied computing without tenure. He is being considered for tenure in the Department of Applied Computing in the College of Computing.

Academic Degrees:

Ph.D.	2000	Physical Chemistry, University of Illinois at Urbana/Champaign, Champaign, IL
B.S.	1996	Chemistry, Ball State University, Muncie, IN

Professional Record:

Michigan Technological University, Houghton, MI	
2/21-current	Dean, College of Computing
2/21-current	Professor of Applied Computing (without tenure)
Wichita State University, Wichita, KS	
1/19-1/21	Dean, College of Engineering
1/19-1/21	Professor of Biomedical Engineering (with tenure)
3/16-1/21	Professor of Chemistry (with tenure)
3/16-12/18	Dean of the Graduate School
3/16-12/18	Associate Vice President of Research and Technology Transfer
University of North Carolina at Charlotte, Charlotte, NC	
8/14-3/16	Professor of Bioinformatics and Genomics (with tenure)
5/14-8/15	Interim Associate Dean, College of Computing and Informatics
8/08-8/14	Associate Professor of Bioinformatics and Genomics (with tenure)
8/06-8/08	Associate Professor of Computer Science (awarded tenure in 2008)
California State Polytechnic University at Pomona, Pomona, CA	
8/05-8/06	Associate Professor of Chemistry (was promoted in rank a year ahead of schedule and was recommended for tenure just before I left the university)
8/00-8/05	Assistant Professor of Chemistry (without tenure)

Summary of Accomplishments:

Teaching: Dr. Livesay has a long track record of teaching excellence at the undergraduate and graduate levels in a wide variety of disciplines, including biochemistry, molecular biophysics, bioinformatics, and computational biology. He has personally developed seven different courses. While at UNC Charlotte, Dr. Livesay's mean student evaluation scores always beat the departmental and college averages, especially in the two summary questions (*Overall, I rank this instructor as effective* and *Overall, how would you rate this course*), frequently by more than a standard deviation. His peer evaluations were equally strong. In 2014, Dr. Livesay was nominated by one of his student's and subsequently received the UNC Charlotte College of Computing and Informatics Outstanding Graduate Teaching Award.

Research: Dr. Livesay's research focuses on elucidating the hidden sequence/structure/function relationships that govern protein family evolution. Specifically, his research attempts to understand how

evolutionary processes affect chemical and physical properties of protein structure. This work is at the interface of computational biophysics (computational modeling methods based on “first principles”) and bioinformatics (computational methods fundamentally based on empirical data), where the two worldviews are integrated in novel ways to provide more complete descriptions of protein family evolution than what can be revealed individually.

Dr. Livesay’s lab was continuously funded between 2001 and 2016, which covers the time he was research active, including five grants from the National Institutes of Health. He has published over 50 peer-reviewed papers and has an H-index of 24. Dr. Livesay served on the editorial board of seven journals, including PLoS Computational Biology and BMC Bioinformatics, which are two of the top journals in the field. He has edited a special issue of the review journal Current Opinion in Pharmacology on the importance of protein dynamics and edited a volume in the Methods in Molecular Biology book series on the same topic. He has reviewed papers for over 35 different journals and has reviewed grant proposals for the National Institutes of Health, the National Science Foundation, Research Corporation, and the W.M. Keck Foundation. Dr. Livesay received the UNC Charlotte College of Computing and Informatics Outstanding Faculty Research Award in 2010.

Service: Dr. Livesay has a long track-record of university service, going back to his time as a brand-new assistant professor. His service efforts have been primarily focused on graduate education, new program development, and policy development. A brief summary of his service highlights is provided below.

- Chair, Faculty Senate *ad hoc* committee that successfully redesigned the University’s academic honesty policy (8/2017-12/2018)
- Provost’s Faculty Fellow (8/2015-3/2016), developed a university blueprint on how to grow undergraduate research and connect various efforts in this space
- Chair, Graduate Council (8/2015-3/2016), including leading a campus wide process to reconcile formal program requirements listed within the Graduate Catalog with current practice
- Founding Director, Charlotte Research Scholars (5/2012-3/2016), which is a large UG research program that provides summer research experiences to 100+ students annually
- President of the Faculty, College of Computing and Informatics (8/2012-8/2013), including leading a successful redesign of our faculty governance structure that empowered faculty committees to do impactful work while reducing bureaucratic overhead
- Founding Director, Bioinformatics & Computational Biology PhD program (12/2011-12/2015)
- Chair, Computing and Information Systems PhD Steering Committee (8/2007-8/2010)
- Graduate Coordinator, Department of Chemistry, Cal Poly Pomona (8/2000-8/2006)

Significant Publications and Other Scholarly Products:

- See Supporting Materials

C. Approval of Financial Statements
Sue Kerry, Treasurer

IX-C. FY20 AUDITED FINANCIAL STATEMENTS

Andrews Hooper Pavlik PC has provided audit services and presented their opinion regarding the 2020 Financial Report for Michigan Technological University. After having an in-depth review, the Board of Trustees resolves the following:

RECOMMENDATION: That the Board of Trustees approves the FY20 audited financial statements for the year ended June 30, 2020 as presented.

IX-D. BOND REFINANCING

In support of the University's strategic plan, mission, and goals, including the responsible use of resources, the Administration recommends the Board approve refinancing the current bonds for the financial benefit of the institution.

RECOMMENDATION: That the Board of Trustees approve the Resolution of the Board of Trustees of Michigan Technological University Authorizing the Issuance and Delivery of General Revenue Refunding Bonds as presented.

E. Board of Trustees Emerita/Emeritus Rank

Richard Koubek, President

- a. Robert Jacquart
- b. William Johnson
- c. Linda Kennedy

IX-E. BOARD OF TRUSTEES EMERITA/EMERITUS RANK

The Board of Trustees Emerita/Emeritus Rank is an honorary rank awarded to former Board of Trustees members in recognition of their distinguished and outstanding service to Michigan Tech.

The Board of Trustees is recommending that three individuals be awarded Board of Trustees Emerita/Emeritus rank, as presented herein.

RECOMMENDATION: In recognition of their distinguished and outstanding service to Michigan Tech, the Board of Trustees approves the following emerita/emmeritus appointments, effective January 1, 2021:

- 1.) Robert J. Jacquart, Board of Trustees Emeritus
- 2.) William L. Johnson, Board of Trustees Emeritus
- 3.) Linda D. Kennedy, Board of Trustees Emerita

Michigan Technological University
Board of Trustees
In Appreciation
Robert J. Jacquart

The Board of Trustees of Michigan Technological University at its meeting on the eighteenth day of the month of December in the year Two Thousand and Twenty declared that:

WHEREAS Robert J. Jacquart, a citizen of the State of Michigan, has honorably and dutifully served his State and its constituents; and

WHEREAS such duty was with eminence and honor, and such membership included serving as a member of the Leadership Committee and Academic Affairs Committee; and

WHEREAS his service to the Michigan Technological University Board of Trustees was for a period of eight productive years; and

WHEREAS his contributions to Michigan Technological University and higher education in general have been of the highest order and in the best interest of all:
Therefore, be it

RESOLVED, that the Michigan Technological University Board of Trustees extends appreciation and congratulations to this distinguished citizen and former member of this body, and confer the title of Emeritus upon Robert J. Jacquart.

Michigan Technological University
Board of Trustees
In Appreciation
William L. Johnson

The Board of Trustees of Michigan Technological University at its meeting on the eighteenth day of the month of December in the year Two Thousand and Twenty declared that:

WHEREAS William L. Johnson, a citizen of the State of Michigan, has honorably and dutifully served his State and its constituents; and

WHEREAS such duty was with eminence and honor, and such membership included serving as the Vice Chair of this distinguished body and Chair of the Leadership Committee; and

WHEREAS his service to the Michigan Technological University Board of Trustees was for a period of six productive years; and

WHEREAS his contributions to Michigan Technological University and higher education in general have been of the highest order and in the best interest of all:
Therefore, be it

RESOLVED, that the Michigan Technological University Board of Trustees extends appreciation and congratulations to this distinguished citizen and former member of this body, and confer the title of Emeritus upon William L. Johnson.

Michigan Technological University
Board of Trustees
In Appreciation
Linda D. Kennedy

The Board of Trustees of Michigan Technological University at its meeting on the eighteenth day of the month of December in the year Two Thousand and Twenty declared that:

WHEREAS Linda D. Kennedy, a citizen of the State of Michigan, has honorably and dutifully served her State and its constituents; and

WHEREAS such duty was with eminence and honor, and such membership included serving as Chair of the Academic Affairs Committee; and

WHEREAS her service to the Michigan Technological University Board of Trustees was for a period of eight productive years; and

WHEREAS her contributions to Michigan Technological University and higher education in general have been of the highest order and in the best interest of all:
Therefore, be it

RESOLVED, that the Michigan Technological University Board of Trustees extends appreciation and congratulations to this distinguished citizen and former member of this body, and confer the title of Emerita upon Linda D. Kennedy.

F. Resolution of Appreciation for Cary Gottlieb

IX-F. RESOLUTION OF APPRECIATION OF CARY GOTTLIEB

The Board of Trustees of Michigan Technological University at its meeting on the eighteenth day of December in the year Two Thousand and Twenty declared that:

WHEREAS Dr. Cary Gottlieb, MD, a Board-certified Pathologist and citizen of the State of Michigan, honorably and dutifully volunteers his time in service as the Laboratory Medical Director of the COVID-19 Testing Laboratory at Michigan Technological University; and

WHEREAS his service as Laboratory Medical Director is required for the COVID-19 Testing Laboratory to conduct human diagnostic tests; and

WHEREAS the ability to conduct COVID-19 diagnostic tests is essential to Michigan Technological University's plan to operate and to maintain a safe and healthy campus during the COVID-19 pandemic and to provide COVID-19 testing for the Upper Peninsula of Michigan: Therefore, be it

RESOLVED, that the Board of Trustees extends its appreciation to this distinguished physician for his ongoing service to Michigan Technological University and the Upper Peninsula.

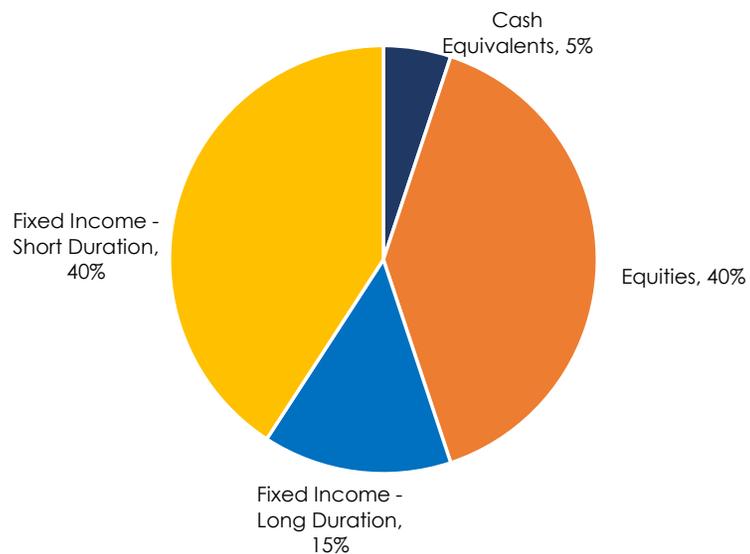
X. Informational Items

A. Analysis of Investments

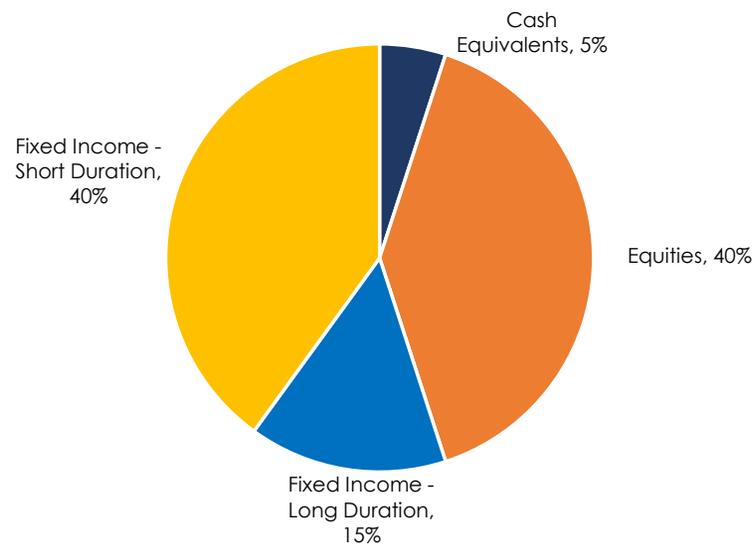
**MICHIGAN TECH UNIVERSITY
INVESTMENT PORTFOLIO
JUNE 30, 2020 THROUGH OCTOBER 31, 2020**

	Market Value 6/30/2020	Market Value 10/31/2020	Fiscal-Year Investment Return	Benchmark Return	Benchmark
Money Market Fund	\$ 1,987,852	\$ 2,008,612	0.02%	0.04%	<i>ICE BofA Merrill Lynch US T-Bill Index</i>
Equity Funds:					
Core Equity Fund	9,923,270	10,032,226	5.83%	6.03%	<i>S&P 500</i>
Commonfund Strategic Solutions Equity Fund	5,967,304	6,023,331	4.90%	6.03%	<i>S&P 500</i>
Total Equity Funds	<u>15,890,574</u>	<u>16,055,557</u>			
Fixed Income Funds:					
Intermediate Term Fund	8,254,386	8,289,933	0.43%	0.06%	<i>ICE BofA Merrill Lynch 1-3 Yr Treasury</i>
Commonfund Contingent Asset Portfolio	7,650,773	8,131,180	0.51%	0.06%	<i>ICE BofA Merrill Lynch 1-3 Yr Treasury</i>
High Quality Bond Fund	5,974,880	6,280,625	1.20%	0.17%	<i>Bloomberg Barclays US Aggregate Bond Index</i>
Total Fixed Income Funds	<u>21,880,039</u>	<u>22,701,738</u>			
Total	<u><u>\$ 39,758,465</u></u>	<u><u>\$ 40,765,907</u></u>	<u><u>2.63%</u></u>		

Current Asset Allocation



Target Asset Allocation

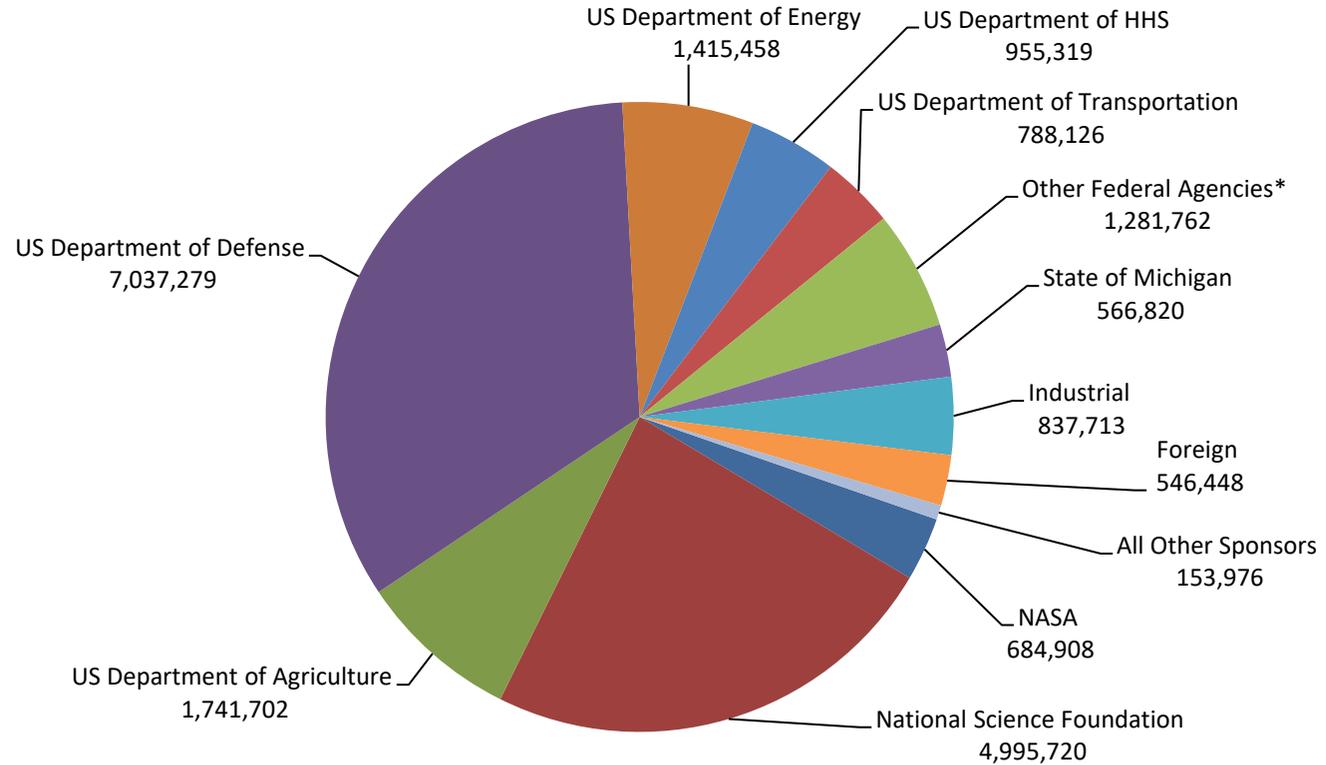


B. Research & Sponsored Programs

**Sponsored Awards
Fiscal Year 2021
1st Quarter
Ended Sept. 30, 2020
TOTAL: \$21,462,028**

Pre-Proposals Submitted
(excluded from Proposals Submitted figures below)

**FYTD 2020: 20
FYTD 2021: 1**



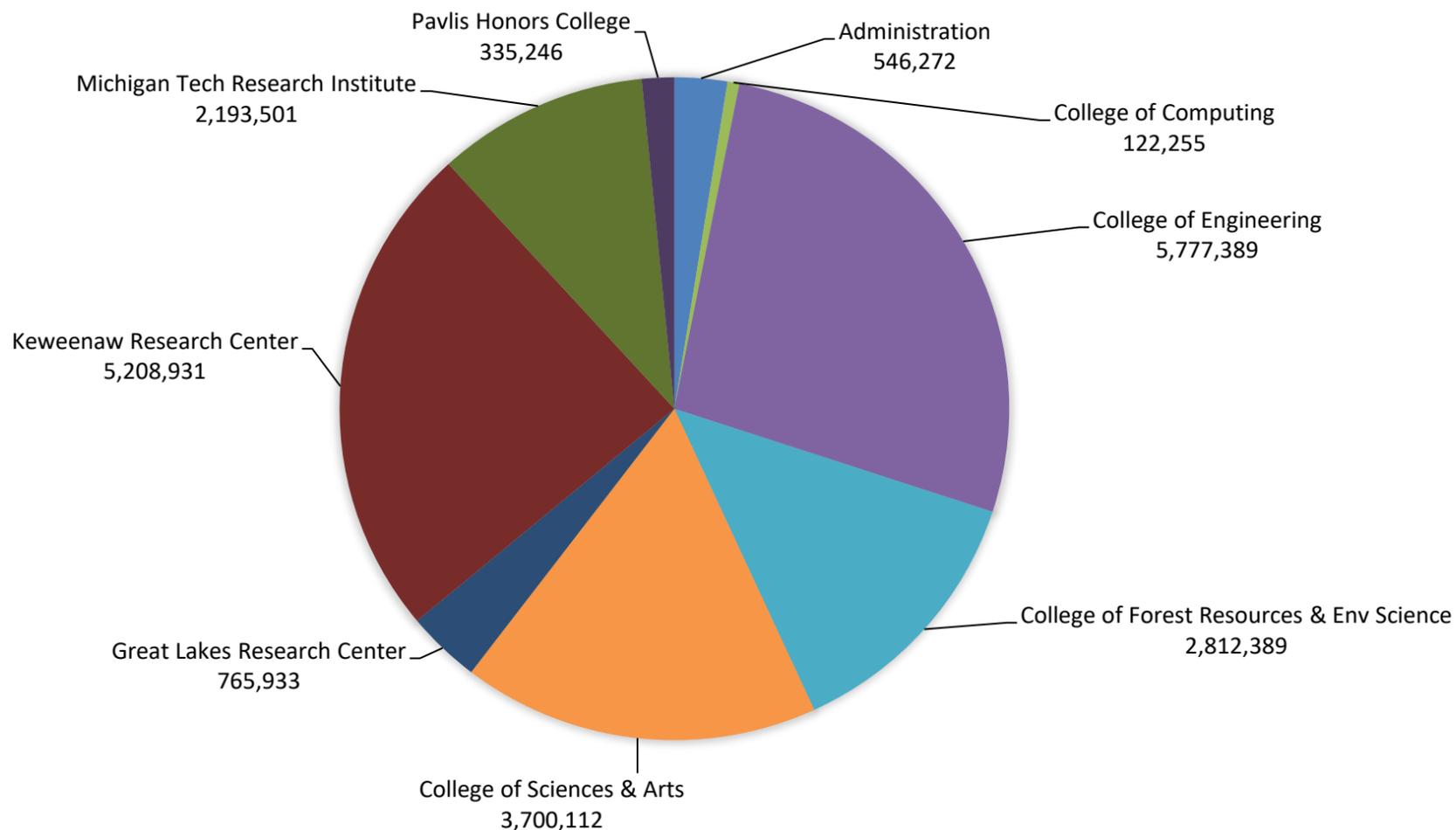
Sponsor	Proposals Submitted		Awards Received		Awards Received (\$)		Variance \$	Variance %
	FY '21 as of 9/30	FY '20 as of 9/30	FY '21 as of 9/30	FY '20 as of 9/30	FY '21 as of 9/30	FY '20 as of 9/30		
NASA	17	7	13	22	684,908	579,264	105,644	18.2%
National Science Foundation	26	34	20	32	4,995,720	6,834,527	-1,838,807	-26.9%
US Department of Agriculture	10	9	31	25	1,741,702	1,325,648	416,054	31.4%
US Department of Defense	31	21	24	21	7,037,279	4,480,086	2,557,193	57.1%
US Department of Education	-	1	-	1	-	47,906	-47,906	-100.0%
US Department of Energy	13	15	15	6	1,415,458	1,071,452	344,006	32.1%
US Department of HHS	8	4	4	6	955,319	2,144,943	-1,189,624	-55.5%
US Department of Transportation	3	1	3	4	788,126	1,092,442	-304,316	-27.9%
Other Federal Agencies*	12	9	11	14	1,281,762	887,504	394,258	44.4%
Federal Agency Total	120	101	121	131	18,900,274	18,463,772	436,502	2.4%
State of Michigan	10	14	8	6	566,820	1,107,662	-540,842	-48.8%
Industrial	48	57	27	28	837,713	652,020	185,693	28.5%
Foreign	4	7	5	5	546,448	57,873	488,575	844.2%
All Other Sponsors	22	30	9	16	153,976	204,381	-50,405	-24.7%
Subtotal	204	209	170	186	21,005,231	20,485,708	519,523	2.5%
Gifts**	N/A	N/A	39	52	450,021	855,385	-405,364	-47.4%
Crowd Funding	N/A	N/A	4	8	6,776	7,659	-883	-11.5%
Grand Total	204	209	213	246	21,462,028	21,348,752	\$113,276	0.5%

* US Dept of the Interior, US Dept of Commerce, National Endowments for the Arts & Humanities, US Dept of Labor, US Dept of State, Office of the Director of National Intelligence

**Gifts represent non-contractual funding from corporations, foundations, associations and societies in support of academic programs, scholarships/fellowships, student design & enterprise, research, youth programs and special programs.

**Vice President for Research
Fiscal Year 2021
1st Quarter
Ended Sept. 30, 2020**

TOTAL: \$21,462,028



**Percentages of Tenured & Tenure Track Faculty
(as either PI or Co-PI)**

**Submitting Proposals since 07/01/2020
28.4%**

**On Active Projects as of 9/30/2020
60.6%**

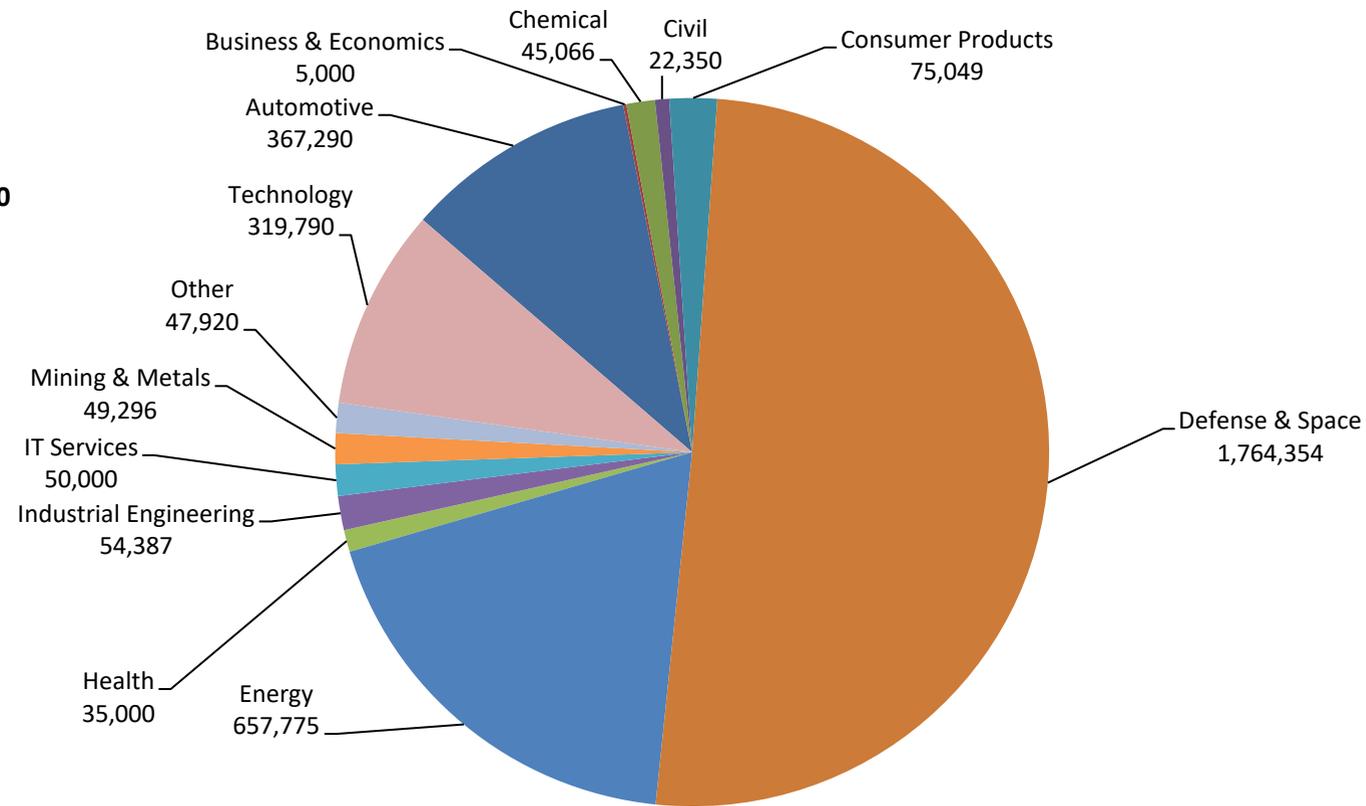
SPO & OIC Metrics ¹	Administration	College of Business & Economics	College of Computing	College of Engineering	College of Forest Resources & Env Science	College of Sciences & Arts	Great Lakes Research Center	Keweenaw Research Center	Michigan Tech Research Institute	Pavlis Honors College	Totals	Fiscal Comparison	Percent Change
Proposals Submitted	7	-	8	108	25	17	9	8	22	-	204	209	-2.4%
Awards Received	24	-	2	77	44	23	6	13	17	7	213	246	-13.4%
Federal	2,091	-	-	3,409,314	2,492,064	3,298,677	749,801	4,905,800	1,005,955	311,247	16,174,949	15,516,295	4.2%
Federal Pass-Through	-	-	45,645	1,339,388	184,218	336,841	8,432	143,838	666,963	-	2,725,325	2,947,477	-7.5%
Foreign	-	-	-	1,971	-	38,781	-	-	505,696	-	546,448	57,873	844.2%
Gifts	250,345	-	-	124,000	30,677	20,000	-	1,000	-	23,999	450,021	855,385	-47.4%
Crowd Funding	-	-	-	-	231	2,845	3,700	-	-	-	6,776	7,659	-11.5%
Industry	-	-	76,610	516,924	70,999	-	-	158,293	14,887	-	837,713	652,020	28.5%
Other	2,000	-	-	110,808	34,200	2,968	4,000	-	-	-	153,976	204,381	-24.7%
State of MI	291,836	-	-	274,984	-	-	-	-	-	-	566,820	1,107,662	-48.8%
Total \$ by Division	546,272	-	122,255	5,777,389	2,812,389	3,700,112	765,933	5,208,931	2,193,501	335,246	21,462,028	21,348,752	0.5%
Fiscal Comparison	1,854,761	7,000	1,773,746	6,151,728	1,656,229	4,741,886	66,534	3,119,013	1,841,338	136,517	21,348,752		
Percent Change	-70.5%	-100.0%	-93.1%	-6.1%	69.8%	-22.0%	1051.2%	67.0%	19.1%	145.6%	0.5%		
Disclosures Received ²	-	-	0.00%	80.00%	-	20.00%	-	-	-	-	5	10	-50.0%
Nondisclosure Agreements	2	-	2	8	-	-	-	2	2	-	16	23	-30.4%
Patents Filed or Issued ²	-	-	-	66.67%	-	33.33%	-	-	0.00%	-	9	8	12.5%
License Agreements	5	-	-	2	-	-	-	-	-	-	7	3	133.3%
Gross Royalties ²	63.64%	-	-	0.00%	-	0.00%	-	0.00%	36.36%	-	9,480	106,646	-91.1%

¹ Combined Metrics from both the Sponsored Programs Office (SPO) and Office of Innovation & Commercialization (OIC)

² Percentages reflect the proportional contribution from each Division (calculated by dividing the sum of the fractional contributions of all inventors for each unit by the total number of inventors).

**Sponsored Awards
-Industry-
COMBINED
Fiscal Year 2021
1st Quarter
Ended Sept 30, 2020

TOTAL: \$3,493,277**



Industry Segment	Proposals Submitted		Awards Received		Awards Received (\$)		Variance \$	Variance %
	FY '21 as of 9/30	FY '20 as of 9/30	FY '21 as of 9/30	FY '20 as of 9/30	FY '21 as of 9/30	FY '20 as of 9/30		
Automotive	12	19	14	30	367,290	722,062	-354,772	-49.1%
Business & Economics	-	-	1	-	5,000	-	5,000	N/A
Chemical	1	6	3	5	45,066	132,000	-86,934	-65.9%
Civil	1	-	5	1	22,350	2,500	19,850	794.0%
Consumer Products	17	4	6	7	75,049	225,100	-150,051	-66.7%
Defense & Space	13	8	18	13	1,764,354	739,553	1,024,801	138.6%
Energy	5	3	8	3	657,775	13,500	644,275	4772.4%
Environmental	-	-	-	1	-	8,000	-8,000	-100.0%
Health	4	11	2	2	35,000	8,000	27,000	337.5%
Industrial Engineering	3	3	5	6	54,387	173,907	-119,520	-68.7%
IT Services	3	2	1	4	50,000	102,160	-52,160	-51.1%
Mining & Metals	4	4	5	5	49,296	17,556	31,740	180.8%
Other	-	4	9	3	47,920	37,216	10,704	28.8%
Technology	4	6	4	6	319,790	341,534	-21,744	-6.4%
Total	67	70	81	86	3,493,277	2,523,088	970,189	38.5%

*Gifts represent non-contractual funding from corporations, foundations, associations and societies in support of academic programs, scholarships/fellowships, student design & enterprise, research, youth programs and special programs.

**Gift numbers include Industry gifts ONLY, not others including Association or Society gifts.

Michigan Technological University
Total Research Expenditures by College/School/Division
Fiscal Year 2021 & 2020
As of September 30, 2020 and September 30, 2019

College/School/Division	FY2021	FY2020	Variance	%
Administration*	1,910,845	1,555,862	354,983	22.8%
College of Business	229,728	242,465	(12,737)	-5.3%
College of Computing	691,554	446,183	245,371	55.0%
College of Engineering	6,382,852	6,211,783	171,069	2.8%
College of Forest Resources & Environmental Science	1,057,772	1,035,955	21,817	2.1%
College of Science & Arts	2,651,724	2,727,589	(75,865)	-2.8%
Great Lakes Research Center**	248,161	202,488	45,673	22.6%
Pavlis Honors College	93,698	95,537	(1,839)	-1.9%
Keweenaw Research Center (KRC)	1,823,082	1,414,461	408,621	28.9%
Michigan Tech Research Institute (MTRI)	2,313,847	2,259,632	54,215	2.4%
Total	17,403,263	16,191,955	1,211,308	7.5%

*Includes the Vice Presidents, Provost, and others who report to a VP, Provost or the President. Except for the research institutes that report to the VPR.

**Includes GLRC department (non-academic researchers) expenditures only. All other GLRC center expenditures are shown in the researchers' respective colleges.

C. Advancement & Alumni Relations

**Advancement and Alumni Engagement
Michigan Tech University Board of Trustees
December 18, 2020**

2020-2021 Goals and Initiatives to be achieved in collaboration with administrative and academic leadership and the Michigan Tech Fund Board of Directors.

Goal 1: Set a goal to grow the endowment by X percent over Y number of years.

- Recent Action:
 - Convened Endowment Growth Committee and conducting related research and analysis

Goal 2: Engage alumni, principal and major gift donors and corporate/foundation partners in a virtual environment

- Recent Action:
 - Making virtual connections with select highly successful alumni to build personal relationships and elevate awareness of their contributions to the world and their connection to Michigan Tech.
 - Frontline fundraisers have been able to conduct in person visits as well as virtual meetings resulting in the documentation of several major outright and planned gifts totaling over \$5 million with \$27 million in discussion with donors.
 - Principal Giving has closed \$2.7 million in gifts with \$18 million in discussion with donors.
 - Frontline fundraisers are well prepared for the second round of remote work and engaging donors without traveling.
 - The Corporate and Foundation Relations team are implementing strategic three year engagement plans with top companies and foundations.
 - Annual Giving numbers are ahead of last year at this time due to strategic appeals and mid-level giving programming. Campus Campaign participation is at 9%.
 - Significant progress has been made in obtaining GIK to support campus: including \$249,000 to support COVID-19 activities, \$500,000 in equipment from GM for undergraduate education and research in the Dynamic Systems Laboratory, \$300,000 in acoustic sound chambers from CertainTeed, and additional 3D software from Caresoft Global.
 - Alumni Engagement has led virtual chapter events and a new book club.
 - Significant number of strategic and segmented donor and alumni communications in support of frontline fundraising efforts.

Goal 3: Identify and cultivate principal gift donors for the Institute for Policy Ethics and Culture

- Recent Action: Market Development is working to identify potential donors.

Goal 4: Strengthen our partnership with the Deans and academic units as Advancement further refines our fundraising initiatives

- Recent Action:
 - Implementing Advancement Plans
 - initiated Gift Legacy messaging to donors directly from the Deans and Unit leaders. These include:
 - Colleges of Engineering, Arts & Sciences, Forest Resources and Environmental Science, Computing and Business and Economics
 - Graduate School
 - Athletics
 - A.E. Seaman Mineral Museum

Fundraising

Fundraising total as of 10/31/2020

\$3.04M in planned gifts

\$290,652 in realized planned gifts

\$1.39 in major gifts

\$648,680 in annual gifts

\$1.00M in corporate and foundation gifts

40 illustrations, proposals, and gift agreements were provided for donors

28 executed gift agreements

Principal Giving

- Finalized an estate gift valued in excess of \$500k. This will be directed towards university wide undergraduate scholarships. In addition, in conjunction with the chair of CFRES, we are working with a real estate bequest gift valued in excess of \$300k, to benefit the CFRES and Outdoor Adventure Program. This Real Estate gift should be completed during the first quarter of FY22. These donors are not alumni.
- Finalized an estate gift valued at \$1.7 million. This is to be used for an endowed faculty position and other uses in the Department of Geological and Mining Engineering and Sciences. Halonen and Roberts met with the donors in March 2020 and the gift was finalized via phone, email and correspondence.
- Former board member committed to a \$400k+ addition to their scholarship fund. Halonen and Roberts met with them in March and October 2020. As of 11/18/20, \$283,795 was received, with the remaining to be received by 12/31/20.
- Working to finalize an \$8+ million estate gift, in conjunction with the Dean of College of Sciences and Arts. This will be for scholarships for the College of Sciences and Arts, with an emphasis on Physics, Chemistry, and Mathematics. Halonen and Koubek met with the donor in January 2020. Due to COVID-19, the finalization of this gift has been delayed. We plan to close during the 4th quarter of FY21 or by the 2nd quarter of FY22.
- We are in discussion with another former board member concerning a \$1+ million proposal for endowed scholarships and endowed faculty positions, with a portion benefiting the College of Forest Resources and Environmental Science. Halonen and Roberts met with the donors in December 2019. This is estimated to close in FY22..
- Working with a donor in conjunction with the chair of Chemical Engineering, to increase their current endowed professorship in Chemical Engineering into an endowed chair at

the \$2 million level. Halonen and Koubek met with them in March 2020. This is estimated to close in FY22.

- In conjunction with the chair of Civil and Environmental Engineering, we are working with a donor, on a \$2 million estate gift with annual funding at the endowment payout level. This would be for an endowed chair or an endowed professorship with a \$1 million scholarship endowment.
- Working with donors, in conjunction with the chair of Chemical Engineering, on a \$1 million+ planned gift for the Chemical Engineering department. This is expected to close in FY21 or FY22.
- Working with a donor, in conjunction with the dean of the College of Sciences and Arts, on a \$2+ estate gift for the college and other university uses. Halonen and Hemmer met with him in August 2020. This gift should be finalized by the 4th quarter of FY21.
- Working with former MTF board member, in conjunction with the dean of the College of Business, on a \$1+ million estate gift for the college. Halonen and Johnson met with them in August 2020. This should close in FY22.
- In conjunction with the chair of the Mechanical Engineering Department, we are working on a \$1 million estate gift from an alumnus who is a retired executive from GM. Halonen met with him in January and November 2020. This should close in 4th quarter of FY21.

Advancement and Gift Planning

Advancement:

- Frontline fundraisers have been able to conduct in person visits as well as virtual meetings resulting in the documentation of several major outright gifts, pledges, and planned gifts. A few highlights:
 - One donor has pledged \$250,000 over five years to their endowed scholarship and have committed to an estate gift of \$1,487,000.
 - Industry partners have pledged \$275,000 over five years for recruiting scholarships for Civil Engineering students through the CEE Tech Pipeline Program. All cultivation via zoom meetings with DOA and department chair collaboration.
 - Documentation of \$220,000 planned gift through email correspondence and support of the office of gift planning.
 - Advisory board member has established a \$100,000 leadership gift for a new COE Strategic Fund. This was a collaborative cultivation between Dean Callahan, the donor and his company.
 - Donors who are friends of the university have pledged \$125k over three years to establish a community service scholarship to be awarded each year during the Student Leadership Awards every spring.
 - Donor has committed \$66,000 to fully endow his scholarship to more than \$100,000.
 - Donor has committed an additional \$50,000 to a total gift of \$100,000 for naming rights in the media area of the new press box at Kearly Stadium.
 - Laying the groundwork for the Hockey Centennial Challenge campaign and a men's basketball campaign.

- The family of a deceased alum have added \$120K to his previously funded \$300K Endowed Scholarship to allow scholarship to begin paying out immediately.
- The COE is cultivating corporate support for departmental programs for current Michigan Tech students. Long term relationships are established with Tech alumni in the management structure of these companies which will foster individual giving in the future.

Gift Planning:

- Realized 7-figure gift from the estate of a late alum to fund endowed scholarships.
- Fourteen team members participated in eight Practical Planned Giving Conference virtual professional development sessions ranging from technical giving arrangements to virtual engagement with donors.
- Launched a new approach to sending Gift Legacy gift planning and educational emails to alumni. The messages will now come directly from college deans and other unit directors and also highlight the directors of advancement.

Annual Giving:

- As of November 16, 2020 124 employees have donated \$54,438 to the Campus Campaign. That is a participation rate of 9%.
- As of October 31, 2020 Annual Giving has raised \$619,101 which is 35% of the goal. The Annual Fund is at \$242,523 which is 26% of the goal.

Corporate and Foundation Relations (CFR):

- Thompson Foundation Working Families Scholarship Program. Through cultivation via Zoom, this program is poised to expand to more than double the current amount of scholarship support for students.
- Michigan Tech received its first Michigan Health Endowment Fund preliminary grant for \$126,000.00. This award is a direct result of an Executive level campus visit last year during winter carnival. The preliminary funding positions the University for a \$500,000.00 request the following year.
- Blue Cross Blue Shield Foundation zoom meeting with 15 faculty to discuss funding programs which award as much as the National Institutes of Health smaller research grants (\$75,000 per year). Also discussed reissuing the UP Health Research Partnership grant funds in April (from \$100,000.00 to \$500,000.00 in potential funding).
- Hosted an on-campus visit with the Great Lakes Sports Commission who granted us \$150,000 for sewer and water lines to Tech Trails. They were impressed with the Tech Trail system and Michigan Tech's Athletic program. A formal invitation was sent to attend their December board meeting.
- Community Report prepared to submit to the Portage Health Foundation and annual report to the DeVlieg Foundation.
- Significant progress in obtaining GIK across campus, including \$75,000 in PAPRs from Dow for COVID-19 testing lab, \$500,000 in equipment from GM for undergraduate education and research in the Dynamic Systems Laboratory, ~\$300,000 in acoustic sound chambers from CertainTeed, and additional 3D software from Caresoft Global.

- Ford Motor Company Fund recently awarded Michigan Tech four awards: \$5,000 for COVID-19 Student Wellness Relief, \$5,000 for IGS Enterprise, \$25,000 for ITO Enterprise, and \$50,000 for Dr. Bigham in EV AV Refrigeration System research.

Market Development

- Successfully executed our first “mid level” giving solicitations with data informed by our recency-frequency predictive modeling algorithm.
- Created and presented Advancement Plan summaries for Colleges and Athletics.
- Compiled comprehensive gift tables - with capacities and prospects - for five expected funding initiatives..

Donor Relations and Alumni Engagement

Donor Relations:

- Designed, produced and mailed a Thanksgiving card to numerous, highly-engaged donors.
- The annual Impact Report process is continuing. Impact statements will be sent to all named scholarship and/or endowed fund donors.

Alumni Engagement:

- The Alumni Board of Directors met on September 17-18, 2020 – both in person and virtually. They reviewed and assessed their vision for the next two years. Their next meeting will take place during Winter Carnival – February 4-5, 2020. This meeting will also be hybrid format.
- Virtual chapter and affinity upcoming events: are scheduled for the:
 - Twin Cities Virtual Happy Hour – November 19
 - CO Q&A and Trivia – December 7
 - Blue Key Trivia Night – December 7
- We conducted our second virtual Book Club event/program and are preparing to launch a third in January 2021.
- Planning is underway for the 2021 in-person Alumni Reunion, however, contingency plans will be developed for all Covid 19 campus health and safety levels.

Advancement Services

Research:

- We continue to provide in depth research on prospective donors as well as updating employment and contact information for alumni and friends.

Communications:

- We are seeing a large volume of email communications for November and December including a number of targeted solicitation emails. The November e-newsletter which featured a message of thanks from President Koubek received significant open and click rates.

Information Services:

- In addition to providing email lists to support the seasonal increase in communications, significant progress has been made in the development of reports to support front line fundraising efforts.

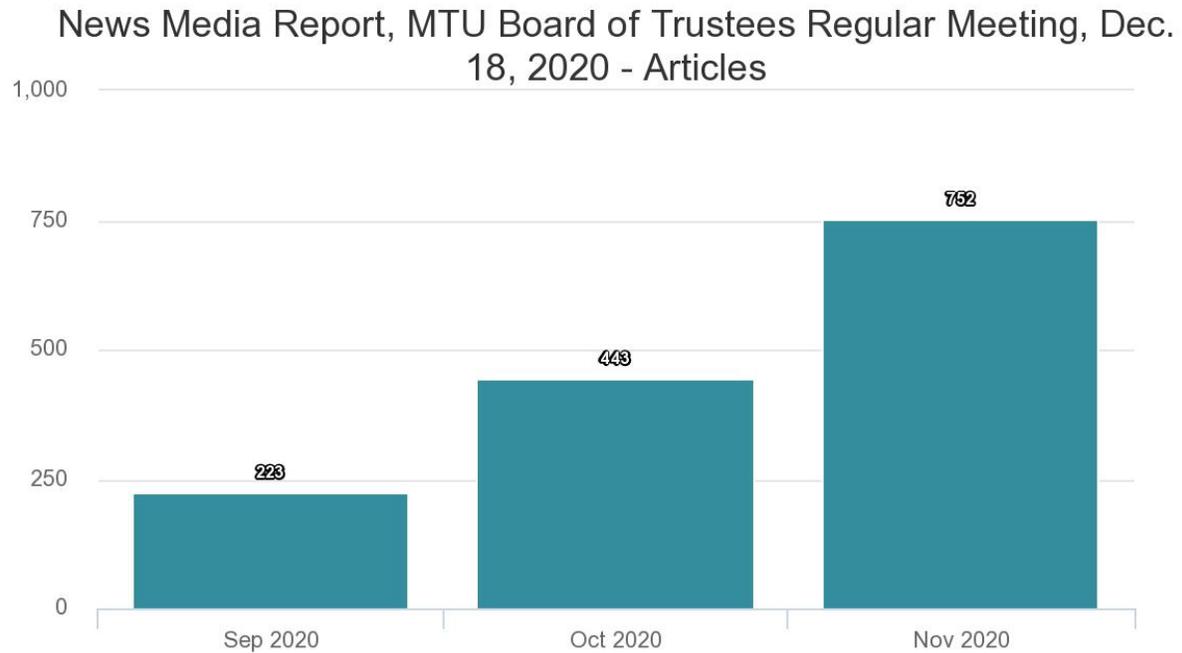
D. Media Coverage

Media Report: September 21 to November 24, 2020
Michigan Technological University
Regular Meeting of the Board of Trustees
December 18, 2020

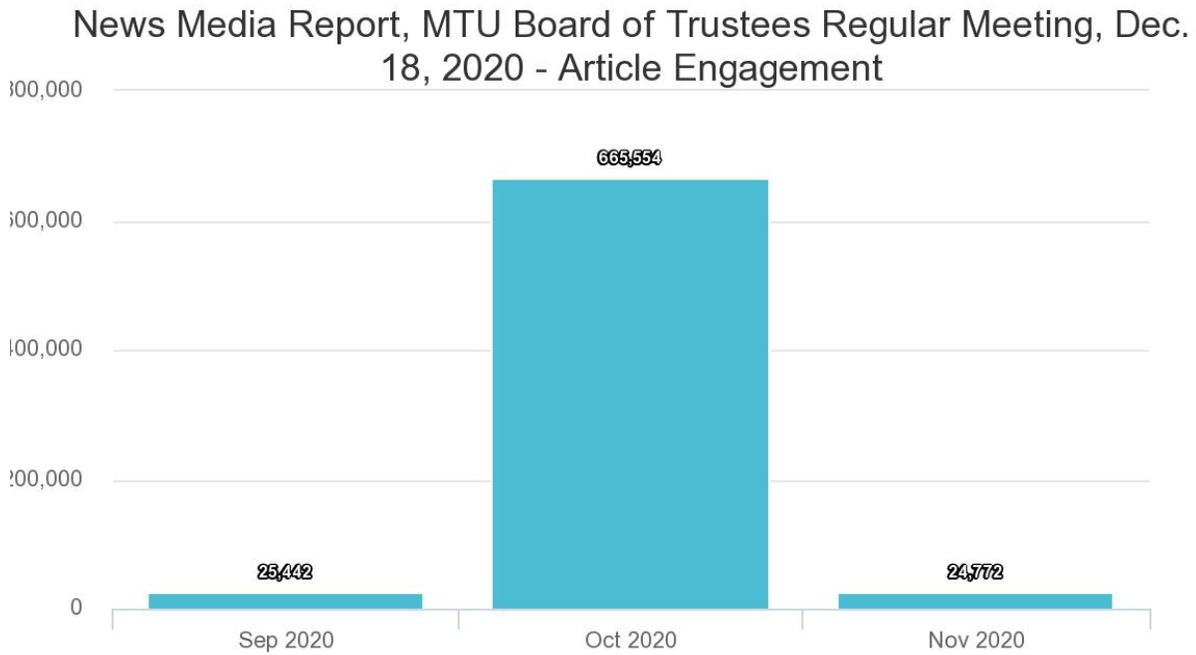
Overview

Articles	1,418
Total engagement	~ 715.77K
Average engagement	504
Journalist shares	626
Journalist reach	~ 7.5M
Average unique visitors per month (UVM)	~ 6.04M
Total UVM	~ 8.56B

Between September 21 and November 24, 2020, a total of 1,418 online articles mentioned Michigan Technological University:

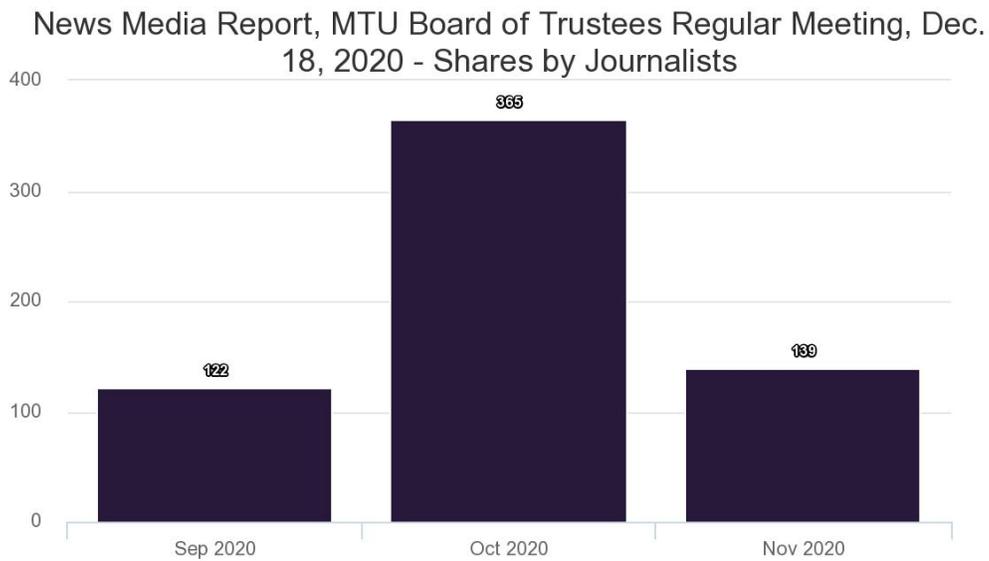


Those 975 articles were shared, commented on, or liked social media more than 715,770 times, for an average engagement of 504 shares, comments, or likes per article:



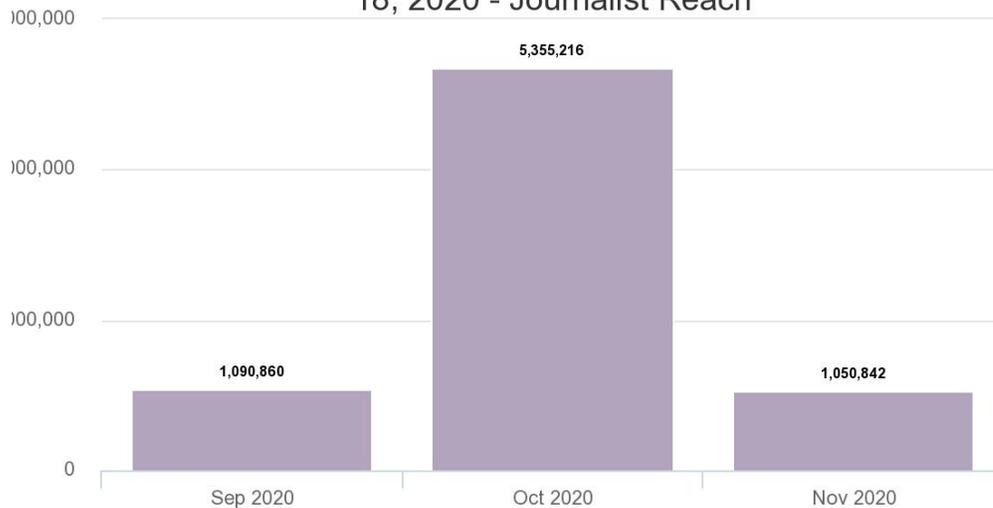
MUCK RACK

Journalists shared the articles on Twitter 626 times, resulting in a reach of nearly 7.5 million people:



MUCK RACK

News Media Report, MTU Board of Trustees Regular Meeting, Dec. 18, 2020 - Journalist Reach



MUCK RACK

News Highlights:

General and Research News (non-COVID)

Involvement Zone, a Michigan Tech K-Day event, received coverage from national outlets, including US News and World Report:

- <https://www.usnews.com/news/best-states/michigan/articles/2020-09-20/michigan-tech-moves-involvement-zone-event-to-campus>

Coverage of 13 Michigan Department of Environment, Great Lakes, and Energy (EGLE) Coastal Management Grants included \$100,000 awarded to Michigan Tech:

- <https://abc10up.com/2020/10/14/egle-awards-more-than-1-1-million-in-coastal-management-grants/>

The announcement that BorgWarner and Michigan Tech will collaborate on a US Department of Energy-funded connected vehicle project received national coverage:

- <https://finance.yahoo.com/news/borgwarner-collaborates-michigan-technological-university-130500529.html>

Michigan Tech alumnus Garrick Ronchow was named president and CEO of CMS Energy and Consumers Energy and was named to CMS Energy's Board of Directors; the story was covered in many Michigan media outlets including Crain's Detroit Business Traverse City Record Eagle and MLive.

- <https://www.crainsdetroit.com/people/consumers-energy-chief-patti-poppe-takes-big-challenge-new-job-michigan-will-always-be-home>

Michigan Tech researcher John Vucetich served as an expert in national news stories on the loss of federal protection for gray wolves:

- <https://www.mprnews.org/story/2020/10/30/gray-wolves-lose-federal-protection-state-will-manage-instead>

Michigan Tech researcher Rolf Peterson was featured in an MLive article on the last native-born male wolf of Isle Royale:

- <https://www.mlive.com/news/2020/10/isle-royales-last-native-born-male-wolf-the-secrets-his-bones-revealed.html>

MTU Flex and COVID-19-related News

Michigan Tech hosted a drive-thru COVID-19 testing event administered by the Michigan National Guard and the Western Upper Peninsula Health Department (WUPHD):

- <https://www.mininggazette.com/news/local-news/2020/10/drive-thru-service/>

Michigan EGLE awarded \$352,721 to WUPHD to monitor wastewater sites for COVID-19, with samples analyzed by Michigan Tech:

- <https://www.mlive.com/public-interest/2020/11/michigan-universities-and-health-departments-get-money-to-test-wastewater-for-covid-19.html>

The COVID-19 Town Hall series, a collaboration between the University's Health Research Institute and the Department of Kinesiology and Integrative Physiology, has received local press coverage:

- <https://www.miningjournal.net/uncategorized/2020/10/staying-informed-michigan-tech-thursday-town-halls-cover-wide-range-of-pandemic-related-topics/>

E. Employee Safety Statistics

EMPLOYEE SAFETY STATISTICS YEAR-TO-DATE

Jan 1 - Oct 31, 2019/2020

	Category	Years	Employee Classification							Total
			AFSCME	Faculty	Non-Exempt	POA	Professional	Temporary	UAW	
Number of Recordable Injuries	Injury Only w/Medical - No Lost Time	2019	1	1	0	0	1	0	1	4
		2020	6	0	0	0	1	0	1	8
	Lost Time Cases	2019	9	3	0	0	2	0	0	14
		2020	3	1	0	0	2	0	0	6
	Restricted Work Cases	2019	2	0	0	0	0	0	1	3
		2020	2	0	0	0	0	0	0	2
	Occupational Safety and Health Administration (OSHA) Recordable Injuries (Total of	2019	12	4	0	0	3	0	2	21
		2020	11	1	0	0	3	0	1	16
Number of Days	Injury Lost Time ³	2019	77	42	0	0	18	0	0	137
		2020	27	12	0	0	64	0	0	103
	Restricted Work Days ³	2019	376	46	0	0	170	0	13	605
		2020	179	0	0	0	0	0	0	179
Hours Worked	Total Work Hours	2019	231,894	630,768	115,799	15,878	943,494	46,521	181,091	2,165,445
		2020	160,130	544,728	96,054	13,141	846,039	35,436	135,739	1,831,267
	Percentage of Work Hours	2019	10.7%	29.1%	5.3%	0.7%	43.6%	2.1%	8.4%	100.0%
		2020	8.7%	29.7%	5.2%	0.7%	46.2%	1.9%	7.4%	100.0%
Rates	Lost Time Case Rate ¹	2019	7.8	1.0	0.0	0.0	0.4	0.0	0.0	1.3
		2020	3.7	0.4	0.0	0.0	0.5	0.0	0.0	0.7
	Frequency Rate ² (Recordable)	2019	10.3	1.3	0.0	0.0	0.6	0.0	2.2	1.9
		2020	13.7	0.4	0.0	0.0	0.7	0.0	1.5	1.7

OSHA has established specific calculations that enable the University to report the Recordable Injuries, Lost Time Case Rates and Frequency Rates. The Standard Base Rate (SBR) calculation is based on a rate of 200,000 labor hours which equates to 100 employees who work 40 hours per week for 50 weeks per year. Using the SBR allows the University to calculate their rate(s) per 100 employees.

¹ The Lost Time Case Rate is calculated by multiplying the number of Lost Time Cases by 200,000 then dividing by the labor hours at the University.

² The Frequency Rate is calculated by multiplying the number of recordable cases by 200,000 then dividing by the labor hours at the University.

³ The number of days are total days for the life of the cases first reported during this period.

XI. Other Business

XII. Date for Next Formal Meeting: February 26, 2021

XIII. Adjourn