



March 2, 2022

Dr. Michael Sebaaly, Interim President
North Idaho College
1000 West Garden Avenue
Coeur d'Alene, Idaho 83814

Dear Interim President Sebaaly:

Our sincere thanks to you, Dr. Steve Kurtz, Accreditation Liaison Officer, and the North Idaho College Community for your engagement in Northwest Commission on Colleges and Universities' (NWCCU) external peer panel's virtual evaluative visit on January 18, 2022, which was undertaken to review North Idaho College's (NIC) compliance with NWCCU Eligibility Requirements and Standards for Accreditation.

Your corrections to factual errors in the draft report was made available to the external peer panel, which submitted their final report to the Commission.

Please access the external peer panel's final report [here](#) to review and provide your written response, if any, no later than March 12, 2022.

Your response, along with the panel's final report and other relevant materials, will be provided to the NWCCU Board of Commissioners for deliberation and action at a special Executive Committee meeting, to be held virtually.

We are in the process of scheduling the special, virtual meeting, and you will soon receive an invitation to appear at the meeting.

After a welcome and introductions, NWCCU Board of Commissioners Chair, Thayne McCulloh, will invite you to introduce the other college representatives in attendance with you and to make a short opening statement, and engage in a question-and-answer session with the commissioners. Then Chair McCulloh will ask you to make any closing comments, and you will be excused, after which the commissioners will deliberate and vote on recommendations and action. We expect this part of the special meeting to last approximately 45 minutes.

Within ten days of the appearance, you will be informed of the Board's decision in a Letter of Action.

Per federal regulations and NWCCU policy, please be reminded that the Letter of Action is the Commission's final statement regarding the complaint, and will describe its findings, recommendations, next steps, and timeline, to which North Idaho College will need to respond with a clear response and path of action.

Thank you, and please contact Vice President Ron Larsen or me if you have any questions or need clarification.

Sincerely,

Sonny Ramaswamy
President

cc: Steven Kurtz, ALO
Ron Larsen, NWCCU Liaison

PEER EVALUATION PANEL REPORT
ON
NORTH IDAHO COLLEGE
NORTHWEST COMMISSION ON COLLEGES AND UNIVERSITIES
February 28, 2022

Purpose of the Northwest Commission on Colleges and Universities' Peer Evaluation Panel

On March 17, 2021, the Northwest Commission on Colleges and Universities (NWCCU) received a complaint and supplemental information against North Idaho College (NIC) suggesting the appearance of non-compliance with Eligibility Requirement (ER) 7, Non-Discrimination; ER 9, Governing Board; and ER 16, Academic Freedom. The institution was directed on July 19, 2021, to submit an Ad Hoc Report related to these concerns as an attachment to the 2022 Annual Report, due on August 1, 2022, for evaluation and possible follow-up monitoring.

On November 1, 2021, NWCCU received a new complaint and supplemental information alleging new and continuing violations of Eligibility Requirements and Standards of Accreditation by NIC and its Board of Trustees. Specifically, the Eligibility Requirements and Standards for Accreditation requiring further investigation included:

- (1) Eligibility Requirements 8 and 9 and Standards 2.D.2 and 2.D.3 relating to the demonstration of high ethical standards in governance, management, and operations, including the NIC Board of Trustees' responsibility to ensure integrity and transparency of its deliberations and actions, ethical treatment of stakeholders and constituents, adherence to statutory requirements and institutional policies, and adherence to conflict-of-interest policies.
- (2) Eligibility Requirement 12 and Standard 2.F.3 concerning sufficiency of NIC's faculty, staff, and administrators to ensure integrity and continuity of academic programs.
- (3) Eligibility Requirements 19 and 23 and Standards 2.E.1 and 2.E.2 regarding NIC's financial health and sustainability in light of potential risk due to staff and faculty departures, declining student enrollments, and pull-back of donations.
- (4) Eligibility Requirement 15 and Standard 2.I.1 providing for maintenance of NIC's physical facilities to ensure a healthy learning and work environment, including adherence to all federal and applicable state and local laws.

The Seven-Year Accreditation report by NIC, prepared and reviewed by a team of NWCCU visitors in 2020, resulted in a NWCCU action to reaffirm accreditation in June 2020. However, actions of a new board majority, including firing the President without cause and countermanding the President's internal mandate of wearing masks to retard the spread of the COVID-19 virus, have led to the departure of all three Vice Presidents and one Dean removing much of the experienced senior leadership since the Commission's last review just one year ago. Therefore, the foundation upon which NIC holds its accreditation essentially has changed significantly.

In light of additional and continuing complaints, the NWCCU formed a Peer Evaluation Panel to inquire about and determine the facts and circumstances related to NIC's governance, institutional integrity, human resources, financial sustainability, and provisions for health and safety of the campus community, as it impacts student success and learning outcomes. The Peer Evaluation Panel addressed both complaints and any/all of the Standards and Eligibility Requirements relevant to accreditation of North Idaho College. Since issues have included complaints against the NIC Board of Trustees, Standards 2.A.1-4 and ERs 9, 10 and 11 on governance, chief executive officer and administrative capacity were reviewed by the Peer Evaluation Panel.

NWCCU President Sonny Ramaswamy selected the following Peer Evaluation Panel members:

Marc A. Johnson, PhD, Former President of the University of Nevada, Reno, and former NWCCU Commissioner.

Denece G. Huftalin, PhD, President of Salt Lake Community College, and former NWCCU Commissioner.

Mary K. Hughes, JD, Chair of the Governance Committee, University of Alaska Board of Regents.

W. Glenn Ford, MBA, Senior Vice President for Finance and Administration/CFO of the University of Western States.

The Panel was assisted by:

Randy Aliment, Senior Vice President for Legal and Regulatory Affairs of the NWCCU and Ron Larsen, PhD, Senior Vice President of NWCCU.

During the virtual visit the Peer Evaluation Panel met with each member of the NIC Board of Trustees, Interim President Michael Sebaaly, Academic and Student Affairs Leadership, Financial Leadership, Human Resources Leadership, the Development Officer/Executive Director of the NIC Foundation and Foundation Board, Faculty Assembly Chair, Staff Assembly Chair, and Senate Chair. Separate open forums with students, staff, and faculty were also held. This report is based upon a review of the two complaints, institutional documents, these meetings, and additional comments/documents submitted within 24 hours of the virtual visit.

Observations of the NWCCU Peer Evaluation Panel:

The NWCCU Peer Evaluation Panel appreciates the efforts of North Idaho College and NWCCU staff to arrange appropriate virtual meetings. The Panel commends the faculty, staff and administrators of North Idaho College for their deep commitment to student success and to upholding the important mission of the College despite great disruption created by the Board of Trustees. The Staff and Faculty leadership bodies have remained stalwart in their commitment to academic freedom and the integrity of the institution. The current leadership and staffs in the units of finance, human resources, development, and academic and student affairs are working diligently to maintain the operations of the College for the benefit of student learning. The Panel finds that NIC generally has an appropriate set of policies in place, but faculty, staff and students do not have confidence that these policies are being respected or practiced. The Panel observed a widespread perception that issues of current and future instability lie with disruptive actions taken by the NIC Board of Trustees, which threaten the viability of an important community educational institution.

Governance Structure, Chief Executive Officer, and Administrative Positions (Standards 2.A.1-4 and ERs 9, 10 and 11)

Standards:

2.A.1 The institution demonstrates an effective governance structure, with a board(s) or other governing body(ies) composed predominantly of members with no contractual, employment relationship, or personal financial interest with the institution. Such members shall also possess clearly defined authority, roles, and responsibilities. Institutions that are part of a complex system with multiple boards, a centralized board, or related entities shall have, with respect to such boards, written and clearly defined contractual authority, roles, and responsibilities for all entities. In addition, authority and responsibility between the system and the institution is clearly delineated in a written contract, described on its website and in its public documents, and provides the NWCCU accredited institution with sufficient autonomy to fulfill its mission.

2.A.2 The institution has an effective system of leadership, staffed by qualified administrators, with appropriate levels of authority, responsibility, and accountability who are charged with planning, organizing, and managing the institution and assessing its achievements and effectiveness.

2.A.3 The institution employs an appropriately qualified chief executive officer with full-time responsibility to the institution. The chief executive may serve as an *ex officio* member of the governing board(s) but may not serve as its chair.

2.A.4 The institution's decision-making structures and processes, which are documented and publicly available, must include provisions for the consideration of the views of faculty, staff, administrators, and students on matters in which each has a direct and reasonable interest.

ER 9: GOVERNING BOARD: The institution has a functioning governing board(s) responsible for the quality and integrity of the institution and for each college/unit within a multiple-unit district or system, to ensure that the institution's mission is being achieved. The governing board(s) has at least five voting members, a majority of whom have no contractual or employment relationship or personal financial interest with the institution. Institutions that are part of a complex system with multiple boards, a centralized board, or related entities, shall have, with respect to such boards, clearly defined authority, roles, and responsibilities for all entities in a written contract(s). In addition, authority and responsibility between the system and the institution is clearly delineated, in a written contract, described on its website and in its public documents, and provides NWCCU accredited institutions with sufficient autonomy to fulfill its mission.

ER 10: CHIEF EXECUTIVE OFFICER: The institution employs an appropriately qualified chief executive officer who is appointed by the governing board and whose full-time responsibility is to the institution. The chief executive officer may serve as an *ex officio* member of the governing board(s) but may not serve as chair.

ER 11: ADMINISTRATION: In addition to a chief executive officer, the institution employs a sufficient number of qualified administrators, with appropriate levels of authority, responsibility, and accountability, who are charged with planning, organizing, and managing the institution and assessing

its achievements and effectiveness. Such administrators provide effective leadership and management for the institution's major support and operational functions and work collaboratively across institutional functions and units to foster fulfillment of the institution's mission. Executive officers may serve as an *ex officio* member of the governing board(s) but may not serve as chair.

Panel Observations: North Idaho College has a Board of Trustees composed of five members popularly elected by the people in the region. One position is currently vacant. Some Trustees are of the view that the Board of Trustees is broken. The Board Chair, according to emails provided to the panel and comments heard during our interviews, considers it his objective to rid the institution of "deep state" leadership at the College, and appoint a President who will change the direction of the College. The Board Chair also involves himself in campus operations, such as the selection of non-CEO administrators, and advocating for a student seeking a grade change. Through review of documents and during interviews, the panel learned that the former President was at odds with the Board Chair about intrusions into operational decisions. (Standard 2.A.1 and ER 9)

Last summer, in response to NWCCU concerns, the Board and President met at a retreat with consultants from the Association of Community College Trustees (ACCT) to restate appropriate board roles and responsibilities and correct the issues raised by the first complaint. One Trustee told the panel that none of the agreements and resolutions identified during the retreat have been honored. Following the retreat, the President was fired without cause.

The search for an Interim President was conducted by the Board of Trustees using procedures that are viewed by campus constituents as less than fully transparent. The Board of Trustees modified the list of qualifications of Interim President to be far less demanding than those required during the last presidential search. One Trustee said this was done to allow three people, selected by the Board Chair, to be considered for Interim President. The deliberations of the Board of Trustees were held in a closed executive session without input of faculty, staff, administrators (with the exception of the Acting President), and students. The vote was held in open session and Michael Sebaaly was selected as Interim President by a 3:2 vote of the Board.

Just before the visit, one of the five Trustees resigned amidst concerns about residency in the region associated with his position on the Board. The Board of Trustees is now composed of four Trustees who do not agree with one another; thus, the Board is barely functional. There have been several votes of "no confidence" in the Board and/or Board Chair by the Faculty Assembly and the Staff Assembly. These votes have been presented at the Board of Trustees meetings, apparently without impact.

The Board of Trustees rescinded the mask mandate put in place by the former President and created a Communicable Diseases policy. However, the Board of Trustees did not follow the NIC Policy Development process and did not include any participation from faculty, staff, students or local community members. Two Trustees believe that the current policy is not compliant with Idaho State Code 33 2145, and most internal community members believe the policy does not include a clear plan for mitigating the spread of the virus.

Upon the departure of President MacLennan, all three Vice Presidents and one Dean (another had left previously) left the College leaving the College without much of its senior leadership (Standard 2.A.2 and ER 11). Interim President Sebaaly combined the roles of the vacant Vice President for Student Services and the Vice President of Instruction to form a Provost structure on an interim basis and appointed an

Interim Provost. We heard comments during the visit that faculty and staff feel that decisions are being made with little input from impacted constituencies (Standard 2.A.4). The result is reduced respect for the Board of Trustees, Interim President, and Interim Provost among faculty, staff, and students.

The comments made during interviews and forums revealed that it is broadly felt that the Interim President was selected to provide certain members of the Board of Trustees influence in the objectives and operations of the institution. This has left campus faculty, staff, administrators, and students with feelings of job insecurity and health risks during a time of increasing infections of COVID-19. The result is a widespread sense of concern about the departure of faculty and staff, decline in enrollment, and potential loss of millions of dollars in gift awards. NIC is actually working to reduce faculty appointments, in part, based on a plan put in place by a former president. Enrollments have declined, but the rates are not remarkable compared to other two-year institutions in the region. We heard that some donors have rescinded some significant donations. As a result of institutional instability, there has been a downgrade in Moody's assessment of the financial sustainability of the institution (Standards 2.E.1-2, ER 19 and 21).

The Panel finds that the core of the institution remains in place with dedicated administrators, faculty and staff, but with an elevated sense of uncertainty and fear distracting the focus of faculty and staff away from educational operations. The primary cause appears to lie with the Board of Trustees for its intrusions into operational decisions of the institution, its failure to follow institution policies, the firing of the former president, and appointment of an Interim President who is perceived to be inexperienced and has not yet garnered the respect of the campus.

Therefore, the Panel concludes that the institution is out of compliance with respect to Accreditation Standards 2.A.1 through 2.A.4 and ERs 9, 10 and 11.

Compliment: Many of the interim administrators have stepped up with great energy and commitment to the institution and are likely serving several roles given the transitional nature of many positions.

Concern: Misgivings about the process used to select Interim President Sebaaly have reduced his ability to effectively lead the institution.

Concern: The separation of the role of the Board of Trustees relative to the day-to-day operations of the institution is not clearly delineated or operationalized.

Academic Freedom (Standards 2.B.1-2 and ER 16)

Standards:

2.B.1 Within the context of its mission and values, the institution adheres to the principles of academic freedom and independence that protect its constituencies from inappropriate internal and external influences, pressures, and harassment.

2.B.2 Within the context of its mission and values, the institution defines and actively promotes an environment that supports independent thought in the pursuit and dissemination of knowledge. It affirms the freedom of faculty, staff, administrators, and students to share their scholarship and reasoned conclusions with others. While the institution and individuals within the institution may hold

to a particular personal, social, or religious philosophy, its constituencies are intellectually free to test and examine all knowledge and theories, thought, reason, and perspectives of truth.

ER 16 ACADEMIC FREEDOM: Within the context of its mission and values, the institution adheres to and maintains an atmosphere that promotes, supports, and sustains academic freedom and independence that protects its constituencies from inappropriate internal and external influences, pressures, and harassment. Faculty, students, staff, and administrators are free to examine and test all knowledge and theories.

Panel Observations: It is clear from the faculty and staff resolutions of “no confidence” and the separate forums with faculty, staff, and students held by the NWCCU team that there is severe distrust of the Board, specifically the Board Chair. Direct quotes from him through FOIA releases regarding the “deep state” and “indoctrination” as well as his informal communication channels asking about potentially “controversial” course material have caused faculty and staff to worry about academic freedom at the institution as well as their job security. We heard that some faculty have added disclaimers to their syllabi, or changed their course content to protect against retaliation, and some fear for their job or tenure advancement. Faculty cite pressures coming from the Chair of the Board regarding COVID protocols, course contents, and grade disputes. Staff cite pressures based on religious differences or political affiliation. Although an Academic Freedom policy is in place, many in the campus community feel that it offers little protection in the current climate.

The Staff Assembly called for stronger accountability from the board in their February 23, 2021, resolution specifically asking the board to reinstate the Board Conduct policy 2.01.10 which the board had rescinded, to ensure proper conduct and accountability of the board. The Board policy has been reinstated, but with changes that reduce its impact.

Concern: The Board Chair’s political statements and role in questioning curricular content has had a chilling effect on faculty independence and diverse thought.

Therefore, the panel concludes that the institution is out of compliance with Eligibility Requirements 16 and Standards 2.B.1 and 2.B.2.

Institutional Integrity and Ethical Standards in Governance, Management, and Operations (Standards 2.D.2-3 and ERs 8 and 9)

Standards:

2.D.2 The institution advocates, subscribes to, and exemplifies high ethical standards in its management and operations, including in its dealings with the public, NWCCU, and external organizations, including the fair and equitable treatment of students, faculty, administrators, staff, and other stakeholders and constituencies. The institution ensures that complaints and grievances are addressed in a fair, equitable, and timely manner.

2.D.3 The institution adheres to clearly defined policies that prohibit conflicts of interest on the part of members of the governing board(s), administration, faculty, and staff.

ER 8. INSTITUTIONAL INTEGRITY: The institution establishes and adheres to ethical standards in all of its academic programs, operations, and relationships.

Panel Observations: The North Idaho College Senate shared continuing concerns in their March 3, 2021, resolution regarding the ethical conduct of the board and asked the board to remediate their behavior to align with the North Idaho College Board of Trustees responsibilities as outlined in the North Idaho College Policy Manual. No changes have been made. Votes of no confidence related to either the Board Chair or the entire board have been passed and shared with the board with no change in behavior (NIC Faculty Assembly February 2, 2021, NIC Staff Assembly February 23, 2021, NIC Staff Assembly December 13, 2021). These resolutions and comments during the panel's forums with faculty, staff, and students described the following behavior as evidence of unethical conduct: public comment has been eliminated in several Board of Trustee meetings; previously agreed upon changes regarding board conduct have not been implemented; hiring and termination decisions have been made without input from key stakeholders and without transparent criteria. These actions have created serious uncertainty and distrust among staff and faculty.

NIC Policy 2.01.04 requires policies to be first vetted by College Senate and Administration. The Contagious Disease policy, created with little input from institutional and community stakeholders and adopted by the Board of Trustees, did not follow this protocol.

Although the Board General Conduct policy 2.01.10 was reinstated on May 26, 2021, faculty and staff are unaware of any action taken regarding the complaints filed against the Board Chair. It appears that several votes of no confidence and/or grievances against board members have not been reviewed and/or resolved.

Finally, the North Idaho College Policy Manual outlines expectations of the Administration in section II A. Administration, Board of Trustees Internal Governance Board policy.

Responsibilities and Duties

To consider and act on the recommendations of the president in all matters of policy pertaining to the governance and welfare of the college and the welfare of students.

To consider communications and requests from citizens or organizations on matters of policy.

That its trustee members should engage in a regular and ongoing process of in-service training and continuous improvement, and regular evaluation.

That its behavior, and that of its members, exemplifies the principles of ethical trusteeship. The board of trustees acknowledges the importance of meeting its responsibilities as a body of elected officials for effective institutional governance.

That it derives its authority from and is accountable to, the community and that it must always act as an advocate on behalf of the entire community, honestly debate issues that affect it, and speaks with one voice once a decision or policy is made.

Communications with the Board of Trustees

It will be the practice of the board of trustees to utilize the advice of all interested individuals and groups in the solution of its educational and financial concerns, although the board alone will be the final policy agent.

Board Performance Review

To this end, the board of trustees may conduct a performance review of its stewardship regularly, but no less often than every two years. The intent of this board review should be to strengthen its performance, identify and reach consensus on its goals, ensure board members have a clear grasp of their responsibilities, and clarify expectations among board members and the president.

Board Member General Conduct

The Board is expected to:

Consider information received from all sources and base personal decisions upon all available facts while maintaining confidentiality of privileged information.

Work to support the interests of North Idaho College (“NIC”) and the Board.

Maintain the highest standards of civility and respect accorded to public office through the absence of unwarranted criticism of fellow Board members, the Board, NIC administration or employees.

Represent everyone the College serves, not a particular interest group.

Interaction with College Personnel Guidelines:

The Board recognizes the rights of students, faculty, administrators, and other employees of the College to hold private meetings and to carry on the day-to-day operations of the College without the participation of Board members.

Accordingly, it is improper for Board members:

To intercede with students, faculty, administrators, or any other employees of the College on behalf of any person or program without informing the Board.

Complaints Regarding Individual Board Member

In the event the College receives a complaint about a Trustee from a member of the public or from a College employee, the complaint shall be referred to the Board Chairperson or, if the complaint is against the Chairperson, to the Vice Chairperson. The Trustee that is the subject of the complaint shall be notified and given an opportunity to respond. The Board shall have the discretion to investigate the complaint, including the authority to engage an outside consultant to undertake the investigation. Any report from an outside consultant shall be disseminated to all Board members prior to any action being taken against the Board member. Meetings to hear complaints or to consider the conduct of a Board member shall initially take place in executive session. If the Board decides to take action (such as censure), such action may be a private admonishment or, if the

Board decides the conduct justifies public admonishment, may announce censure (or other appropriate sanction) at an open meeting.

Each Board member is subject to and shall conform his or her behavior in accordance with Board and general College policies regarding ethical and professional conduct.

We heard of several of the Board's actions that are contrary to their own Manual, including suspending public comment during Board meetings, involvement of the Board Chair in academic matters (curricular content, grade change), failure of the Board to respond to complaints against the Board and the Board Chair, failure to represent everyone that the College serves rather than a particular interest group.

In sum, these constitute a failure of the Board Chair, and other current or former members of the Board, to act in accordance with Board and general College policies regarding ethical and professional conduct

The panel therefore finds evidence that the institution is out of compliance with Eligibility Requirement 8 and 9, and Standards 2.D.2 and 2.D.3.

Compliment: The Staff and Faculty leadership bodies have remained stalwart in their commitment to academic freedom and the integrity of the institution.

Concern: The actions of the Board of Trustees and Board Chair's disregard for North Idaho College policies.

Financial Resources (Standards 2.E.1-3 and ERs 16, 19 and 23)

Standards:

2.E.1 The institution utilizes relevant audit processes and regular reporting to demonstrate financial stability, including sufficient cash flow and reserves to achieve and fulfill its mission.

2.E.2 Financial planning includes meaningful opportunities for participation by stakeholders and ensures appropriate available funds, realistic development of financial resources, and comprehensive risk management to ensure short-term financial health and long-term financial stability and sustainability.

2.E.3 Financial Resources are managed transparently and in accordance with policies approved by the institution's governing Board(s) in accordance with its governance structure and applicable state and federal laws.

ER 19 FINANCIAL RESOURCES AND PLANNING: The institution demonstrates financial stability, with cash flow and reserves necessary to support and sustain its mission, programs, and services. Financial planning ensures appropriate available funds, realistic development of financial resources, and appropriate risk management to ensure short-term financial health and long-term financial sustainability.

ER 20 FINANCIAL ACCOUNTABILITY: For each year of operation, the institution undergoes an annual, independent financial audit by professionally qualified personnel in accordance with [generally accepted auditing standards](#) or [International Financial Reporting Standards](#) reconciled to US-GAAP. The audit is to be completed no later than nine months after the end of the fiscal year. Results from the audit,

including findings and management letter recommendations, are considered annually in an appropriate and comprehensive manner by the administration and the governing board.

Panel Observations: As evidenced by NIC’s audited financial statements for the period ending June 30, 2021, and June 30, 2020, NIC has an audit performed annually in accordance with US-GAAP. They utilize Eide Bailly, an external auditing firm. Their website states that, “Eide Bailly is a top 25 CPA and consulting firm helping the middle market grow and thrive.” NIC does meet ER 20 as the institution “undergoes an annual, independent financial audit by professionally qualified personnel in accordance with Generally Accepted Accounting Principles (US-GAAP).” The audit was also completed in a timely manner.

The FY2021 financial statements audit was a topic on the agenda at the November 15, 2021, NIC Board of Trustees meeting. The auditing company’s representative stated that this was the seventh year he was involved with the NIC financial statements audit, they have all been clean financial statement audits, including FY2021. This is an incredible track record and speaks to strong financial leadership at NIC.

The Board of Trustees are included in the annual consideration of the financial statements audit, and voted to accept the FY2021 audit at their meeting of November 15, 2021 (ER 20 and Standard 2.E.1).

The positive financial statements audit results provide additional substantiation that supports the significant evidence, gleaned via the January 18, 2022, NIC visit, that the finance team is highly motivated, intelligent, and ethical. They also have many years of experience at NIC.

On December 15, 2021, Moody’s affirmed NIC’s A1 issuer and A2 revenue bond ratings but revised NIC’s outlook from *stable* to *negative*. Moody’s specifically referenced the governance disruption and leadership departures, and upcoming NWCCU review as factors that led to the downgrade to a negative outlook for NIC. Moody’s also referenced NIC’s reserve levels. Specific language from Moody’s letter of December 15, 2021, is listed below:

RATING OUTLOOK

The negative outlook reflects governance and management challenges that continue to weigh on the college’s strategic position, including the upcoming accreditation review, and enrollment outlook.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- *Significant growth in financial reserves, including unrestricted liquidity*
- *Material strengthening of market position, including successful stabilization of governance and management combined with increasing student demand*

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- *Continued governance and management disruption leading to accreditation concerns, enrollment declines, inability to execute on strategic initiatives, or weakening of operating performance*
- *Material spend down in reserves beyond current identified capital plans*
- *For the student fee revenue bonds, inability to sustain stronger annual debt service coverage above 1.25x without use of reserves*

NIC staff had already analyzed the enrollment decline that would put them at risk and mentioned the upcoming final payment on the Revenue Bonds, Series 2012. It has been confirmed, via *Note 6 Long-term Debt*, on page 32 of the FY2021 audited financial statements, that the final payment on the Revenue Bonds, 2012 Series, will occur on May 1, 2022 (current fiscal year 2022).

The root problem affecting NIC's financial health, in the short-term and long-term, centers around the significant upheaval the Board has created that is impacting the financial viability of NIC (Standards 2.E2 and 2.E.3). Impacts are seen in several key areas, including:

- Moody's downgrade of NIC's outlooks from stable to negative, potentially affecting future cost of borrowing and servicing loans.
- A loss of donated funds to the NIC Foundation as donors stay away from NIC, or even pull previously donated funds.
- Three major leadership departures were key players fundraising via the NIC Foundation. The leadership loss represents a loss of fundraising capacity for the institution.

County revenue is a bright spot due to real estate value escalation and the finance team has begun renegotiating with third-party service vendors.

It seems clear that the NIC finance staff will continue to work hard in support of the institution. However, with the departure of three vice presidents, including the Vice President for Finance and Business Affairs, the finance team is lean and other staff losses could impact on NIC's ability to plan and manage their financial resources.

Board of Trustees intrusions into operations of the NIC Foundation are evident. The current Chair of the NIC Board of Trustees is not permitted to be involved in NIC Foundation operations or fundraising, based on an agreement between the Board Chair and the Foundation. The Board member serving as liaison to the NIC Foundation Board attempted to place himself on the NIC Foundation Board Executive Committee. He was not successful.

The NIC Foundation Board's comments and loss of significant gifts provides evidence of the negative impacts brought on by actions of the NIC Board of Trustees. (Standards 2.E.1-3)

The NIC Foundation Board has significant concerns about the negative impacts created by the actions of the NIC Board of Trustees. Revenues are declining as the circumstances deteriorate further. They are concerned that there will be a snowball effect soon if the issues aren't resolved. The NIC Foundation Board distrusts the Board of Trustees.

The loss of President MacLennan, three VPs and one dean, who all participated in fund raising and grant efforts is a significant loss. Information provided by the NIC Foundation indicated a loss of approximately \$4.1M of lost legacy gifts, \$343K of estimated Major Gifts lost, and another \$36.8K of annual donations is in jeopardy.

The panel's meeting with the NIC Foundation Board identified the following concerns: 1) students are concerned about potential loss of accreditation, 2) faculty and staff are keeping it together despite significant pressures, 3) the loss of President MacLennan, the Vice President for Finance and Business Affairs, and the Dean of Health Professions and Nursing significantly impacted the Foundation's work, 4) there is need to retain employees and "stop the bleeding" (employees leaving), and 5) the NIC

Foundation Board has lost an historically very positive relationship with the NIC Board and the administration. (ER10, 19, and 23, Standards 2.E.1 and 2.E.2)

Therefore, the panel concludes that the institution is currently in compliance with Standards 2.E.1-3 and ERs 19 and 20. However, this area needs improvement. The longer the Board of Trustees issues continue, the greater the stress and potential nosedive of NIC finances in the short-term and long-term. This area should be monitored closely by NWCCU to assess the on-going financial impacts of the upheaval created by Board actions.

Concern: Recent actions by the Board of Trustees and disruptions in NIC governance have resulted in the departure of critical leadership, a Moody's change of prospects from stable to negative, losses of donors, and uncertainty regarding future fundraising success. This impacts the financial stability of the institution. (Standards 2.E.1 and 2.E.2 and ERs 10, 19, and 23)

Compliment: The finance staff is led by an experienced Interim Vice President for Finance/Controller, and her team is made up of dedicated and experienced employees. The many years of clean financial statement audits provides evidence of the strong systems they have put in place and the quality of work they perform.

Compliment: The NIC Foundation Board was very complimentary of the current Director of Development for NIC/Executive Director of the NIC Foundation. They believe she is doing an outstanding job and they want her to remain in her key role.

Compliment: There was evidence that the NIC Foundation Board is made up of thoughtful volunteers who are dedicated to helping NIC students succeed and NIC to prosper and successfully implement its Mission. (2.F.1-3 and ER 12).

Human Resources

Standards:

2.F.1 Faculty, staff, and administrators are apprised of their conditions of employment, work assignments, rights and responsibilities, and criteria and procedures for evaluation, retention, promotion, and termination.

2.F.2 The institution provides faculty, staff, and administrators with appropriate opportunities and support for professional growth and development.

2.F.3 Consistent with its mission, programs, and services, the institution employs faculty, staff, and administrators sufficient in role, number, and qualifications to achieve its organizational responsibilities, educational objectives, establish and oversee academic policies, and ensure the integrity and continuity of its academic programs.

ER 12 FACULTY: Consistent with its mission, the institution employs qualified faculty members sufficient in numbers to achieve its educational objectives, establish and oversee academic policies, and ensure the integrity and sustainability of its academic programs. The institution regularly and systematically evaluates the performance of faculty members in alignment with institutional mission and goals, educational objectives, and policies and procedures. Evaluations are based on written criteria that are

published, easily accessible, and clearly communicated. Evaluations are applied equitably, fairly, and consistently in relation to responsibilities and duties.

Panel Observation: The Human Resources department of NIC has the following charge. The Department “provides professional assistance to recruit, retain, and engage our most valuable asset - our employees. We are dedicated to clear communication, progressive thinking, and resourceful solutions in support of the mission of North Idaho College”. (www.nic.edu/about/mission.aspx)

The Department employs experienced, honest, open, and articulate professionals. They informed the Panel of the sense of fear and lack of trust that employees now feel at NIC, driven primarily by the Board of Trustees, particularly the Board Chair.

NIC is seeing unprecedented turnover which, over time, will impact NIC’s ability to function efficiently. The rapid departure of a major portion of senior leadership could create challenges for NIC in implementing its core mission. In the era of a continuing pandemic, the lack of a sense of well-being exists across NIC. The Panel was told that applicants are withdrawing their candidacy and others are not accepting jobs when offered because of the caustic environment the Board has created by their actions.

There is considerable evidence that HR leadership is made up of professionals who are experienced, dedicated, and ethical. There is also evidence of strong policies (Standards 2.B.1, 2.B.2 and ER 16; Standards 2.D.2, 2.D.3; Standard 2.F.3). There is concern whether the policies are being honored and adhered to by the Board.

The Board’s elimination of the mask mandate created a sense among faculty and staff that NIC is not protecting its people and environment (Standard 2.I.1). Key administrators who recently departed provided a strong and resilient buffer between faculty, staff and students, and the actions of the Board. The removal of that buffer has created significant employee concerns across the NIC community.

There is a perception among faculty and staff that there has been a substantial decline in transparency since the departure of President MacLennan. NIC policy allows for 3-year interim appointments, so the hire of interim administrators needs to be taken very seriously. The process used to identify the Interim President used reduced qualifications compared to former presidential searches, and deliberations were held in closed session without receiving input from faculty, staff, and students. (Standard 2.A.4) We heard some express concern that the Board Chair may be intentionally slowing down the presidential search processes (Standard 2.A.2 and ER 10).

Therefore, NIC is substantially in compliance with Standard 2.F.3 and ER 12, but in need of improvement.

Concern: Given the significant turnover of administrators and the hiring of an Interim President with little executive administrative experience, there is a significant concern regarding whether “the institution employs faculty, staff, and administrators sufficient in role, number, and qualifications to achieve its organizational responsibilities, educational objectives, establish and oversee academic policies, and ensure the integrity and continuity of its academic programs.”

Physical, Technological, and Health Infrastructure (Standard 2.I.1 and ER15)

Standard:

2.I.1 Consistent with its mission, the institution creates and maintains physical facilities and technology infrastructure that are accessible, safe, secure, and sufficient in quantity and quality to ensure healthful learning and working environments that support and sustain the institution's mission, academic programs, and services.

ER 15 PHYSICAL AND TECHNOLOGY INFRASTRUCTURE: The institution provides the facilities, equipment, and information technology infrastructure necessary to fulfill and sustain its mission and maintain compliance with all federal and applicable state and local laws. The institution's planning includes emergency preparedness and contingency planning for continuity and recovery of operations should catastrophic events significantly interrupt normal institutional operations.

Panel Observations:

The Chief Information Officer (CIO) for NIC is still in place. In addition, NIC invested a significant amount of CARES Act funding into the information technology infrastructure. NIC is in a much better position, for example, to withstand cyber-attacks than before the CARES Act funds were used to enhance the IT infrastructure. The NIC external auditor confirmed, via his presentation at the November 15, 2021, Board of Trustees meeting, that NIC had received approximately \$4M in CARES Act funding in FY2021.

Those who remain at NIC and have moved up in the organization are continuing to be involved in emergency preparedness and contingency planning for continuity and recovery of operations.

There is significant concern with the Board's swift action to remove the mask mandate. It has created unease across the NIC community and questions as to whether the current top administration and the Board are looking out for the well-being of employees.

Facilities is cleaning surfaces, has installed air filtration systems, and had developed a "fog" that killed COVID. However, due to turnover, they do not currently have the staff to perform the work of utilizing the "fog" treatment.

One representative faculty response to the question, "Do you feel your safety and health have been appropriately safeguarded where possible?" follows:

Until August of last year, the answer would have been yes. We led the Region in instituting a mask mandate on campus, had a COVID response team that did our own Contact Tracing and Case Investigation, transitioned to online work for individuals who were immunocompromised or concerned about family members, and were given the latitude to conduct classes in a variety of virtual modes to respond to student needs. But in August 2021, against all recommendations, pleas from our own health community, and rigorous scientific advice - the BOT rescinded the mask mandate and social distancing guidelines. In January 2022 alone, which only includes a week and a half of in-person instruction, I have 8 students out with COVID, the NIC Children's Center is closed for this week because - for the first time in the entire pandemic - there are infant/toddler/preschool children who have tested positive, and faculty members have transitioned their on-campus classes to virtual "temporarily" due to exposure and isolation requirements. So, no, I do not feel safe or

protected in this environment, even though I wear an KN-94 mask to lecture and whenever I'm in the presence of another person.

Two Trustees fear that NIC is not in compliance with Idaho Code 33-2145, which requires that the Board make decisions about policy to protect the NIC community from spread of a contagious disease. While the Board did make a decision to rescind the President's mask mandate, there still is not a plan to fulfill the responsibilities of preventing the spread of COVID-19, and therefore the institution's compliance with State law is questionable.

Concern: The Panel heard multiple times that NIC is out of compliance with Idaho Code 33-2145 by not having a plan in place to prevent the spread of COVID-19; the effect is to leave students, faculty, and staff susceptible to increases in COVID-19 cases and educational program disruptions. Also, the existing Communicable Diseases Policy was put in place without following the established procedures of NIC's Policy on Policies (2.01.04).

Peer Evaluation Panel Conclusions:

This report stated earlier that the Seven-Year Accreditation report prepared by NIC and reviewed by a team of NWCCU visitors in 2020, resulted in a NWCCU action to reaffirm accreditation in June 2020. Actions of a new board majority since that time have caused significant disruption, including firing the President without cause, installing an inexperienced Interim President without consultation, and countermanding the former President's internal mandate of wearing masks to retard the spread of the COVID-19 virus leading to a concern by the campus community that NIC is out-of-compliance with Idaho Code 33-2145 "Procedures to Prevent the Spread of Infectious Disease." These recent governance actions have led to the departure of all three Vice Presidents and one Dean, removing much of the senior leadership since the Commission's last review just one year ago. Therefore, the foundation upon which NIC holds its accreditation is significantly diminished.

Summary of Concerns:

1. The Board of Trustees of North Idaho College is dysfunctional. Several resolutions of "no confidence" have been issued by faculty and staff leadership bodies. The former President was fired in part due to a conflict with the Board of Trustees Chair over separation of Board decisions and institutional operations. This disruption was a major factor in the resignations of all three vice presidents and other senior administrative leadership. With the resignation of one Trustee there remain four Trustees with a gulf of disagreement with two Trustees in each camp unable to form majority agreement or arrive at consensus. Therefore, the Panel concludes that the institution is out of compliance with Accreditation Standards 2.A.1-2 and ERs 9 and 11.
2. There is significant fear and mistrust of the Board of Trustees and distribution of responsibility between the Board of Trustees and the institution is not clearly delineated. Therefore, the Panel concludes that the institution is out of compliance with Accreditation Standards 2.A.1 and ER 9.
3. There is wide-spread distrust and a lack of respect for the Interim President within the institution which inhibits his ability to effectively lead the institution during this critical time of disruptive governance and the COVID-19 pandemic. Therefore, the Panel concludes that the institution is out of compliance with Accreditation Standard 2.A.3 and ER 10.

4. While there is an Academic Freedom policy in place, the Board Chair's role in questioning curricular content has had a chilling effect on faculty independence and diverse thought. Therefore, the Panel concludes that the institution is out of compliance with Standards 2.B.1 and 2.B.2 and ER 16.
5. The Board has continued to disregard North Idaho College policies including policies surrounding their own ethical accountability. Therefore, the Panel concludes that the institution is out of compliance with Standard 2.D.2. and ERs 8 and 9.
6. Recent actions by the Board of Trustees and disruptions in NIC governance have resulted in the departure of critical senior leadership including the President, three Vice Presidents, one Dean, and faculty and staff, a Moody's change of the institution's prospects from stable to negative due to "*governance and management challenges that continue to weigh on the college's strategic position*", and donor losses and further uncertainties regarding future fundraising success. The Panel concludes that the institution is in substantial compliance with Standards 2.E.1-3 and ERs 19 and 23 but in need of improvement.
7. Given the significant turnover of administrators, faculty, and staff, and the hiring of an Interim President with limited executive administrative experience, there is a significant concern whether "the institution employs faculty, staff, and administrators sufficient in role, number, and qualifications to achieve its organizational responsibilities, educational objectives, establish and oversee academic policies, and ensure the integrity and continuity of its academic programs." Therefore, the Panel concludes that the institution is out of compliance with Standard 2.F.3
8. NIC has a communicable disease policy without an operational plan in place to prevent the spread of COVID-19; the effect is to leave students, faculty, and staff susceptible to increases in COVID-19 cases and educational program disruptions. Therefore, the institution is out of compliance with Standard 2.I.1.
9. Fear for tenure, health, job security, and punitive public ridicule abounds among faculty and staff. Faculty report adjusting course content and assignments to make them less potentially controversial for fear of retribution by political factions supported by the Board Chair; this degrades the atmosphere of open discussion of ideas under the principles of academic freedom and undermines the institution's responsibility to maintain "an atmosphere that promotes, supports, and sustains academic freedom and independence that protects its constituencies from inappropriate internal and external influences, pressures, and harassment." – ER 16. Therefore, the Panel concludes that the institution is out of compliance with ER 16 and Standards 2.B.1 and 2.B.2.

Recommendations:

1. The Panel recommends that immediate action be taken by the Board of Trustees to review and affirm institutional policies defining appropriate Board responsibilities, expectations, and Board member professional conduct and ethics; adjudicate unresolved Board grievances; and reestablish trust with the faculty and staff of North Idaho College by following all Board policies as outlined, reinstating and consistently allowing for public comment at Board of Trustees meetings, demonstrating professional and courteous conduct at meetings, and involving appropriate college stakeholders in policy development. (Standards 2.A.1 and 2.A.4)

2. The Panel recommends that North Idaho College Board of Trustees complete the actions recommended by the ACCT (Association of Community College Trustees) consultant to rebuild trust and confidence that the Board of Trustees can function appropriately. (Eligibility Requirements 8 and 9 and Standard 2.D.2)
3. The Panel recommends that the institution move aggressively to rebuild an experienced leadership team. This includes:
 - a. Hiring a long-term president as quickly as possible using a credible and transparent hiring process including full participation of faculty, staff, students, and community members. (Standards 2.A.3, 2.A.4 and ER 10)
 - b. Hiring for the vacant/interim Dean position(s) as quickly as possible using a credible and transparent hiring process including full participation of faculty, staff, students, and community members. (Standard 2.A.4 and ER 11)
 - c. Hiring for the currently vacant/interim Vice President positions as quickly as possible after the long-term president is identified, using a credible and transparent hiring process including full participation of faculty, staff, students, and community members. (Standard 2.A.4 and ER 11)
4. The Panel recommends that the NWCCU place NIC on *probation* with regard to accreditation (Standard 2.A.1, 2, and 4, and ERs 9, 11 and 16):

NWCCU may place an institution on probation and note its accreditation is in jeopardy when it does not appear to be in compliance with Standards for Accreditation, Eligibility Requirements, Policies, or applicable federal regulations, and there is evidence non-compliance is sufficiently serious, extensive, or substantial, that it raises concern about: quality of student learning experience; capacity to make appropriate improvements within a short period of time; capacity to sustain itself in the long term such that a teach-out plan is required; or information collected through monitoring activities suggests there are serious concerns related to student achievement, viability and capacity, or financial health. – NWCCU Accreditation Actions Policy

With the probation status, NWCCU will create a Schedule of Compliance for restoration of full accreditation. If progress does not occur on this schedule, then NIC will be required to *show cause* for continued accreditation.

NWCCU may require an accredited or candidate institution to show cause and note its accreditation is in jeopardy, when it does not appear to be in compliance with Standards for Accreditation, Eligibility Requirements, Policies, or applicable federal regulations, and there is evidence the non-compliance is sufficiently egregious such that it raises concerns the institution: has not made sufficient progress toward achieving compliance; does not appear to demonstrate capacity to comply with Standards for Accreditation, Eligibility Requirements, Policies, or applicable federal regulations under a timeframe set by the Commission pursuant to 34 CFR § 602.20(a)(2); is in imminent danger of closing; has demonstrated a lack of integrity, truthfulness, or responsibility, and the Commission determines students may be harmed; or information from monitoring activities suggests

serious concerns related to student achievement, viability and capacity, or financial health.
– NWCCU Accreditation Actions Policy

Since the structure, policies, and dedicated faculty and staff remain in place, there is a possibility of returning strengths of enrollment, financial stability, and faculty and staff capacity if a new, well qualified President is put in place soon, who is respected by the campus community, a new set of campus administrators is put in place with clear sets of responsibilities, and there is evidence that the Board of Trustees and the President have a clear and practiced proper separation of responsibilities to fulfill Standards 2.A.1-4 and ERs 9, 10 and 11.

5. The Panel recommends that the NWCCU inform the Idaho State Board of Education of the probationary status, and the serious threat to NIC accreditation if actions are not taken soon, and encourage the Idaho State Board of Education to implement supervisory oversight of immediate actions by the NIC Board of Trustees and administration to restore compliance with NWCCU Standards and Eligibility Requirements for accreditation. (Standard 2.A.1 and ER 9)

In a letter to the Board of Trustees of NIC dated December 3, 2021, the Board of Education wrote of “deep concern about the current trajectory of North Idaho College” and recommended the NIC “urgently focus on the best interests of students and the College before both are irreparably harmed.” In the letter, the Board of Education reiterated the Board of Education authority of general supervision of all public educational institutions in the state, including colleges: *“Idaho Constitution Article IX, Section 2 provides: “The general supervision of the state educational institutions and public school system of the state of Idaho, shall be vested in a state board of education, the membership, powers and duties of which shall be prescribed by law” (emphasis added). Pursuant to this constitutional grant of authority, the Idaho Legislature has defined the “powers and duties” of the State Board of Education in Idaho Code Title 33. Specifically, Idaho Code § 33-101 provides: “For the general supervision, governance and control of all state educational institutions, to wit: University of Idaho, Idaho State University, Boise State University, Lewis-Clark State College, the School for the Deaf and the Blind and any other state educational institution which may hereafter be founded, and for the general supervision, governance and control of the public school systems, including public community colleges, a state board of education is created” (emphasis added). While the State Board respects the local governance of community colleges, it also has a legal and moral interest in the health of the colleges.”*

6. The Panel recommends that NWCCU monitor actions of NIC to assess movement toward compliance with of the Commission’s standards and ERs through Ad hoc reports required according to the Schedule developed by NWCCU, and a campus visit in Fall 2022 to assess conditions of trust, transparency, security and implementation of a clear policy and plan to protect the NIC community from spread of contagious diseases, specifically, COVID-19.
7. The Panel recommends that NIC’s Fall 2022 Ad Hoc report be rescinded. The issues that were to be addressed in the Fall 2022 Ad Hoc report will be addressed as part of the reports required during the probationary period.

Appendices

1. NIC Faculty Assembly Resolution: Board of Trustees Ethics and No Confidence in Board Chair, February 2, 2021
2. NIC Staff Assembly Statement: Board of Trustees Ethics and Behavior, February 23, 2021
3. NIC Staff Assembly Resolution: No Confidence in Board of Trustees, February 23, 2021
4. NIC Senate Statement: NIC Board of Trustee's Obligation to Uphold NIC Policy, March 3, 2021
5. NIC Staff Assembly Resolution: Vote of No Confidence in NIC Board of Trustees, December 13, 2021

**RESOLUTION on Board of Trustees Ethics
North Idaho College Faculty Assembly, Feb. 2, 2021**

NIC staff, faculty, and Board of Trustees have a shared goal to provide opportunity to the citizens in our community. Higher education is built around the idea of civil discourse. It is vital to us that our leaders emulate this behavior at the highest level. The Trustees are the stewards of access to education for our community, so we request that they act accordingly.

Whereas after becoming informed of the email exchanges, through public records requests, between current Board Chair Todd Banducci and the College President Rick MacLennan, between late 2020 and early 2021, along with Trustee Christie Wood's call for the resignation of Trustee Banducci,

- We acknowledge the right of the Board to oversee the college according to its policies and past practices, functioning as a body that communicates clearly and directly with one another and makes decisions after discussion with all members;
- We do not support individual trustees communicating to college or community members without including other Board members or making decisions or requests independent from other trustees;
- We stand by the college president's charge to administer the college without interference;
- We advocate for continued participatory governance, including staff, faculty, students, and administrators who participate daily in determining the direction of the college and whose well-considered discussions are reported to the Board through clear channels;
- We uphold academic freedom and the professional responsibility of faculty members to teach and to evaluate students' performance according to the standards of their disciplines and the guidance of their departments and direct supervisors, without Board influence;
- We support the college administration in its consistent and strong efforts to keep our campus safe and to support staff, faculty, and students as they teach and learn during this challenging world pandemic that requires extra effort, time, patience, flexibility, and consistency;
- We oppose political pressure directed by the Board or any Board member upon any college employee or student;
- We support human and civil rights;
- We oppose harassment or threatening behavior of any kind, especially of women and minorities whose voices have been historically suppressed;
- We are deeply concerned about the current Board chair's actions, using his position in ways that could undermine the Board itself, the college president, and, as a result, the college mission.

Therefore, as the Faculty Assembly of North Idaho College,

- We hereby call on the Board of Trustees to reinstate its "Board Conduct" policy 2.01.10 passed in 2020 until a new version has been vetted by all constituent groups and has been approved for replacement through the participatory governance process;
- As the Board continues to develop norms in how it operates, we request they slow new proposals and evaluate initiatives to avoid threatening the long-term viability and accreditation of the institution;
- Finally, we vote "no confidence" in the current Board Chair's ability to serve in the College's best interest, and call for him to step down as Chair.

Exhibit 3

STATEMENT on Board of Trustees Ethics and Behavior North Idaho College Staff Assembly, February 23, 2021

The Staff Assembly of North Idaho College stands united in the College's mission to meet the diverse educational needs of the students, employers, and the northern Idaho communities it serves through a commitment to student success, educational excellence, community engagement, and lifelong learning.

The recent conflict between members of the NIC Board of Trustees is casting a dark shadow over this mission. The behavior of Board members is causing inefficiencies of governance at NIC, distracting from its mission, and bringing into question the College's ability to maintain accreditation standards. We oppose Board members together, or as a whole, acting as adversaries of the college administration, and we call on the Board to understand and embrace its role as an advocate for the students, staff, faculty and North Idaho community, which it serves.

Current NIC policy 2.01.02 calls for the behavior of trustees to exemplify the principles of ethical leadership. We expect that you, as Board Trustees, will act with civility and courtesy as you set an example for our students and the community by demonstrating that a diverse group of individuals can be united for a common mission. We respect the diversity of opinions among the members of the Board of Trustees and envision those differences enriching perspective and discussions within appropriate forums outlined by policy and law.

The members of the NIC Board of Trustees are expected to understand and demonstrate the Board's code of ethics, policies and procedures; state and federal laws regarding employee rights, including Title IX of the U.S. Higher Education Authorization Act (Title IX) and Idaho's Public Records Act and Open Meetings Law. The current Board has demonstrated ignorance or disregard of these laws, putting the safety and reputation of North Idaho College at risk.

During the November 2020 Board meeting, the current Board of Trustees voted to rescind "Board Conduct" policy 2.01.10, removing the Board's agreement to hold itself accountable to unethical behavior and to take action when those agreements are broken. We expect the NIC Board of Trustees to immediately reinstate "Board Conduct" policy 2.01.10 as a first step toward restoring the confidence of the students, faculty, and staff in the Board's ability to govern this institution.

Current Board Chair Todd Banducci has been accused by various college stakeholders of unethical and possibly illegal behavior since he joined the Board in 2012. Trustee Banducci was privately censured by the Board of Trustees on April 8, 2020 and has allegedly continued to exhibit this behavior, violating NIC policy 3.03.05 regarding disruptive, hostile, or violent behavior.

Given the subsequent inability of the Board to address the allegations against Trustee Banducci, Staff Assembly recommends an independent investigative firm or agency be hired immediately by the College to investigate these allegations, in the interest of safety for students, volunteers, and employees, and in fairness to Trustee Banducci.

We make this recommendation in order to ensure that NIC Board members' decisions about these allegations are based on factual, unbiased information, and we expect that appropriate actions will be taken by the NIC Board of Trustees based on the results of this investigation. We also expect the findings of the investigation to be forwarded to any external agencies, when appropriate, and to the College's stakeholders, including Staff and Faculty assemblies.

In the wake of a worldwide pandemic and declining enrollment and in a country crippled by partisan interests, we need a unified, nonpartisan board to help North Idaho College weather this storm. The unprofessionalism displayed by NIC Board members creates division and concern in our community, among employees, and most importantly, it affects our students. We need a board that instills confidence in itself and in NIC as an institution. We need a board that always puts the safety of students, employees, and community members first.

The Staff Assembly stands united with faculty in our mission to serve our students and the community. We ask the NIC Board of Trustees to strive for and demonstrate this same unity.

Adopted by Vote of the Assembly (February 23, 2021)

**RESOLUTION on Board of Trustees Ethics and Behavior
North Idaho College Staff Assembly, February 23, 2021.**

NIC staff, faculty, and Board of Trustees have a shared goal to meet the diverse educational needs of students, employers, and the northern Idaho communities it serves through a commitment to student success, educational excellence, community engagement, and lifelong learning.

Higher education is built upon the principles of civil discourse. It is vital that our leaders emulate civil behavior at the highest level. NIC Trustees are the stewards of access to education for our community and must act accordingly.

Whereas: The NIC Staff Assembly stands united with NIC Faculty Assembly in our mission to serve our students and the community;

Whereas: NIC Faculty Assembly's Feb. 2 **RESOLUTION on Board of Trustees Ethics** includes a vote of "no confidence" in the current Board Chair's ability to serve the College's best interest, and calls for him to step down as Chair;

Therefore, as the Staff Assembly of North Idaho College,

- We support and concur with NIC Faculty's Feb. 2 **RESOLUTION on Board of Trustees Ethics**;
- We vote "no confidence" in the current Board Chair's ability to serve in the College's best interest, and call for him to step down as Chair.

Adopted by Vote of the Assembly (February 24, 2021)

Exhibit 9

STATEMENT from North Idaho College Senate

regarding the resolutions/statements of the Associated Students of North Idaho College, the Faculty Assembly, and the Staff Assembly, and the NIC Board of Trustee's obligation to uphold NIC policy.

Adopted – March 3, 2021

As described in our Preamble "the college Senate shall act for and be responsible to its constituent groups in all matters pertaining to the governance of the College." The College Senate is one of the few standing committees that represents students, faculty, and staff. The members of the College Senate stand in unified support for the resolutions and statements passed by ASNIC, the Faculty Assembly, and the Staff Assembly.

The concerns noted in the three resolutions are evidence that our governance structure is not working correctly. If our governance structure is not effective, then it is the duty of the Senate to work with the board and the administration to improve the participatory governance process.

The Senate commends the board for agreeing to participate in training. As the board learns their role with the governance of NIC, it is the Senate's desire that the focus of the board will shift away from operations, to actions and activities that reflect best practices in governance through helping to guide NIC policy. An effective board will provide support and encouragement while also holding all of us accountable to NIC policy.

Even though the Board Conduct Policy was not reviewed by the Senate when approved by the board last August, the Senate recommends the immediate reinstatement of the Board Conduct Policy and also stands ready to assist the Board and Administration with input into the revision process that addresses trustees' concerns.

The Board of Trustees may have voted to rescind the Board Conduct Policy 2.01.10 last December, but current NIC policy still outlines standards of behavior for the Board and for anyone associated with North Idaho College. The Senate expects that the Board of Trustees will hold themselves and each other accountable to NIC policy in this and all matters.

We are including at this time sections from two current policies that speak to the issues brought forth by NIC Faculty, Staff, and the Associated Students of NIC:

NIC Policy, Section Two, Part A BOARD OF TRUSTEES - Internal Governance

From 2.01.02, Responsibilities

III. STANDARDS OF GOOD PRACTICE (CODE OF ETHICS)

In support of effective community college governance, the board of trustees believes:

1. That it derives its authority from and is accountable to, the community and that it must always act as an advocate on behalf of the entire community, honestly debate issues that affect it, and speaks with one voice once a decision or policy is made.
2. That it must clearly define and articulate its role.

3. That it is responsible for creating and maintaining a spirit of true cooperation and a mutually supportive relationship with its CEO.
4. That it provide overall direction to the college by setting policy while allowing the president the authority to provide daily administration of said policies.
5. That its trustee members should engage in a regular and ongoing process of in-service training and continuous improvement, and regular evaluation.
6. That its trustee members come to each meeting prepared and ready to debate issues fully and openly, vote their conscience and support the decision or policy made;
7. That its behavior, and that of its members, exemplifies the principles of ethical trusteeship.

NIC Policy 3.03.05, "Disruptive, hostile or violent behavior on NIC Sites"

All employees and students of NIC have the right to learn, study, and work in an environment free from disruptive, hostile, or violent behavior. Therefore, disruptive, hostile, or violent behavior will not be tolerated in NIC classrooms, in instructional environments, on NIC controlled sites, or during NIC sponsored activities.

Disruptive, hostile, or violent behavior is a form of serious misconduct that undermines the mission of NIC and threatens, in both obvious and subtle ways, the education of students, the welfare of NIC students and employees, and the integrity of the campus community as a whole. Such behavior may result in disciplinary action up to and including expulsion and/or dismissal. In addition to the corrective and/or disciplinary action described herein, disruptive, hostile, or violent behavior that violates local, federal, and/or state law may be prosecuted as such by the appropriate law enforcement agencies. This policy is not intended to interfere with the rights of any student or employee to pursue criminal or civil remedies against the perpetrator.

Prohibited Behavior Defined

Disruptive, hostile, or violent behavior includes but is not limited to behavior that is intended to and/or has the effect of threatening, intimidating, and/or harassing NIC employees, students, and/or visitors, or otherwise detracting attention from instructional or other college activities.

Coverage

NIC's prohibition against disruptive, hostile, or violent behavior applies to all NIC employees, NIC students, and visitors to the NIC campus. The prohibition against disruptive, hostile, or violent behavior applies to conduct which occurs in NIC classrooms, in instructional environments, on NIC controlled sites, or during NIC sponsored activities.

This resolution presented at the Board of Trustees meeting 1/19/22.

RESOLUTION
Staff Assembly Vote of No Confidence in NIC Board of Trustees
North Idaho College Staff Assembly, December 13, 2021

Whereas: North Idaho College staff are fully dedicated to working in partnership with the NIC Board of Trustees, Interim President Dr. Michael Sebaaly, and Interim Provost Dr. Kassie Silvas to achieve our shared goal of meeting the diverse educational needs of students, employers, and the northern Idaho communities NIC serves through a commitment to student success, educational excellence, community engagement, and lifelong learning;

Whereas: The Board of Trustees, in a statement to NWCCU that was fully executed on May 28, 2021 and released to the public (linked below), the trustees asserted they understand the concerns expressed in the complaint received by the NWCCU which is the subject of the accrediting organization's investigation of NIC's fulfillment of Eligibility Requirements 7, 9 and 16 (linked below) and stated that the board is committed to addressing and resolving these concerns;

Whereas: NIC Policy 2.01.05 provides in relevant part that while the board is the college's final policy agent, it will be the practice of the board of trustees to utilize the advice of all interested individuals and groups in the solution of its educational and financial concerns;

Whereas: The NIC Board of Trustees has not yet fulfilled the commitments it made to the NWCCU and the campus community; and there remains continued concern in the community, on campus and beyond, regarding the behaviors of the board, specifically:

- Staff, Faculty, Administration, and members of the community have not been included in decision-making processes
- Staff and faculty recommendations were disregarded in many of the recent decisions that have had life-changing and institutional impacts on the campus community, some of which we have yet to see the full impact and ripple effects of those decisions
- Policies previously adopted by the NIC Board of Trustees continue to be violated by the board; and the board continues to overstep its authority regarding the operations of the college

Resolved: That the North Idaho College Staff Assembly affirms a vote of no confidence for the North Idaho College Board of Trustees and hereby transmits said resolution to the North Idaho College Board of Trustees; and

Resolved: The North Idaho College Staff Assembly sends this resolution and vote of no confidence in the North Idaho College Board of Trustees to the Idaho State Board of Education.

Adopted by Vote of the Assembly December 15th, 2021