Meeting Agenda
Monday, April 26, 2010
at NMC Oleson Center

5:30 p.m.  Board Dinner in Room C
6:30 p.m.  Regular Meeting in Rooms A & B

I. GENERAL BUSINESS
   A. Call to Order
   B. Roll Call
   C. Pledge of Allegiance
   D. Review and Approval of Agenda to include additions, deletions, or rearrangements

II. REPORTS
   E. Audit Plan and Scope for FY10—Katie A. Thornton, CPA, Plante & Moran, PLLC
   F. Aero Park Laboratories Building First-Year Occupancy Presentation—Marguerite Cotto,
      Vice President for Lifelong and Professional Learning
   G. Financial Report—Cathy Jones, Vice President of Finance and Administration
   H. Enrollment Report—Stephen Siciliano, Vice President for Educational Services
   I. Legislative Issues Report—Timothy Nelson, President
   J. Foundation Report—Doug Bishop, Board Representative
   K. Barbecue Board Report—Susan Sheldon, Board Representative
   L. Presidential Performance & Compensation Committee Report—Doug Bishop, Chair
   M. Fellows Nomination Committee Report—Ross Childs, Chair

III. UPDATES
    N. Board Chair Update—Ross Childs, Chair
    O. President’s Update—Timothy Nelson, President

IV. DISCUSSION ITEMS
    P. AQIP Progress
    Q. FY11 Budget

V. PUBLIC INPUT
VI. CONSENT ITEMS (Pursuant to Policy A-105.00 Consent Agenda Items)

These items will be adopted as a group without specific discussion. When approving the meeting agenda, any board member may request that a consent agenda item be moved to the regular agenda for discussion or questions.

Recommended that the following items be approved:
R. Minutes of the March 22, 2010 meetings
S. Contributions for March 2010
T. Grant Notifications for quarter ending March 31, 2010
U. Summary Report for General Fund Accounts as of March 31, 2010

VII. ACTION ITEMS

V. Truth-in-Taxation and Budget Hearing Notice (Pursuant to Policy A-106.00 Finances)
Recommended that the Truth-in-Taxation First Resolution be adopted as presented.

W. Foundation Board Appointment (Pursuant to Policy A-106.00 Other)
Recommended approval of the appointment of Kim Hagerty to the NMC Foundation Board of Directors for a three-year term, effective immediately.

X. Aero Park Laboratories Endorsement (Pursuant to Policy A-106.00 Facilities)
Recommended endorsement of the final real estate purchase that closed on April 7, 2010, of approximately nine acres of the Traverse City Airport Industrial Park owned by Aero Park Properties, LLC, and operated in recent history by ACRA, Inc. The purchase amount of $1,050,000 was funded by the FY10 Plant Fund.

Y. Building Name—Aero Park Laboratories (Pursuant to Policy A-106.00 Facilities)
Recommended approval for the newly purchased building on Aero Park Drive to be named Aero Park Laboratories.

Z. Aero Park Campus Master Plan (Pursuant to Policy A-106.00 Facilities)
Recommended approval of Aero Park Campus Master Plan as presented.

AA. Transfer of Funds (Pursuant to Policy A-106.00 Finances)
Recommended authorization of administration to designate the FY10 projected year-end balance to the following accounts; $600,000 to the FY10 Plant Fund and the remaining balance (projected to be $285,910) to the Working Capital Reserve Fund.

BB. Construction Manager Contract (Pursuant to Policy A-106.00 Finances)
Recommended authorization for administration to enter into a contract with Spence Brothers in the amount of $600,000 for Construction Management (CM) services for the renovation/construction of the Aero Park Laboratories building, to be funded by the FY10 Plant Fund.

CC. Virtual Server Purchase (Pursuant to Policy A-106.00 Finances)
Recommended authorization to purchase Virtualization Software (VMWare) in the amount of $34,000 (a base price of $33,336 plus a 2% contingency for shipping and handling) from Merit Network of Ann Arbor, to be funded from the FY10 General Fund.
DD. **Closed Session** (Pursuant to Open Meetings Act)

*Recommend that the Board of Trustees meet in closed session to review a written opinion from its counsel pursuant to Subsection 8(e) of the Michigan Open Meetings Act to consult with its attorney regarding settlement strategy and proposals in connection with the pending litigation entitled Valley City Linen v Northwestern Michigan College for the reason that doing so in open session would have a detrimental financial effect on the College’s settlement position.*

EE. **Reconvene Regular Meeting** (Pursuant to Policy A-106.00 Other)

*Recommended that the open session of the Regular meeting be reconvened.*

FF. **Potential Action Pertaining to Litigation** (Pursuant to Policy A-106.00 Finances)

VIII. **ADJOURNMENT**

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**Upcoming Board Meeting Dates:**

*Meetings are held at 6:30 p.m., with a dinner for trustees at 5:30 p.m., unless otherwise noted. All board meetings are open to the public.*

- May 24, 2010, Oleson Center
- June 28, 2010, Great Lakes Campus Room 112
- July 26, 2010, Great Lakes Campus Room 112
- August 23, 2010, Great Lakes Campus Room 112
- September 27, 2010, Oleson Center
- October 25, 2010, Oleson Center
- November 22, 2010, Oleson Center
- December 20, 2010, Oleson Center (3rd Monday due to holiday)

*Posted April 23, 2010 at 4:00 p.m.*
April 14, 2010

Board of Trustees
Northwestern Michigan College

We have prepared the enclosed materials of the audit plan for the year ended June 30, 2010 for our discussion at the Board of Trustees meeting on April 26, 2010. The materials include an agenda, a letter discussing the scope of the audit, and a table describing our risk assessment and general audit approach by area.

We plan to review our staffing, audit timing, planning progress, and our general audit approach. We will also review any issues we have identified to date, as well as any anticipated additional services.

The table (Schedule A) describing our general audit approach is included for your review. Our plan is to cover only the key areas in our meeting. The column entitled “Inherent Risk Assessment” is intended to convey the relative audit risk of the various accounts and balances of the College. This risk assessment is impacted by the size of the area, the complexity of the accounting principles associated with the area, the level of estimation involved, and other considerations. Of course, we will be happy to answer any questions you may have.

While our responsibility in the audit is limited to expressing an opinion on the College’s financial statements, we would also like to identify any specific areas of concern to the Board of Trustees members in order to tailor our audit approach, within the context of generally accepted auditing standards, to meet the needs and expectations of the College.

We appreciate the opportunity to assist the College and to discuss our audit plan with the Board of Trustees. We look forward to seeing you.

Very truly yours,
PLANTE & MORAN, PLLC

Vicki L. VanDenBerg, CPA
Partner

Katie A. Thornton, CPA
Associate

Enclosure
I. Plante & Moran Staff

A. Vicki VanDenBerg – Partner
B. Katie Thornton – Manager
C. Holly Charon – In-charge
D. Joanna Hull – Staff
E. 1 additional staff

II. Key College Staff

A. Cathy Jones, Vice President of Finance & Admin
B. Cheryl Sullivan, Controller
C. Vicki Cook, Assistant Controller
D. Chris Ruszel, Manager of Accounts Receivable

II. Audit Timing Targets

A. Interim Work: Early August, 2010
B. Begin Year-End Work: Early September, 2010
C. Deliver Final Management Letter and Report to Board of Trustees: Mid October, 2010
D. Present to Board of Trustees: October, 2010 Meeting
E. A-133 testing: Early October, 2010
F. Issue A-133 Report: Mid November, 2010
G. Form 990-T (unless extending at your request): November 15, 2010

III. Risk Assessment and General Audit Approach

A. Scope of Audit (pages 3-6)
B. Risk Assessment by Audit Area (pages 7-8)
C. Peer Review Report (pages 9-111)
D. Discuss any Board of Trustees Concerns

IV. Management Letter Process

A. Review and report on 2009 recommendations and any prior year recommendations that are still in process on June 30, 2010
B. Provide additional recommendations that result from our audit of the June 30, 2010 financial statements
Dear Board of Trustees Members:

We are in the process of planning for the audit of the financial statements of Northwestern Michigan College (the “College”) for the year ended June 30, 2010. An important aspect of planning for the audit is communication with those who have responsibility for overseeing the strategic direction of the College and obligations related to the accountability of the College. At Northwestern Michigan College these responsibilities and obligations are held by the Board of Trustees, collectively and individually; therefore, it is important for us to communicate with each of you in your role as a member of the Board of Trustees.

**Auditor's Responsibility under Generally Accepted Auditing Standards and Government Audit Standards**

Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets and for devising an internal control structure that will, among other things, help assure the proper recording of transactions. The transactions that should be reflected in the accounts and in the financial statements are matters within the direct knowledge and control of management. Our knowledge of such transactions is limited to that acquired through our audit. Accordingly, the fairness of representations made through the financial statements is an implicit and integral part of management's responsibility. We may make suggestions as to the form or content of the financial statements or even draft them, in whole or in part, based on management's accounts and records. However, our responsibility for the financial statements is confined to the expression of an opinion on them. The financial statements remain the representations of management.

An independent auditor's objective in an audit is to obtain sufficient competent evidential matter to provide a reasonable basis for forming an opinion on the financial statements. In doing so, the auditor must work within economic limits; the opinion, to be economically useful, must be formed on selected tests rather than an attempt to verify all transactions. Since evidence is examined on a test basis only, an audit provides only reasonable assurance, rather than absolute assurance, that financial statements are free of material misstatement. Thus, there is a risk that audited financial statements may contain undiscovered material errors or fraud. The existence of that risk is implicit in the phrase in the audit report, "in our opinion."
**Auditor’s Responsibility for Identifying Fraud Risk Factors**

As stated above, the audit is conducted under generally accepted audit standards and Government Audit Standards. These standards define both the College’s responsibility to prevent and detect fraud and the auditor’s responsibility for detection of fraud that materially affects the College’s financial statements. The auditing standards recognize that managing fraud risk factors begins with strong anti-fraud programs and controls, which management should have in place to prevent and deter fraud. The auditor’s responsibility under the fraud standard will be to perform specific steps related to the identification of fraud risk factors and devise specific procedures in response to those risk factors. We have summarized the requirements as follows:

- **Increased Emphasis on Professional Skepticism** – Members of the audit team must exchange ideas or brainstorm how fraud could occur. These discussions are intended to identify fraud risks and should be conducted considering the characteristics that are present when fraud occurs: incentives, opportunities, and the ability to rationalize. These discussions are designed to better position the engagement team when designing audit tests responsive to the risks of fraud.

- **Discussions with Management and Others** – The engagement team will inquire of management and selected employees in the organization as to the risk of fraud and whether they are aware of any fraud. The auditors will make their inquiries of the Board of Trustees or board representatives separately from discussions with management.

- **Unpredictable Audit Tests** – The team will design certain tests that will be unpredictable and unexpected by you.

- **Responding to Management Override of Controls** – Because management can be in a position to override controls in order to commit financial statement fraud, procedures to test for management override of controls are performed on every audit. These procedures will include testing the appropriateness of certain journal entries made throughout the year.

The auditing standards require the use of inquiry and testing of corroborating evidence or documentation in evaluating fraud risks. As indicated above, while these procedures are designed to identify the potential risk of a material fraud in the College’s financial statements, such procedures are designed to provide reasonable, rather than absolute, assurance that the financial statements are free of a material misstatement.

**Auditor’s Responsibility for Testing and Reporting on Internal Controls and Compliance with Laws, Regulations, Grant Agreements, and Contract Provisions**

In the process of a financial statement audit, we gain an understanding of the internal controls of the College, which includes the laws and regulations having a direct and material effect on the College for the purpose of assisting in determining the nature, timing and extent of audit testing. Tests of controls and compliance with laws and regulations in a financial statement audit contribute to the evidence supporting our opinion on the financial statements. However, the limited purpose and scope of these tests are not sufficient to provide a basis for an opinion on the adequacy of internal controls or on compliance with laws, regulations, grant agreements, and contract provisions.

The limited purpose of these tests in a financial statement audit may not meet the needs of some users of audit reports who require additional information on internal controls and compliance with laws, regulations, grant agreements, and contract provisions. To meet certain audit report users' needs, the laws, regulations, grants, and contracts often prescribe testing and reporting on internal controls and compliance to supplement the coverage of these areas in a financial statement audit. In accordance with
OMB Circular A-133 covering federal awards, the supplemental testing of and reporting on internal controls and compliance will be performed.

Peer Review Results

An additional responsibility placed on us as auditors is to be “audited” as well. This process is called “Peer Review” and at the conclusion of the audit we receive an opinion. The results of our most recent Peer Review are attached. We are pleased to say that, once again, we have received an unqualified, or “clean”, opinion.

Overview of the Planned Scope and Timing of the Audit

Our audit fieldwork will include three phases. The planning and preliminary information gathering phase will occur between July and August; the risk assessment phase in August; and the rest of our audit procedures will be performed during September.

To plan an effective audit, we must identify significant risks of misstatement in the financial statements and design procedures to address those risks. We identified the following significant risks of misstatement and our response in Schedule A.

We will gain an understanding of accounting processes and key internal controls through a review of the Accounting and Control Procedures Questionnaires completed by management. We will perform confirmation, observation, and inspection procedures to ensure the accounting procedures and controls included in the questionnaires have been implemented. We will not express an opinion on the effectiveness of internal control over financial reporting; however, we will communicate, to you, significant deficiencies and material weaknesses identified in connection with our audit.

The concept of materiality is inherent in our work. We place greater emphasis on those items that have, on a relative basis, more importance to the financial statements and greater possibilities of material error than with those items of lesser importance or those in which the possibility of material error is remote. In determining the materiality threshold we considered the users of the financial statements. As we understand, the users of Northwestern Michigan College’s financial statements are financing sources, Federal and State granting agencies, the State of Michigan, and donors (in addition to the Board and management); therefore, our consideration of the appropriate materiality threshold included the following factors: total assets, total revenue, and total net assets.

Information from You Relevant to Our Audit

An important aspect of this communication process is the opportunity for us to obtain from you, information that is relevant to our audit. Your views about any of the following items are relevant to our audit and should be part of our discussion on April 26, 2010:

- Any areas where the College’s objectives and strategies, and any associated or related business risks, may result in material misstatements?
- Any matters you consider warrant particular attention during the audit, and any areas where you want to request additional procedures be undertaken?
• Any concerns about the College’s internal control and its importance to the College, including how the Board of Trustees oversees the effectiveness of internal control and the detection or possibility of fraud?
• Any significant communications with regulators?
• Any actions of the Board of Trustees in response to developments in accounting standards, regulations, laws, previous communications from us, and other related matters?

Thank you for your time and consideration in this important aspect of the audit process. You can expect to hear from us again after the completion of our audit, when we will report to you the significant findings and results from the audit.

Yours truly,

PLANTE & MORAN, PLLC

Vicki L. VanDenBerg, CPA
Partner

Enclosure
## GENERAL AUDIT APPROACH
Schedule A

<table>
<thead>
<tr>
<th>AREA</th>
<th>INHERENT RISK ASSESSMENT&lt;sup&gt;1&lt;/sup&gt; (HIGH, MODERATE, LOW)</th>
<th>AUDIT APPROACH</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuition and fees and student accounts receivable</td>
<td>Moderate/High</td>
<td>Key process and control system testing, cutoff testing; and tie out to reasonableness computation</td>
</tr>
<tr>
<td>Allowances on student receivables</td>
<td>Moderate/High</td>
<td>Analytical procedures; review the methodology; consider historical experience and trends</td>
</tr>
<tr>
<td>Federal grants</td>
<td>Moderate/High</td>
<td>A-133 audit – focus primarily on Student Financial Aid</td>
</tr>
<tr>
<td>State grants</td>
<td>Low/Moderate</td>
<td>Review grant awards; vouch receipts; test disbursements</td>
</tr>
<tr>
<td>Auxiliary activities</td>
<td>Low</td>
<td>Key process and control system testing; tie out to reasonableness computation; analytical review</td>
</tr>
<tr>
<td>Expenditures and accounts payable</td>
<td>Moderate</td>
<td>Key process and control system testing, tie out specific amounts (e.g., depreciation and interest); analytical procedures, including comparisons to prior year and budget amounts, search for unrecorded liabilities</td>
</tr>
<tr>
<td>Net assets</td>
<td>Moderate</td>
<td>Test carryforward balances and allocations between funds (back schedule), calculation of investment in capital assets net of related debt</td>
</tr>
<tr>
<td>AREA</td>
<td>INHERENT RISK ASSESSMENT ¹</td>
<td>AUDIT APPROACH</td>
</tr>
<tr>
<td>-------------------------------------------</td>
<td>----------------------------</td>
<td>--------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Property and equipment and related</td>
<td>Low</td>
<td>Test carry forward of prior year balances; vouch additions; limited depreciation</td>
</tr>
<tr>
<td>and related depreciation</td>
<td></td>
<td>testing for consistency and appropriateness; testing of disposals</td>
</tr>
<tr>
<td>Cash/Investments and related earnings</td>
<td>Moderate</td>
<td>Key process and control system testing, confirmations, fair market value testing;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>alternative procedures for those investments without a fair market value</td>
</tr>
<tr>
<td>Long-term debt obligations</td>
<td>Low</td>
<td>Confirmations, review documents and supporting schedules</td>
</tr>
<tr>
<td>Accrued payroll and related liabilities,</td>
<td>Low</td>
<td>Key process and control system testing; analytical procedures based on increase</td>
</tr>
<tr>
<td>compensation expense and related benefits</td>
<td></td>
<td>in pay rates and/or FTE's; examine and test schedules or other support</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>Low</td>
<td>Examine and test supporting schedules</td>
</tr>
<tr>
<td>Prepaid expenses and other assets</td>
<td>Low</td>
<td>Examine and test supporting schedules</td>
</tr>
</tbody>
</table>

¹Inherent risk is affected by such things as materiality, the nature of transactions, the complexity of accounting for the transactions and the level of estimation involved.
Aero Park Campus
Master Plan
Aero Park Master Plan

- Expansion of key programs and facilities at the Aero Park Campus
  - Construction Technology
  - Renewable Energy
  - Automotive Technology – Hybrid Program
  - General purpose classrooms

- Integration of the four Aero Park facilities into a campus environment

- Flexible facilities and multi-purpose instructional areas within all the Aero Park facilities

- Phased Development
Aero Park Master Plan

- APL Building
  - Flexible Multifunctional Lab Space
  - Innovation Area
  - Construction Technology Program Expansion
  - Renewable Energy Program Expansion
  - Energy Demonstration Center / Resource Area
  - General Purpose Classrooms
  - Shipping & Receiving

- Automotive Technologies Building
  - Hybrid Technologies Program

- Parsons–Stulen Building
  - Three new General Purpose Classrooms (one 42 person room)
  - Office Space Expansion & Reassignment
  - Storage
Parsons - Stulen Building

- Conference Room
- Classrooms
- HVAC Lab
- Open Learning Center

A/C Lab move to Aero Park Labs Building - expand
Carpentry Lab
Storage area

HVAC Lab - move to Aero Park Lab Building - expand
General Purpose
Classroom space

Renovate Conference Room into additional Faculty Office space & Student Enclave

Parsons/Stulen Building - Aero Park Campus
# APL Project Schedule – Phase I

<table>
<thead>
<tr>
<th>Project</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>APL Building Purchase</td>
<td>April 2010</td>
</tr>
<tr>
<td>APL Renovation Interior Demolition</td>
<td>May 2010</td>
</tr>
<tr>
<td>Shipping / Receiving Relocation</td>
<td>July 2010</td>
</tr>
<tr>
<td>Hybrid Technologies Program Expansion</td>
<td>August 2010</td>
</tr>
<tr>
<td>Construction Technologies Program Relocation</td>
<td>October 2010</td>
</tr>
<tr>
<td>Renewable Energy Program Relocation</td>
<td>October 2010</td>
</tr>
<tr>
<td>Parson-Stulen Renovations Complete</td>
<td>January 2011</td>
</tr>
<tr>
<td>APL Building – Classes begin</td>
<td>January 2011</td>
</tr>
</tbody>
</table>
Aero Park Campus Budget – Phase I

Aero Park Laboratories (APL) Building Improvements

Design $75,000
Renovation / Construction 600,000
Furniture / Equipment 75,000
Technology 45,000
Other / Contingency 25,000
TOTAL $820,000

Funding source
Board designated fund transfer from the projected FY10 year-end balance to the current FY10 Plant Fund where use will be restricted to the APL Master Plan.
Phase I recommendations for upgrades to the Automotive and Parsons-Stulen buildings are being funded through the budgeted FY10 Plant Fund.
To: Tim Nelson, President  
From: Cathy Jones, VP Finance and Administration  
Date: April 20, 2010  
Subject: Summary Report for the General Fund as of March 31, 2010

The attached reports summarize the financial results for the General Fund as of March 31, 2010. This is the ninth month of FY10 which represents 75% of the year.

Month End Results
The General Fund ended the month of February with an excess of revenues over expenses in the amount of $5,707,541. The increase in total revenue for March 2010 over March 2009 was 8%. The increase is primarily related to tuition and fee revenues stemming from increased enrollment over that budgeted. Expenses increased 7% when comparing March 2010 to March 2009 due to increased adjunct faculty contracts related to enrollment, contract payments related to purchased services, increased maintenance expenses related to contract renewals and an increase in professional development activities over those of the prior year. Each of these expense line increases are subject to timing from year-to-year. Detailed explanations for line item comparisons follow.

Revenue (letters refer to the attached General Fund summary)
A. Tuition and fees revenue: Fall 2009 tuition and fees remained higher than budget. For fall, actual tuition and fees booked were $6,490,452 against a budget of $6,086,869 for a variance of $403,583 over budget. As of final count day, January 21, actual tuition booked for spring FY10 is $6,413,794 against a budget of $5,855,793 for a variance of $558,001. This puts tuition and fees over budget for fall and spring by $961,584. Tuition and fees represent a 14% increase over those of FY09. In terms of collections, NMC has historically collected 99% of tuition and fees with only a 1% non-collection rate. With the increased enrollment of approximately 11%, we are seeing a slight increase (1-2%) in the uncollectible rate.
B. Property Taxes: The collection of summer property taxes ended in September 2009. Winter tax collection began in December 2009 with final collections due in April 2010. We have been notified of our final payment amount per the county buyout report. Once received, property tax revenue will exceed budget by $31 thousand.
C. State Sources began in October with receipt of the first state aid payment. The payment is the same amount as in the prior year due to the state’s receipt of stimulus funds. Therefore, there is no variance between FY09 and FY10.

D. Federal Sources are budgeted to be received between March-May 2010.

E. Investment Income is less than budget. Interest earnings fluctuate with investment levels, which is dependent on the timing of cash flows and the movement of money into and out of investment vehicles. All indications are that investment income is recovering and expected to be near budget by year-end.

F. Both Private Sources and Other Sources are timing and event dependent.

Expenses

G. Salaries and Benefits accounted for 7% and 11% increases respectively when comparing FY10 to FY09. Salary increases are related to the increase in adjunct faculty coupled with the budgeted salary increases of 2%. Once again, the increase in benefits is not due to an increase in costs. It is due to a change in accounting procedures. This change will be evident through the remainder of the year.

H. All other expenses are under the annual benchmark percentage of 75%. These expenses are timing dependent.

I. Capital Outlay reflects expenditures budgeted through the allocation of COAT dollars, the Plant Fund, BBQ funds, or contingencies. These expenditures, for the month of March included: library books ($5K) and aviation equipment ($8K).
Northwestern Michigan College
Unaudited

Summary Report for General Fund Accounts
Fiscal Year 2010, Period 09

<table>
<thead>
<tr>
<th>Funds</th>
<th>Accounts</th>
<th>2009-2010 Adjusted Budget</th>
<th>YTD Activity</th>
<th>% of Annual Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL GENERAL FUND</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>50 Revenues</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tuition and Fees</td>
<td>18,204,248</td>
<td>16,224,382</td>
<td>89.12%</td>
<td>A</td>
</tr>
<tr>
<td>Property Taxes</td>
<td>9,450,988</td>
<td>8,888,932</td>
<td>94.05%</td>
<td>B</td>
</tr>
<tr>
<td>Other Local</td>
<td>0</td>
<td>0</td>
<td>*</td>
<td></td>
</tr>
<tr>
<td>Local Sources</td>
<td>27,655,236</td>
<td>25,113,314</td>
<td>90.81%</td>
<td></td>
</tr>
<tr>
<td>State Sources</td>
<td>8,682,200</td>
<td>5,787,997</td>
<td>66.67%</td>
<td></td>
</tr>
<tr>
<td>Federal Sources</td>
<td>418,000</td>
<td>9,200</td>
<td>2.20%</td>
<td>D</td>
</tr>
<tr>
<td>Private Sources</td>
<td>253,581</td>
<td>135,658</td>
<td>53.50%</td>
<td>F</td>
</tr>
<tr>
<td>Investment Income</td>
<td>358,000</td>
<td>242,517</td>
<td>67.74%</td>
<td>E</td>
</tr>
<tr>
<td>Other Sources</td>
<td>316,219</td>
<td>294,584</td>
<td>93.16%</td>
<td>F</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td><strong>37,683,236</strong></td>
<td><strong>31,583,271</strong></td>
<td><strong>83.81%</strong></td>
<td></td>
</tr>
<tr>
<td>60 Labor</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries &amp; Wages</td>
<td>19,042,093</td>
<td>14,237,733</td>
<td>74.77%</td>
<td>G</td>
</tr>
<tr>
<td>Benefits</td>
<td>7,663,081</td>
<td>5,650,538</td>
<td>73.74%</td>
<td>G</td>
</tr>
<tr>
<td><strong>Total Labor</strong></td>
<td><strong>26,705,173</strong></td>
<td><strong>19,888,271</strong></td>
<td><strong>74.47%</strong></td>
<td></td>
</tr>
<tr>
<td>70 Expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchased Services</td>
<td>1,792,720</td>
<td>1,190,836</td>
<td>66.43%</td>
<td>H</td>
</tr>
<tr>
<td>Supplies &amp; Materials</td>
<td>2,487,659</td>
<td>1,601,361</td>
<td>64.37%</td>
<td>H</td>
</tr>
<tr>
<td>Internal Services</td>
<td>206,883</td>
<td>7,878</td>
<td>3.81%</td>
<td>H</td>
</tr>
<tr>
<td>Other Expenses</td>
<td>1,504,219</td>
<td>951,204</td>
<td>63.24%</td>
<td>H</td>
</tr>
<tr>
<td>Institutional Expenses</td>
<td>1,872,110</td>
<td>1,131,778</td>
<td>60.45%</td>
<td>H</td>
</tr>
<tr>
<td>Maintenance &amp; Renovation</td>
<td>894,449</td>
<td>500,450</td>
<td>55.95%</td>
<td>H</td>
</tr>
<tr>
<td>Prof Develop, Travel &amp; Events</td>
<td>539,326</td>
<td>276,497</td>
<td>51.27%</td>
<td>H</td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>231,565</td>
<td>327,454</td>
<td>141.41%</td>
<td>I</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td><strong>9,528,931</strong></td>
<td><strong>5,987,460</strong></td>
<td><strong>62.83%</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td><strong>36,234,104</strong></td>
<td><strong>25,875,730</strong></td>
<td><strong>71.41%</strong></td>
<td></td>
</tr>
<tr>
<td>80 Transfers</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers</td>
<td>1,449,131</td>
<td>0</td>
<td>0.00%</td>
<td></td>
</tr>
<tr>
<td><strong>Total Transfers</strong></td>
<td><strong>1,449,131</strong></td>
<td><strong>0</strong></td>
<td><strong>0.00%</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Total Expenditures and Transfers</strong></td>
<td><strong>37,683,235</strong></td>
<td><strong>25,875,730</strong></td>
<td><strong>68.67%</strong></td>
<td></td>
</tr>
</tbody>
</table>

Net Revenues over (under) Expenditures

0 5,707,541
<table>
<thead>
<tr>
<th>Revenue:</th>
<th>Yr. To Date</th>
<th>Yr. To Date</th>
<th>Increase/</th>
<th>Percentage</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>31-Mar-10</td>
<td>31-Mar-09</td>
<td>Decrease</td>
<td>Difference</td>
<td>March, 2010</td>
</tr>
<tr>
<td>Tuition &amp; Fees</td>
<td>16,224,382</td>
<td>14,131,886</td>
<td>2,092,496</td>
<td>15%</td>
<td>Increases include increased enrollment, GLMA technology and cruise fees,</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>academic course fees</td>
</tr>
<tr>
<td>Property Taxes</td>
<td>8,888,932</td>
<td>8,565,836</td>
<td>323,096</td>
<td>4%</td>
<td>End of collection period. Some revenue will be posted in April</td>
</tr>
<tr>
<td>State Sources</td>
<td>5,787,997</td>
<td>5,788,000</td>
<td>(3)</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>Federal Sources</td>
<td>9,200</td>
<td>55,000</td>
<td>(45,800)</td>
<td>-83%</td>
<td>Timing of receipt of MARAD grant revenue</td>
</tr>
<tr>
<td>Private Sources</td>
<td>135,658</td>
<td>121,761</td>
<td>13,897</td>
<td>11%</td>
<td>Foundation program support</td>
</tr>
<tr>
<td>Investment Income</td>
<td>242,517</td>
<td>270,772</td>
<td>(28,255)</td>
<td>-10%</td>
<td>Interest income lower</td>
</tr>
<tr>
<td>Other Sources</td>
<td>294,584</td>
<td>327,966</td>
<td>(33,382)</td>
<td>-10%</td>
<td>Decrease in special event revenue</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>31,583,271</strong></td>
<td><strong>29,261,221</strong></td>
<td><strong>2,322,049</strong></td>
<td><strong>8%</strong></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenses</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and Wages</td>
<td>14,237,733</td>
<td>13,292,373</td>
<td>945,360</td>
<td>7%</td>
<td>Adjunct increase due to enrollment; budgeted salary increases; positions moved from Strategic Fund to General Fund (Grant writer and Water Studies)</td>
</tr>
<tr>
<td>Benefits</td>
<td>5,650,538</td>
<td>5,104,374</td>
<td>546,164</td>
<td>11%</td>
<td>Timing of payroll expenses; the first three months of fiscal year 2008/09 were at a different rate due to change in accounting methodology.</td>
</tr>
<tr>
<td>Purchased Services</td>
<td>1,190,836</td>
<td>966,094</td>
<td>224,742</td>
<td>23%</td>
<td>Timing of contract payments and budgeted increase for some contracts</td>
</tr>
<tr>
<td>Supplies &amp; Material</td>
<td>1,601,361</td>
<td>1,884,456</td>
<td>(283,095)</td>
<td>-15%</td>
<td>Timing of purchases</td>
</tr>
<tr>
<td>Internal Services</td>
<td>7,878</td>
<td>(25,563)</td>
<td>33,441</td>
<td>131%</td>
<td>Increase in event fees and bookstore purchases for programs coupled with change in method of accounting for copier charges.</td>
</tr>
<tr>
<td>Other Expenses</td>
<td>951,204</td>
<td>809,395</td>
<td>141,809</td>
<td>18%</td>
<td>Timing of lease payments for planes; Increase in bad debt expense</td>
</tr>
<tr>
<td>Institutional Expenses</td>
<td>1,131,778</td>
<td>1,333,085</td>
<td>(201,307)</td>
<td>-15%</td>
<td>Gas purchases and snow plowing were less in Fiscal year 09/10</td>
</tr>
<tr>
<td>Maintenance &amp; Renovation</td>
<td>500,450</td>
<td>422,599</td>
<td>77,851</td>
<td>18%</td>
<td>Timing of contract payments</td>
</tr>
<tr>
<td>Pro. Develop, Travel &amp; Events</td>
<td>276,497</td>
<td>240,014</td>
<td>36,483</td>
<td>15%</td>
<td>Timing of Professional Development; expected to be at budget</td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>327,454</td>
<td>251,376</td>
<td>76,078</td>
<td>30%</td>
<td>Timing of capital purchases</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td><strong>25,875,729</strong></td>
<td><strong>24,078,203</strong></td>
<td><strong>1,797,526</strong></td>
<td><strong>7%</strong></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Transfers</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Revenues over/(under)</td>
<td>5,707,541</td>
<td>5,183,018</td>
<td>524,523</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Difference between Prior month and Current month</td>
<td>Yr. To Date</td>
<td>Yr. To Date</td>
<td>Month of</td>
<td>Month of</td>
<td>Explanation</td>
</tr>
<tr>
<td>-------------------------------------------------</td>
<td>------------</td>
<td>------------</td>
<td>----------</td>
<td>----------</td>
<td>-------------</td>
</tr>
<tr>
<td>REVENUES</td>
<td>31-Mar-10</td>
<td>28-Feb-10</td>
<td>31-Mar-10</td>
<td>28-Feb-10</td>
<td></td>
</tr>
<tr>
<td>Tuition and Fees</td>
<td>16,224,382</td>
<td>14,161,567</td>
<td>2,062,815</td>
<td>1,895,329</td>
<td>March increases are related to EES spring tuition, Aviation flight fees and GLMA seminars</td>
</tr>
<tr>
<td>Property Taxes</td>
<td>8,888,932</td>
<td>8,475,778</td>
<td>413,154</td>
<td>1,783,915</td>
<td>End of tax collection period. Some revenue will be received in April</td>
</tr>
<tr>
<td>State Sources</td>
<td>5,787,997</td>
<td>4,823,330</td>
<td>964,667</td>
<td>964,666</td>
<td>Consistent with prior month</td>
</tr>
<tr>
<td>Private Sources</td>
<td>135,658</td>
<td>124,325</td>
<td>11,333</td>
<td>42,652</td>
<td>Foundation program support</td>
</tr>
<tr>
<td>Federal Sources</td>
<td>9,200</td>
<td>9,200</td>
<td>0</td>
<td>4,600</td>
<td>Perkins administration quarterly payments</td>
</tr>
<tr>
<td>Investment Income</td>
<td>242,517</td>
<td>215,962</td>
<td>26,555</td>
<td>26,094</td>
<td>Consistent with prior month activity</td>
</tr>
<tr>
<td>Other Sources</td>
<td>294,584</td>
<td>254,229</td>
<td>40,355</td>
<td>43,956</td>
<td>Consistent with prior month activity</td>
</tr>
<tr>
<td>TOTAL REVENUE</td>
<td>31,583,271</td>
<td>28,064,391</td>
<td>3,518,880</td>
<td>4,761,212</td>
<td></td>
</tr>
<tr>
<td>EXPENDITURES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and Wages</td>
<td>14,237,733</td>
<td>12,544,068</td>
<td>1,693,665</td>
<td>1,671,527</td>
<td>Consistent with prior month activity</td>
</tr>
<tr>
<td>Benefits</td>
<td>5,650,538</td>
<td>5,011,732</td>
<td>638,806</td>
<td>637,640</td>
<td>Consistent with prior month activity</td>
</tr>
<tr>
<td>Purchased Services</td>
<td>1,190,836</td>
<td>1,031,298</td>
<td>159,538</td>
<td>161,970</td>
<td>Consistent with prior month activity</td>
</tr>
<tr>
<td>Supplies &amp; Material</td>
<td>1,601,361</td>
<td>1,431,195</td>
<td>170,166</td>
<td>143,082</td>
<td>Small increases in multiple departments for Classroom supplies, Fee related supplies and General supplies</td>
</tr>
<tr>
<td>Internal Services</td>
<td>7,878</td>
<td>8,987</td>
<td>(1,109)</td>
<td>13,577</td>
<td>Bookstore and Hagerty charges are less than prior month</td>
</tr>
<tr>
<td>Other Expenses</td>
<td>951,204</td>
<td>779,488</td>
<td>171,716</td>
<td>176,487</td>
<td>Consistent with prior month activity</td>
</tr>
<tr>
<td>Institutional Expenses</td>
<td>1,131,778</td>
<td>981,134</td>
<td>150,644</td>
<td>158,868</td>
<td>Consistent with prior month activity</td>
</tr>
<tr>
<td>Maintenance &amp; Renovation</td>
<td>500,450</td>
<td>441,672</td>
<td>58,778</td>
<td>51,529</td>
<td>Consistent with prior month activity</td>
</tr>
<tr>
<td>Prof Develp, Travel, &amp; Events</td>
<td>276,497</td>
<td>238,708</td>
<td>37,789</td>
<td>26,550</td>
<td>Timing of travel and conference schedules</td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>327,454</td>
<td>314,972</td>
<td>12,482</td>
<td>87,631</td>
<td>Aviation equipment $7,672; Library books $4,810</td>
</tr>
<tr>
<td>TOTAL EXPENDITURES</td>
<td>25,875,729</td>
<td>22,783,254</td>
<td>3,092,475</td>
<td>3,128,861</td>
<td></td>
</tr>
<tr>
<td>TRANSFERS (IN) OUT</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Revenues over Expenses</td>
<td>5,707,541</td>
<td>5,281,137</td>
<td>426,405</td>
<td>1,632,351</td>
<td></td>
</tr>
</tbody>
</table>
To: Tim Nelson, President  
From: Cathy Jones, VP Finance and Administration  
Date: April 22, 2010  
Subject: Projections for FY 2010

Results Summary  
The attached report sets forth the projections for FY10 year-end operations as of April 2010. These projections are based on our analysis of trends, spending to date, and professional judgment. **We expect these numbers to change as we move through the remainder of the year.** As of April 2010, projections indicate year-end revenue over expenses of $885,910. (Letters refer to the attached projections worksheet).

Revenue Summary  
A. Total revenue is projected to be over budget by $1,110,849 (A). Tuition and fees represent the most significant impact to overall projections. We budgeted $18 million for tuition and fees (a 6% increase). Our revenue is projected to be over that by $1 million (an 11% increase). Also, we have increased this revenue projection based on summer enrollment. Two weeks of every summer effects the current fiscal year. Summer tuition is currently 14% over budget.

B. Property tax revenue (budgeted at $9.5 million) will be $30,000 over budget per our county buyout report.

C. All other revenue sources budgeted at $10 million will be $59,000 over budget.

Expense Summary  
Total Expenses are projected to be under budget by $995,358.

D. Salary expense will be under budget by $160,000 due to some retirements in December.

E. Healthcare will be under budget by $800,000 due to the overall health of the members on the plan and the greater discounts received through Priority.

F. All other expenses (budgeted at $10 million) are projected to be under budget by $34,000.

G. Transfers include the college’s required debt payments and required reserve transfers. These transfers were budgeted at $653 thousand. Transfers are projected to be over budget by $1.13 million. This overage represents the purchase of the building which was taken from the anticipated year-end balance rather than using already invested, interest earning funds.
H. The net effect of the above revenue and expense projections is a year-end balance of $885,910. When reviewing the overall performance of budget to actual, it is important to note that three line items were beyond the scope of predictability in FY10.

1- Salaries – due to midyear retirements and resignations
2- Healthcare – due to the change in providers and the overall health of the plan members
3- Enrollment – during a period of significant economic swings

The actual revenue is projected to be only $89,000 over a $19.5 million budget (all budgeted revenue excluding tuition and fees). This represents a variance of less than 1%. Expenses are projected to be $194,000 under a $28 million budget (all budgeted expenses excluding healthcare). Again, this represents a variance of budget to actual of less than 1%.
<table>
<thead>
<tr>
<th></th>
<th>6/30/09 Actual</th>
<th>2009/10 Budget</th>
<th>2009/10 Projection</th>
<th>2009/10 Change from 4/13 Projection</th>
<th>4/13 Projection</th>
<th>March to April Change from March to April</th>
<th>4/13 Projection and Budget</th>
<th>Variance between Actual and Projection</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Local Sources</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tuition &amp; Fees</td>
<td>16,864,983</td>
<td>18,204,248</td>
<td>19,225,401</td>
<td>25,780 increase for summer tuition</td>
<td>1,021,153 A</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property Taxes</td>
<td>9,419,977</td>
<td>9,419,977</td>
<td>9,419,977</td>
<td>9,419,977 increased to actual per county buyout report</td>
<td>9,419,977 D</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Local Sources</strong></td>
<td>26,284,960</td>
<td>27,624,225</td>
<td>28,645,378</td>
<td>1,021,153 A</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>State Sources</strong></td>
<td>8,681,999</td>
<td>8,682,000</td>
<td>8,682,000</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Federal Sources</strong></td>
<td>468,400</td>
<td>418,000</td>
<td>418,000</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Private Sources</strong></td>
<td>302,091</td>
<td>253,581</td>
<td>277,581</td>
<td>24,000 C</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Investments</strong></td>
<td>406,925</td>
<td>358,000</td>
<td>358,000</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Other Sources</strong></td>
<td>436,711</td>
<td>316,219</td>
<td>350,875</td>
<td>13,496 increase for Lobdell and add't Pell admin fee</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>36,377,081</td>
<td>37,683,236</td>
<td>38,685,782</td>
<td>108,304 A</td>
<td></td>
<td></td>
<td></td>
<td>1,110,849 A</td>
</tr>
<tr>
<td><strong>Salaries</strong></td>
<td>17,756,643</td>
<td>19,042,093</td>
<td>18,882,762</td>
<td>(159,331) D</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Benefits</strong></td>
<td>7,089,480</td>
<td>7,663,081</td>
<td>7,211,476</td>
<td>470,000 additional reduction in health costs</td>
<td></td>
<td></td>
<td></td>
<td>(801,605 E)</td>
</tr>
<tr>
<td><strong>Purchased Services</strong></td>
<td>1,431,570</td>
<td>1,792,720</td>
<td>1,662,000</td>
<td>(130,720) F</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Supplies &amp; Materials</strong></td>
<td>2,574,989</td>
<td>2,487,659</td>
<td>2,591,722</td>
<td>(155,000) Reduced $100,000 for COAT (moved to capital outlay); unspent Culinary classroom supplies; reduced printing costs</td>
<td></td>
<td></td>
<td></td>
<td>(50,937 F)</td>
</tr>
<tr>
<td><strong>Internal Services</strong></td>
<td>153,862</td>
<td>206,883</td>
<td>206,883</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Other Expenses</strong></td>
<td>1,411,143</td>
<td>1,504,219</td>
<td>1,604,435</td>
<td>100,216 F</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Institutional Expenses</strong></td>
<td>1,779,692</td>
<td>1,872,110</td>
<td>1,732,910</td>
<td>(159,200) F</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Maintenance &amp; Renovation</strong></td>
<td>851,723</td>
<td>894,449</td>
<td>903,960</td>
<td>44,000 F</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Professional Development</strong></td>
<td>398,408</td>
<td>539,326</td>
<td>430,000</td>
<td>(109,326) F</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Capital Outlay- small expenditures</strong></td>
<td>463,100</td>
<td>231,565</td>
<td>318,598</td>
<td>252,033 F</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Plant Fund- transfer for projects</strong></td>
<td>1,827,487</td>
<td>885,895</td>
<td>895,695</td>
<td>10,000 F</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>35,738,098</td>
<td>37,119,799</td>
<td>36,441,441</td>
<td>(995,358) F</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Transfer to:</strong></td>
<td></td>
<td></td>
<td></td>
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<td>Maritime:</td>
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<td>Plant fund transfer for property purchase</td>
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<td>100,000</td>
<td>100,000</td>
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<td>Strategic projects</td>
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<td>Aviation payment for cub</td>
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<td>(10,250)</td>
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<td>Funds for Transformation</td>
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<td><strong>Total Expenses &amp; Transfers</strong></td>
<td>36,203,956</td>
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<td>814,548 224,939</td>
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<td><strong>Net Revenue over (under)</strong></td>
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<td>(706,244) 885,910</td>
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</table>

NMC definition of the term "Projection" is a forecast of year-end revenues & expenses (not accounting definition)
Based on today's NMC digital dashboard, the current Summer Session 2010 projected enrollment is at 1655 headcount and 9599 billing hours. As the current FY 2010 budget is based on more modest figures of 1437 and 7384, this puts us at a 20% billing hour increase over our budget. This is also an increase of 6% over last summer. Because summer enrollment crosses two fiscal years, most of the positive impact will be on our next fiscal year. These projections are higher than in last month's report.

Fall Semester 2010 is currently projecting a 5355 headcount, a 5.5% increase over last fall's enrollment of 5074. Billing hours are projecting at 59,976, a 5% increase over last fall's 57,144. New admits for fall are running ahead of last year by 11% (1,123 vs. 1,013). Our spring-to-fall retention is currently showing an increase of 21%; thus, we predict an increase in the number of returning students in fall at 12% ahead of last year (2901 vs. 2582). The overall fall projection (6%) remains steady with last month's projection.

Interestingly, the majority of growth in admit rate (12% over last year) is with the traditional age student (18-20) and those between the ages of 41-45, not 21-50, which was the case last year at this time.
Thursday, April 15 is COMMUNITY COLLEGE DAY in Lansing. The legislative reception at the Capitol will take place at 11am on the 1st floor, North Wing of the building. This is a great opportunity for presidents, trustees, faculty, and students to meet legislators and share the message of community colleges. The culinary arts program at Monroe Community College will provide appetizers and refreshments. We encourage all to attend. The NEW TRUSTEE ORIENTATION will happen on the same day in the morning from 9am-11am at the MCCA. While it is targeted toward new trustees (trustees serving in their first term) the session is open and available to all trustees. The agenda includes sessions on the role and function of the MCCA, major trends facing community colleges, and the role and responsibilities of trustees in local, state, and federal advocacy. The morning session will end with a legislative reception at the Capitol as part of Community College Day in Michigan.

State & Legislative Matters

Appropriations: There was little activity in Lansing these last two weeks as the legislature was out for the Easter recess. The legislature returns to the Capitol this week. The House Appropriations Subcommittee on Community College will meet tomorrow, April 13, at 10:30 am in room 426 of the Capitol, and will hear testimony from the House Fiscal Agency and the MCCA. There has been talk recently that the House is becoming increasingly opposed to passing an “all cuts budget”, ala the Senate, and therefore may pass budget bills that include the assumption of additional revenue for dedicated purposes (such as K-12), with the hope of passing the revenue (tax increase) bills later. It is pretty clear, however, that the Senate remains firmly opposed to approving new revenue. In the meantime, the Legislature continues to show interest in increasing their efforts toward accountability and control. Here are two examples:

HJR AAA - Universities Finances Amendment: State universities would be required to report all of its expenditures, including how those expenditures are paid for, if a constitutional amendment, sponsored by Rep. Tom McMillin (R-Rochester Hills), gets on the ballot and is voted on this November. [Link](http://www.legislature.mi.gov/documents/2009-2010/jointresolutionintroduced/House/pdf/2010-HIJR-AAA.pdf)

House Bill 5963 (sponsored by Rep. Tim Melton, D-Auburn Hills): The bill would amend the state School Aid Act to withhold state funding to public and intermediate school districts with general fund balances exceeding 15% of operating expenditures as of June 30 of this year. For the full article, please go to: [Link](http://www.livingstondaily.com/article/20100407/NEWS01/4070310/Bill+aims+to+penalize+school+districts+that+hoard+state+funding)
**MPSERS Reform:** One of the top legislative priorities of the MCCA is to seek relief from required participation in the Michigan Public School Employees Retirement System (MPSERS). The MCCA is supporting legislation that would allow colleges the option to remove all new employees from the MPSERS system. This legislation has passed the Senate Education Committee and is awaiting action on the Senate floor. Almost every major “think tank” that has looked at the overall State budget crisis includes MPSERS reform as one of the fundamental areas of concern. While the following article argues the facts in a way that supports reforms, it is another example of groups and interested parties who attempt to make the case of reforming the system: [http://www.thecenterformichigan.net/blog/a-bill-coming-due-for-the-michigan-public/](http://www.thecenterformichigan.net/blog/a-bill-coming-due-for-the-michigan-public/)

**Federal & National Matters**

**National Trends/News/Reports**

The National Center for Education Statistics releases postsecondary enrollment, graduation and financial report, providing an initial analysis of how the continuing economic downturn has begun to reshape the enrollment and financial picture of higher education. For the report, please go to [http://nces.ed.gov/pubs2010/2010152.pdf](http://nces.ed.gov/pubs2010/2010152.pdf)

**For-Profit Colleges Boom:** As overall enrollments in postsecondary education rose by 4.8% in 2008-9, private sector institutions grew by 21.5%. For the full article, please go to [http://www.insidehighered.com/news/2010/04/07/enroll](http://www.insidehighered.com/news/2010/04/07/enroll)

For a good summary of the challenges community colleges are facing (decreased funding, increased demand and enrollment, and increased accountability…the “perfect storm”), please see: [http://www.google.com/hostednews/ap/article/ALeqM5h_x-EDjheidNdsgff4PXLZ2qa-FwD9ES0U882](http://www.google.com/hostednews/ap/article/ALeqM5h_x-EDjheidNdsgff4PXLZ2qa-FwD9ES0U882)

**MCCA Updates**

**Community Colleges in the News**

**CORRECTION:** Last week’s MCCA Board Update reported on President Gary Wheeler’s appointment to the Board of the Higher Learning Commission. Dr. Wheeler is the President of Glen Oaks Community College, and not Gogebic Community College as reported. We apologize for the mistake.

_Delta College, Lansing Community College, Jackson Community College, Oakland Community College, Macomb Community College, and Henry Ford Community College_ and partners in a $5 Million grant the State received for clean energy job training towards electric power workforce training (effort will include an addition $16 Million investment from the utilities).
Glen Oaks Community College’s efforts for working with entering students in the first critical year was featured in a recent online story. For the full article, please go to http://www.ccweek.com/news/templates/template.aspx?articleid=1762&zoneid=7

The West Michigan Strategic Alliance (which includes Grand Rapids Community College) received a Walmart Foundation grant to expand their program to improve basic skills of displaced workers to earn a GED or National Career Readiness Certificate and obtain occupational training. For the full article, please go to http://www.mlive.com/news/grand-rapids/index.ssf/2010/04/walmart基礎tion_gives_liter.html

Lansing Community College’s money-back guarantee program, Get a Skill, Get a Job program, continues to get national press and in major media markets. For an article in Times Magazine, go to http://www.time.com/time/nation/article/0,8599,1978286,00.html

Statewide News

A group of students at Oakland University is lobbying for the ability to legally carry concealed guns on campus, in spite of the university’s ban on weapons for civilians. For the full article, please go to http://www.mlive.com/news/detroit/index.ssf/2010/04/oakland_students_lobby_univers.html

Following an unprecedented 10 consecutive years of shrinking employment, Michigan finally will see job growth next year (albeit at weak levels), according to a new University of Michigan economic forecast. For highlights, please go to http://www.rsge.econ.lsa.umich.edu/Docs/michigan_forecast.pdf

MCCA Activities/Meetings

Phi Theta Kappa: Last week, the MCCA hosted 200 guests for its annual Phi Theta Kappa Awards Luncheon. PTK is the International Honor Society for two-year colleges. Forty-seven students from 23 of our community colleges were recognized for being named to the PTK 2010 All-Michigan Academic Team. Students are selected based on academic achievement, community service, and demonstrated leadership skills, with the All-Michigan Team members having the opportunity to be named as one of the 20 members of the All-USA Team.

The Coca-Cola Scholars Foundation, in conjunction with PTK, awards a $2,000 stipend to the top scorer from each state through its New Century Scholars program. The 2010 Michigan New Century Scholar award went to Ms. Carlie Trabulsy, a student at Henry Ford Community College. Ms. Trabulsy will represent Michigan at the annual convention of the American Association of Community Colleges in April.

The keynote speaker for the event was Ms. Paula Cunningham, President and CEO of Capitol National Bank. Ms. Cunningham, a former president of Lansing Community College, encouraged the award winners to continue to make extraordinary contributions to both their college and communities.
Breaking Through: Washtenaw Community College will be hosting the next meeting of the Breaking Through Learning Network on April 16 (focus on regional partnerships in helping connect low-skilled adults with serious basic skills needs to an occupational pathway).

MCCA Alternative Energy Collaborative: Montcalm Community College & West Shore Community College will be co-hosting the next meeting of the Collaborative on April 23 (focus on wind and solar).

P-20 Data System: The community college taskforce met with the administration/CEPI to share findings from the taskforce and discuss data infrastructure/architecture issues as the state works to implement the P-20 to meet ARRA requirements.

VLC Update

This week the U.S. Appeals Court for the District of Columbia threw out a Federal Communications Commission’s presumed authority to oversee the Internet. In 2008 the FCC, in response to customer complaints, cited Comcast for blocking users from some peer-to-peer applications which often are used to distribute large files and ordered the company to stop the practice. Comcast defended the practice saying it was trying to manage traffic flow over the network and prevent degradation of service to the majority of its users. The Court sided with Comcast saying that the FCC failed to show it had the authority to impose such restrictions on the provider’s network operations. This ruling calls into question the future plans of the FCC and its principles for net neutrality and an open Internet. See story at: http://www.washingtonpost.com/wp-dyn/content/article/2010/04/06/AR2010040600667.html?wpisrc=nl_pmtech

Also this week the Instructional Technology Council (ITC - an affiliated council of AACC), announced the results of its latest survey report – “The **2009 Distance Education Survey Results Trends in eLearning: Tracking the Impact of eLearning at Community Colleges.” The full report can be found at: http://www.itcnetwork.org/file.php?file=%2F1%2FITCAnnualSurvey2009Results.pdf

The MCCVLC will be conducting its 2010 Distance Learning Administrators Survey, the month of April and will provide a report mid-May to all members.

Upcoming Events for 2010 Calendar

MCCA Meetings

- New Trustee Orientation – Thursday, April 15 from 9am-11am
- Community College Day Reception – Thursday, April 15 from 11am-1pm
- Presidents Institute, Traverse City – July 20-21
- MCCA Summer Workshop, Traverse City – July 22-23
The 2009 Scholarship Luncheon was held on April 8th with 220 scholarship donors and student recipients in attendance. Commitment Scholar Olivia Glinski spoke about what her scholarship has meant to her, and NMC alumni and donors Lindsey and Rob Dickinson shared their NMC experiences which led to establishing the Dickinson Scholarship for Upward Bound Students. The event was emceed by Bruce Byl, Chair of the NMC Foundation Board, who led attendees in an engaging get acquainted/testimonial activity called “My Six Word NMC Story.” The results are terrific and will be shared with the Board in the near future.

The Dennos Campaign for 2009-2010 has raised $195,000 of its $200,000 goal and is still receiving gifts. Planning and volunteer recruitment is underway for the 2010-2011 campaign which will kick off in early May. Our goal is to provide consistently high quality arts and culture experiences for our learners and community with financial support from donors for operations and programming.

The Finance and Audit Committee has reviewed and approved the IRS990 for 2009 which is due May 15, 2010. The work of the Investment Task Force subcommittee of the Finance and Audit Committee has culminated in the recommendation of a new Investment Policy Statement (IPS) and recommendation to engage an investment consultant. Both of these recommendations were endorsed by the F&A Committee at their meeting on April 21st and will be acted upon by the Foundation Board at their meeting on April 28th. A copy of the IPS will be provided to the Board of Trustees following this meeting.

Results achieved through the Foundation Innovation Grants awarded to the Aviation Program will be the “Focus on NMC” topic at the Foundation’s April 28th meeting.
Advance ticket sales for this year’s Barbecue are tracking ahead of last year’s pace. New this year: tickets may be purchased online at nmc.edu/bbq. And for those wanting to have $1 of their purchase credited to a local school, they have that option for online purchases as well.

The Barbecue Board has set a goal of moving toward a zero-waste event. Last year we recycled more than 50 percent of our materials. This year we hope to recycle or compost as much as 90 percent of all materials. This will be accomplished by purchasing biodegradable cups, plates and utensils, and transporting materials to a commercial compost operation operated by Timothy Young of the NMC Foundation Board. The Board has committed additional funds toward this goal, and is recruiting more volunteers to assist with the effort.

Home-delivered meals, operated by the Area Commission on Aging, continues to increase in demand. Thanks to cooperation from Sodexo, we will move their food preparation operations to the West Hall cafeteria this year, which will improve traffic flow and make it easier to keep food appropriate hot or cold.

The President’s Office will again be coordinating volunteer greeters for the front of the serving lines. Your participation is always appreciated.
To: Board of Trustees  
From: Doug Bishop, Chair  
       Presidential Performance & Evaluation Committee  
Date: April 23, 2010  
Subject: Tim Nelson’s Performance Review  

Jay Hooper, Bill Myers and I comprise the Presidential Performance and Evaluation Committee. We will be meeting in the next few weeks to talk about committee action, including Tim’s performance evaluation process.

I hope to schedule Tim’s performance evaluation around the third week of June and take formal action on the evaluation at the June board meeting. You will be polled by the President’s Office soon to learn your availability on potential dates.
The call for nominations for 2010 NMC Fellows went out to trustees, Foundation Board members, BBQ Board members and all faculty and staff on April 7.

Cheryl Follette, Jay Hooper and I are the board representatives on the Fellows Nominating Committee. A selection meeting has been tentatively scheduled for 5 p.m. on Monday, May 24 – just prior to next month’s board dinner.

If any trustee wishes to make a nomination, please note that nominations are due on Monday, May 3.
To:      Board of Trustees  
From:    Timothy Nelson, President  
Date:    April 23, 2010  
Subject: Board Discussion Item – AQIP Progress  

This discussion topic will cover three objectives. They are:

1. Understand where NMC is in the AQIP Accreditation Process and Continuous Improvement Implementation
2. Review at a high level the AQIP Systems Appraisal feedback report
3. Direct you to other related AQIP materials on the NMC web site

A short power point presentation will start out the discussion.
To: Institutional Effectiveness Steering Team
Subject: Overview of the Systems Appraisal Feedback Report from AQIP And Some Next Steps

Systems Portfolio? What Is It?
In November 2009, NMC submitted its Systems Portfolio (visit NMC’s 2009 Systems Portfolio) to the Higher Learning Commission (HLC) in accordance with the accreditation cycle of the Academic Quality Improvement Program (AQIP). The Systems Portfolio is a 75-100 page (double-spaced) public portfolio describing fundamental institutional systems. It covers the nine AQIP categories, describing context, processes, results, and improvement in each system, and shows evidence that NMC continues to meet the HLC’s five Criteria for Accreditation. The Systems Portfolio is created once (gradually through the first four years of AQIP involvement) and continually updated to reflect changes in NMC’s systems and processes.

Systems Appraisal? What Is It?
The Higher Learning Commission reviews NMC’s Systems Portfolio and provides feedback in the Systems Appraisal. The Systems Appraisal is a review of NMC’s Systems Portfolio conducted by a team of Commission-trained, experienced reviewers knowledgeable about quality. The team, through consensus, generates a detailed feedback report that NMC can use to plan strategies for continuous improvement, determine targets, and advance NMC’s institutional effectiveness system through Action Projects. AQIP calls upon institutions to undergo a Systems Appraisal every four years. NMC’s Systems Portfolio will again be submitted in November 2013.

Process for Reviewing NMC’s Systems Appraisal
On February 19, 2010, NMC received the Systems Appraisal from HLC. The President acknowledged receipt of the Appraisal, in accordance with AQIP guidelines, on February 26, 2010. Specific feedback on each of the nine categories will be reviewed as part of NMC’s institutional effectiveness update cycle. This overview provides some of the general themes from the Systems Appraisal, specific areas identified as “Outstanding Opportunities” for improvement, and recommendations for next steps. Some initial next steps include:

- Writing up three strengths, as identified by the Systems Appraisal team, and posting on AQIP’s Innovation Exchange in the next three weeks
- Communicating receipt and general overview of the Systems Appraisal Feedback Report to the college community at the Town hall meeting, April 6, 2010
Memorandum from the Office of Research & Effectiveness

March 30, 2010

- Communicating receipt and general overview of the Systems Appraisal to NMC’s Board of Trustees at the regular board meeting, April 26, 2010
- Developing a plan through internal discussions to identify which AQIP categories NMC will focus on at the next Strategy Forum to include action plans for improvement

General Feedback Themes

The Systems Appraisal contains an executive summary, a summary of issues (re: challenges) that could affect NMC’s strategies for the future, and specific feedback by category. There were no issues identified that could negatively affect NMC’s accreditation. In fact the Appraisal team concluded that NMC “has presented evidence that it complies with each of the Five Criteria for Accreditation and each of their Core Components,” a determination that “will serve as a telling piece of evidence during the commissions’ next scheduled AQIP review of [NMC’s] Reaffirmation of Accreditation” (Systems Appraisal Feedback Report, February 11, 2010, p.5).

In the executive summary, the Appraisal team identified several strengths and opportunities for improvement in summary comments of each of the AQIP Categories.

Strengths

NMC’s strengths centered around four themes. First, NMC’s use of standard improvement processes such as the decision-making process, use of lean tools such as the A3, and benchmarking contribute to the College’s strength in building a quality-driven institution. Second, NMC’s values based on the principles of high performing institutions provide a sound framework for quality communication at the College. Third, the availability of multiple sources of data and innovative technologies demonstrates that NMC is committed to institutional effectiveness and continuously improving quality. Fourth, NMC’s action projects position the College to strengthen and expand its ability to meet student, stakeholder, and employee needs. For instance, the Talent Action Project is an important effort in establishing quality improvement practices in the area of the Culture criterion.

Opportunities

The opportunities for improvement identified by the Appraisal team focused in four areas. First, while unifying objectives and targeted performance measures exist in many areas around the college, there is an opportunity to define a more systematic approach to identifying objectives and setting targets, specifically in the areas of economic development, community involvement, non-instructional services and processes, and in building collaborative partnerships. Second, NMC has several modes for collecting data and there are opportunities for improving the ways in which NMC integrates data into
decision-making and in action project planning. Third, while processes for communicating information across the college exist, there is a lack of evidence that the communication is effective, integrated, and shared, even as the college purports to use the lean tool of catchball in investigating ideas.

Fourth, alignment of planning processes was identified as an opportunity for improvement. Having a more formal process for aligning college strategy with operational action plans, could help to address the other opportunity areas identified above. For instance, alignment of planning processes and synthesizing institutional and area goals, could help to create a systematic approach to identifying objectives and setting targets more broadly and comprehensively across NMC. In turn, the use of data would then be embedded in the decision-making process and action planning, and finally alignment would ensure shared communication of information.

In sum, the issues affecting NMC strategies for the future targeted 1) not just collecting data but using it to set targets and plan actions, 2) aligning planning processes, and 3) improving communication mechanisms.

**Specific Feedback by Category**

For most every question NMC answered in the Systems Portfolio, the Appraisal team provided a rating and short comment to explain the rating. The questions specifically ask about NMC processes, results, and improvements in nine AQIP categories. The rating scale is as follows:

- SS — A significant or “super” strength
- S — An institutional strength
- O — An opportunity for improvement
- OO — An outstanding improvement opportunity, one that urgently needs attention

When NMC submitted the Systems Portfolio, it also performed a self-evaluation using the same rating scale on each question answered. There were areas in which NMC’s rating matched the Appraisal team’s rating both on the positive and the negative sides of the scale. There were more areas in which the ratings were divergent.

Specifically, for areas in which NMC identified a strength but the Appraisal team identified an opportunity, the Criterion Lead for each category will consider whether the Systems Portfolio write-up of the process was clear and comprehensive. If not, he will recommend the text be revised to reflect greater specificity of the processes in question. Areas in which both NMC and the Appraisal team rated the process an opportunity, the Criterion Lead will identify a potential improvement project for the project pool as part of the regular Institutional Effectiveness review.
cycle for each category. For information on the annual updates check out NMC’s Institutional Effectiveness website.

More broadly, the category that received the greatest percentage of strength ratings was “Scholarship: Helping Students Learn” (61.5%) (Chart 1). “Leading & Communicating” and “Supporting Organizational Operations” are two categories in NMC’s Operations criterion. They each received the highest percentage of Opportunity ratings (~80%).
Outstanding Opportunities (OO)

NMC received six “outstanding opportunities.” One was in “Category 3: Understanding Student and Stakeholder Needs;” two were in “Category 7: Measuring Effectiveness;” and three were in “Category 8: Planning Continuous Improvement.” By the definition, an outstanding opportunity requires urgent consideration, not necessarily urgent action.

In fact, NMC has already addressed the outstanding opportunity identified in “Category 3: Understanding Student and Stakeholder Needs” as part of the regular review cycle of that category. In particular, the question in that category asks, “(3P5) How do you collect complaint information from students and other stakeholders? How do you analyze this feedback and select courses of action? How do you communicate these actions to your students and stakeholders?”

The Appraisal Feedback said that the Systems Portfolio did not provide evidence that “there are procedures in place for students or that the College follows in recording and resolving these complaints,” and that there is a “lack of a centralized, systematic approach to the documentation, communication, analysis, and resolution of student complaints and concerns” (p. 20).

After reviewing the Systems Portfolio the NMC Criterion Lead determined that the write-up did not specifically outline the policy and formal procedures that are in place as part of Staff Policy D-602.01, Student Rights and Responsibilities – Process. The text of the Portfolio for that question is being revised by the ORE, and the changes will be reviewed in NMC’s on-going IE system annually and then again by the Higher Learning Commission during the Check-Up Visit. This is the general procedure outlined in the Institutional Effectiveness update process for documenting changes and improvements in the Systems Portfolio.

Considering the Other Outstanding Opportunities

In “Category 7: Measuring Effectiveness,” there were two outstanding opportunities identified by the Appraisal team. The first was in response to NMC’s write-up to the question:

“(7P4) How, at the organizational level, do you analyze data and information regarding overall performance? How are these analyses shared throughout the organization?”

The Appraisal team noted that “[w]hile NMC tracks measurement trends and reports them in the institutional effectiveness portfolio, gaps in non-instructional areas exist. Further, while information is shared with various leadership groups, it is unclear how this information is communicated throughout the College at the operational level” (p. 32).
Measuring performance in non-instructional areas was one of the overarching issue themes and shows up as an opportunity in more than one category (i.e., “Category 2: Economic Development & Community Involvement”, and “Category 6: Supporting Organizational Operations”).

The second “OO” in this category was in response to NMC’s write up to the question:

“(7P6) How do you ensure department and unit analysis of data and information aligns with your organizational goals for instructional and non-instructional programs and services? How is this analysis shared?”

The Appraisal team noted that NMC “does not have a process for ensuring department and unit analysis of data aligns with institutional goals…,” (p. 32) restating NMC’s response to the question.

The ORE recommends that once NMC wraps up the Academic Program Review Action Project, in which a concerted effort was made to streamline measuring performance and planning in the academic programs, that an action project be initiated with a similar purpose for non-instructional programs and services. This will help to create a process for communicating and using information collected and evaluated at the institutional level by operational units.

In “Category 8: Planning Continuous Improvement,” there were three outstanding opportunities identified by the Appraisal team (Table 1). In order to address the opportunities presented by the Appraisal team, NMC has a chance to more fully implement lean processes in planning (i.e., Plan-Do-Check-Adjust and A3s) used already in many areas of the College but not yet as an institutional systematic approach. Moreover, the Summer Institute for the Continuous Quality Improvement Network (CQIN) will spotlight building quality systems. The theme for the 2010 Summer Institute focuses on Accountability, Alignment, and Integration and will offer an NMC team some models for creating aligned planning processes.

The ORE recommends that NMC charge an action project team to address these outstanding opportunities. Creating aligned planning processes will have the added benefit of improving NMC’s results in multiple institutional effectiveness categories, including “Category 5: Leading & Communicating,” and “Category 7: Measuring Effectiveness.” Furthermore, as NMC prepares for the Strategy Forum, we recommend that NMC targets its improvement efforts in Category 8: Planning Continuous Improvement.
Table 1. “OOs” Identified in “Category 8: Planning Continuous Improvement”

<table>
<thead>
<tr>
<th>System Portfolio Question</th>
<th>Appraisal Team Comment</th>
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<tr>
<td>(8P1) What are your key planning processes?</td>
<td>“NMC’s planning processes and activities are not described in sufficient detail to determine organizational accountability. While use of governance structure is made, it is unclear how the College is creating a clear planning focus” (p. 34)</td>
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<td>(8P4) How do you coordinate and align your planning processes, organizational strategies, and action plans across your organization’s various levels?</td>
<td>“Current strategic planning and action planning appear reactive. The College acknowledges there is no formal system to coordinate and align planning processes across various departments and areas and that only action plans with significant resource needs garner the review of the President’s Council. Without clear organizational strategic alignment, the College may encounter conflicting, redundant and overlapping planning efforts that negatively impact the institution’s responsiveness, dilute meaningful change and stretch existing personnel and resources” (p. 35)</td>
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<tr>
<td>(8R5) What is the evidence that your system for Planning Continuous Improvement is effective? How do you measure and evaluate your planning processes and activities?</td>
<td>“The disparate planning processes and activities make it difficult for the College to measure effectiveness of planning for continuous improvement. Lack of evidence of effectiveness and lack of results in this category point to an opportunity for NMC to consolidate and strengthen processes college-wide” (p. 36)</td>
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Preparing for NMC’s Second Strategy Forum

One of the next steps after communicating the results of the Systems Appraisal to the campus community and the Board of Trustees is to develop a plan (through internal discussions) to identify which AQIP category NMC will focus on at the next Strategy Forum (October 2010). There is a considerable amount of work to do to prepare for the Strategy Forum including soliciting feedback from external colleagues on NMC’s anticipated approach to improvement. It would be beneficial to identify the team that will be attending as soon as possible so that we may build some synergies with the CQIN learning and any action projects undertaken. AQIP strongly recommends that the following people be represented on the Strategy Forum team:

- The president (CEO)
- AQIP Liaison
- A member of the board of trustees
- Institutional research or planning administrator
- The chief academic officer (CAO)
Faculty and staff leaders appropriate to the category and topic of focus

Bottom-line is that the people on the team are positioned to stimulate or lead campus quality improvement activities when they return. AQIP limits team size to seven or so. It recommends to “include on the team people whose symbolic and practical value are both high and whose enthusiasm for improving your institution is contagious.”

Wrap Up
The results in the Systems Appraisal indicate that the process is working. NMC joined AQIP because it fits with building a culture of continuous improvement. The Systems Portfolio and Appraisal process forces us to look realistically at the College and identify areas that need improvement in a very transparent way. While we may not have expected as many opportunities to be identified by the external reviewers as is evident in the Appraisal, we did expect opportunities. The Appraisal team recognizes that the review is only as good as what we were able to write in the Portfolio. We will get more chances as our accreditation cycle continues to show our external stakeholders that we have quality systems in place and/or are working to create them, in the Check-Up Visit, at the Strategy Forum, and in the on-going update process for the Systems Portfolio.

Any questions or comments about this Overview can be addressed to Darby Hiller.
I am attaching two documents to add to your budget binder and to bring you up to date with planning and assumptions related to the FY 2011, FY2012, and FY2013 budget and budget model. The first is a memorandum from Cathy Jones listing issues that have changed since our last meeting. The second is a revised budget summary predicated on those changes.

During our discussion on Monday, I would like to go through each of the changes so that you understand what they are and can discuss their implications on FY2011 and beyond. As a result of the changes since our last meeting, we are recommending investing significantly in program and personnel needs related to implementing the strategic agenda and to the continued growth we expect. We will discuss this in more detail at the meeting.

I continue to recommend providing salary increases to employees consistent with our salary plans and the implementation of the tuition increases shown in your budget binders. We are still on track for projected increases in enrollment and have adjusted our State allocation to a 3.15% reduction.

You should note that I have included an item for employee health care contributions consistent with the work that the Benefits Advisory Committee did in response to my request in February. Last month, I told you that because I believed the State of Michigan would pass some reform legislation on health care and because the federal government had just passed the Health Reform Act, I would prefer to wait and address this and related issues once. Since then I have reviewed available information on the federal legislation and have had multiple conversations with individuals about the likelihood of Michigan legislation this year. I now believe we will be addressing required changes multiple times over the coming years and health care will most likely be a “moving target of continuing reform”. Therefore, the notion of waiting to make changes all at once doesn’t seem to hold.

It should not be lost on anyone that our employees have done an excellent job in helping us to control our health care costs. Whether it is adoption of the high deductible plan, creating a significant shift to generic drugs, or absorbing increases in deductibles and co pays, they have performed as good stewards in this arena. In the non-health care area, everyone has worked harder and more effectively to absorb record enrollments and maintain quality. I thank them all for that.

Once I get your thoughts on all of these issues, I will provide my final recommendations for your discussion at the study session. Study sessions have worked well in the past and have provided a forum for the Board and the college employees to exchange views in a little less formal way than that provided for in public comment during our regular meetings. I know I’m asking for more of your time, but I believe it to be in the best interest of the college.
To: Tim Nelson, President
From: Cathy Jones, VP Finance and Administration
Date: April 22, 2010
Subject: Changes to FY11-FY13 Budget Model

Since the Budget Model was presented at last month’s Board meeting on March 22, the following changes have occurred:

- We received a letter from the Department of Treasury indicating that the 2010 Michigan College Tuition Income Tax Credit would be based on a CPI of zero. This means any increase to tuition or the general fee would make our student’s ineligible for the credit.
- State Aid Revenue was increased by $162,110 when it was reduced by the state’s 3.15% versus PBC’s 5%.
- Other Revenue Sources was decreased by $30,000 for vending revenue which was moved to the Cafeteria Fund within Auxiliary Services.
- Purchased Services were reduced due to the removal of a $169,619 contingency. The contingency was related to the hiring of a contractor during the absence of a Financial Aid Director. With the positions filled, the contingency is no longer needed.
- Supplies and Materials increased by $25,000 due to the addition of Maritime vessel supplies.
- Internal Services were increased by $37,786 related to NMC events held at Hagerty.
- Other Expenses were increased for bad debt ($142,464) based on enrollment increases and trends and for Native American tuition waivers ($24,300) also based on increased enrollment in this population.
- Institutional Expenses were decreased by $49,600 based on the current prices for natural gas futures and the fact that we have already purchased 25% of our FY11 needs.
- Maintenance and Renovation was increased by $49,725 related to the maintenance agreement for the new TouchNet payment gateway.
- Salary and Benefits increased by $132,977 due to employee reclassifications which occurred in FY10.
- Benefits were reduced by $700,000 based on FY10 projections of savings and reduced by Benefits Advisory Committee’s employee contribution model.

The attached budget model reflects these changes.
## Northwestern Michigan College

Budget Model for FY10

**General Fund-Only**

### Revenue

<table>
<thead>
<tr>
<th></th>
<th>FY07</th>
<th>FY08</th>
<th>FY09</th>
<th>FY10</th>
<th>FY11</th>
<th>FY12</th>
<th>FY13</th>
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<tbody>
<tr>
<td><strong>Tuition &amp; Fees</strong></td>
<td>14,483,481</td>
<td>15,418,487</td>
<td>16,739,957</td>
<td>18,204,249</td>
<td>21,855,033</td>
<td>22,619,130</td>
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<td><strong>Property Taxes</strong></td>
<td>8,362,268</td>
<td>8,877,004</td>
<td>9,231,564</td>
<td>9,450,989</td>
<td>9,361,057</td>
<td>9,270,079</td>
<td>9,221,621</td>
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<tr>
<td><strong>Local Sources</strong></td>
<td>22,845,749</td>
<td>24,295,491</td>
<td>25,971,521</td>
<td>27,655,238</td>
<td>31,216,090</td>
<td>31,889,209</td>
<td>31,543,064</td>
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<td><strong>State Sources</strong></td>
<td>8,441,900</td>
<td>8,441,900</td>
<td>8,757,200</td>
<td>8,410,200</td>
<td>6,728,160</td>
<td>6,728,160</td>
<td>6,728,160</td>
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<td><strong>Federal Sources</strong></td>
<td>318,000</td>
<td>218,000</td>
<td>336,000</td>
<td>358,000</td>
<td>358,000</td>
<td>358,000</td>
<td>358,000</td>
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<tr>
<td><strong>Private Sources</strong></td>
<td>183,000</td>
<td>189,000</td>
<td>264,581</td>
<td>253,581</td>
<td>242,000</td>
<td>242,000</td>
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<td><strong>Investment Income</strong></td>
<td>475,000</td>
<td>475,000</td>
<td>475,000</td>
<td>358,000</td>
<td>358,000</td>
<td>358,000</td>
<td>358,000</td>
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<tr>
<td><strong>Other Sources</strong></td>
<td>406,032</td>
<td>403,615</td>
<td>415,359</td>
<td>300,250</td>
<td>279,859</td>
<td>279,859</td>
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<td><strong>Total Revenues</strong></td>
<td>32,669,681</td>
<td>34,023,006</td>
<td>36,219,661</td>
<td>37,683,237</td>
<td>41,001,540</td>
<td>40,072,228</td>
<td>39,726,083</td>
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</table>

### Expenditures

<table>
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<tr>
<th></th>
<th>FY07</th>
<th>FY08</th>
<th>FY09</th>
<th>FY10</th>
<th>FY11</th>
<th>FY12</th>
<th>FY13</th>
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</thead>
<tbody>
<tr>
<td><strong>Salaries and Wages _ Regular</strong></td>
<td>16,697,645</td>
<td>17,297,785</td>
<td>18,087,135</td>
<td>19,042,095</td>
<td>20,239,356</td>
<td>20,343,246</td>
<td>20,740,092</td>
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<td><strong>Benefits _ Regular</strong></td>
<td>6,877,079</td>
<td>7,206,020</td>
<td>7,498,933</td>
<td>7,622,927</td>
<td>7,632,310</td>
<td>7,746,794</td>
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<td><strong>Employees to Support Initiatives</strong></td>
<td>700,000</td>
<td>700,000</td>
<td>700,000</td>
<td>700,000</td>
<td>700,000</td>
<td>700,000</td>
<td>700,000</td>
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<tr>
<td><strong>Purchased Services</strong></td>
<td>1,363,107</td>
<td>1,338,485</td>
<td>1,614,073</td>
<td>1,792,720</td>
<td>1,748,410</td>
<td>1,797,366</td>
<td>1,847,692</td>
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<tr>
<td><strong>Supplies &amp; Materials</strong></td>
<td>2,458,192</td>
<td>2,370,156</td>
<td>2,590,362</td>
<td>2,719,224</td>
<td>2,633,152</td>
<td>2,706,880</td>
<td>2,782,672</td>
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<tr>
<td><strong>Internal Services</strong></td>
<td>67,455</td>
<td>42,852</td>
<td>214,098</td>
<td>206,883</td>
<td>250,875</td>
<td>257,900</td>
<td>265,121</td>
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<td><strong>Other Expenses</strong></td>
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<td>1,071,200</td>
<td>1,379,081</td>
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<td>1,825,558</td>
<td>1,876,674</td>
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<tr>
<td><strong>Institutional Expenses</strong></td>
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<td>1,877,385</td>
<td>2,010,353</td>
<td>1,872,110</td>
<td>1,843,863</td>
<td>1,895,491</td>
<td>1,948,565</td>
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<tr>
<td><strong>Maintenance &amp; Renovation</strong></td>
<td>990,569</td>
<td>944,568</td>
<td>824,648</td>
<td>894,449</td>
<td>960,161</td>
<td>987,046</td>
<td>1,014,683</td>
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<td><strong>Events/Trvl/Prof. Devel.</strong></td>
<td>507,625</td>
<td>506,448</td>
<td>522,678</td>
<td>539,326</td>
<td>607,324</td>
<td>624,329</td>
<td>641,810</td>
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<tr>
<td><strong>Total Expenditures</strong></td>
<td>31,955,488</td>
<td>33,269,740</td>
<td>35,611,171</td>
<td>37,119,801</td>
<td>40,029,252</td>
<td>39,911,856</td>
<td>41,001,276</td>
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</tbody>
</table>

**Transfers**

- $714,192
- $753,264

**Program Specific Reserves**

- $308,809
- $308,809

**Revenues Over (Under) Expenses**

- $1
- $2
- $0
- $0

**Note:** Program specific reserves are not included in reserves available for operations.
CALL TO ORDER – Chair K. Ross Childs called the meeting to order at 6:34 p.m.

ROLL CALL
Trustees present: Douglas Bishop, Robert Brick, K. Ross Childs, Cheryl Gore Follette, Walter “Jay” Hooper, Susan Sheldon
Trustees absent: William Myers (joined by telephone)
Also present: Ed Bailey, Courtney Baker, Bruce Beeker, Brice Behringer, Vicki Bridson, Spencer Carey, Marguerite Cotto, Lindsey Erreca, Papillon Erreca, Amber Feman, Holly Gorton, Richard Gray, Kay Hall, Paul Heaton, Katrina Jaquish, Daniel Jasmund, Marybeth Jenks, Cathy Jones, Cathy McCall, Jennifer McKenna, Nathan Mol, Craig Mulder, President Timothy J. Nelson, Pam Palermo, Paul Perry, Tony Peterson, Jim Press, Aaron Ross, Karen Sabin, Elliot Salyer, Erika Schultz, Roland Schultz, Stephen Siciliano, Marvin Studinger, Cheryl Sullivan, Mary Surgalski, Mike Surgalski, John Tanner, Mason Thomas, Aara Wardzala, Heidi Yaple, Megan Young

APPROVAL OF AGENDA – On a motion by Doug Bishop, seconded by Cheryl Follette, the agenda was approved.

REPORTS
Innovation Grants Awarded – Mr. Childs asked if there were any questions regarding the Innovation Grant report in the board materials; there were none.

Enrollment Report – Stephen Siciliano noted that the report was as of one week earlier. We are now at 27% over budget in billing hours. There were no questions on the enrollment report.

Financial Report – There were no questions about the financial report.

Foundation Report – Doug Bishop noted that, as of the last meeting, the Annual Campaign was at 97 new donors to the annual campaign; there are at least 99 now, because Kinsey and Kira Bishop just made donations. He offered congratulations to co-chairs Paul Maurer and Bonnie Alphonso.

Legislative Issues Report – President Nelson referenced the MCCA Legislative Issues update in the board materials. There are a number of items in the Senate and House. Since the last board meeting:
- The Community College Baccalaureate bill passed through the House of Representatives Committee on Education. They are waiting to take the bill to the House floor. The bill will go to the Senate within the next two weeks.
- Regarding appropriations, State funding is now expected to decrease 3.1% next year, then drop 20% in 2011-12.

UPDATES
Board Chair Update – Chair Ross Childs shared that he will be attending the MCCA Board of Directors meeting in Flint March 26 and 27.

President’s Update –
- President Nelson said he continues to monitor state legislation regarding incentives for employees to retire, as well as possible mandatory health care premiums for public employees.
As introduced, employees age 60 with at least ten years of service and employees with 30 years of service, regardless of age, would be encouraged to retire. NMC has at least 58 employees who meet the metric. Once an employee retires he/she would be eligible to work half time for up to three years. The President would have limited ability to ask key employees to stay for one additional year. The college is looking at succession planning, given the likelihood that some sort of state legislation to incent retirement will occur.

- The recently passed federal health care legislation includes an increase in Pell grants, as well as changes to how federal loans are processed. The legislation is expected to impact NMC this year, but the details are not yet known. Federal health reforms will have an impact on us this year and in future years.

**DISCUSSION: FY11 BUDGET**

President Nelson referenced the budget cover memo that lists the things the college has done to save money. He said our credit rating has recently gone from A+ to AA, a testament to the sound decisions the board has made and the work within the business office. He asked trustees to look at the model as a three-year picture and noted that the budget can be balanced in many different ways.

President Nelson reviewed the revenue assumptions that we are currently using for next year’s budget. The proposed tuition rates for 2010-11 would allow students to qualify for the Michigan Tuition Tax Credit. He said the budget includes additional dollars for adjunct faculty and staff to serve the estimated 6.3% increase in enrollment. The budget model applies the salary plans.

Regarding employee health insurance premium contributions, President Nelson said they are not included in the proposed budget at this time. His preference is to wait until federal and state changes in health insurance are clear, so that changes can be made all at once. Nelson noted that health care costs to the institution have been declining.

Cathy Jones, Vice President for Finance and Administration, reviewed the revenue and expenditure assumptions included in the model for the next three years.

Nelson said the combined surpluses in FY10 and FY11 will be used to offset future deficits. We’re planning for multiple state funding reductions and declining enrollment, resulting in a projected budget shortfall between FY12 and FY13. He noted the college will have to come up with structural changes by FY12 and FY13 to accommodate those changes. There will be an impact on the bottom line if state retirement law changes, but that is not built into this model.

Last year’s recommendation was for a zero increase for in-district tuition. President Nelson said there was much uncertainty in the economy at that time and the college thought it was the right social statement to make for the community. Trustees also agreed to 2% salary increases rather than applying the benchmark studies last year. He noted that 50% of Michigan community colleges held the line on tuition increases last year.

Cathy Jones explained our investment strategy. Investment income is projected to remain flat due to low interest rates.

President Nelson said he hopes trustees are prepared to vote on tuition rates at their April 26 meeting and on the total budget in May. Trustee Doug Bishop noted that a mid-year increase could be enacted, if necessary. Nelson responded that the college has never done that, but it is possible. He would prefer to find other ways to make adjustments.
Chair Ross Childs said he’s concerned about the possibility of not meeting the Michigan Tuition Tax Credit in FY12 and FY13. Cathy Jones noted that the rates on which the credit is determined likely will change, so it is premature to know whether students will qualify. President Nelson also pointed out that we do not know whether that tax credit will survive the current revamping of Michigan’s budget.

President Nelson explained how revenue from higher enrollment – if it occurs – will be set aside to help offset an expected decrease in state funding in FY12.

PUBLIC INPUT – Great Lakes Maritime Academy Cadet Richard Gray expressed concern about finding a replacement for John Tanner and told Trustees some of the qualities he thinks the next Maritime superintendent should have. They do not want a career navy person, an individual whose entire career has been in maritime industry, or anyone without sea experience. Great Lakes Maritime Academy Cadet Erika Schultz expressed concern about how long it is taking to begin the search for a new Maritime superintendent and about the search committee having a strong NMC bias. She asked for GLMA cadet and faculty presence on the committee.

President Nelson said that he and Vice President Siciliano have met with Maritime faculty and staff as a group and individually, including John Tanner, as well as with officers of the alumni group. A job description is currently being drafted, and the goal is to have a replacement in place this fall. Nelson said it is an important position and the college needs to take the time to do it right. Per NMC policy, the search committee will recommend three candidates to him for consideration.

CONSENT AGENDA – On a motion by Cheryl Gore Follette, seconded by Jay Hooper, the following items were approved: minutes of the February 22, 2010 meeting; contributions for February 2010; summary report for general fund accounts as of February 28, 2010.

ACTION ITEMS

Dennos Museum Boiler Replacement – Cheryl Follette made a motion, seconded by Doug Bishop, to authorize the administration to enter into a contract with D & W Mechanical for the installation of two 500 MBH boilers at the Dennos Museum Center. The contract will be in the amount of $54,338 ($47,250 plus a 15% contingency totaling $7,088), be funded from the FY10 Plant Fund. Motion carried.

The meeting adjourned at 7:48 p.m.

Recorded by Karen Sabin

SIGNED
K. Ross Childs, Chair

ATTESTED
Robert Brick, Vice Chair
Northwestern Michigan College
Gift Summary by Fund
March, 2010 Contributions

<table>
<thead>
<tr>
<th>Fund Description</th>
<th>Total # of Gifts Received</th>
<th>New Outright Gifts</th>
<th>New Pledge Balances*</th>
<th>Payments on Prior Pledges</th>
<th>Gift Type</th>
<th>Total</th>
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<tr>
<td>2010 NMC Scholarship Open</td>
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<td>$5,300.00</td>
<td>$5,000.00</td>
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<td>$2,000.00   **</td>
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<td>NMC Non-Discretionary-Named Student Scholarship</td>
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<td>George &amp; Helen Schafer Memorial Scholarship</td>
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<td>Temporarily Restricted</td>
<td>$100.00</td>
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<td>Smith Haughey Rice Roegege Student Scholarship</td>
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<td>Taster's Guild Auction Program</td>
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<td>$18,245.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>Temporarily Restricted</td>
<td>$18,245.00</td>
</tr>
<tr>
<td>William E Faulk Intermediate Accounting Scholarship</td>
<td>1</td>
<td>$500.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>Temporarily Restricted</td>
<td>$500.00</td>
</tr>
<tr>
<td>WNMC Radio</td>
<td>14</td>
<td>$2,235.00</td>
<td>$375.00</td>
<td>$757.50</td>
<td>Temporarily Restricted</td>
<td>$3,367.50</td>
</tr>
<tr>
<td>Mary E Young Scholarship</td>
<td>1</td>
<td>$1,400.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>Temporarily Restricted</td>
<td>$1,400.00</td>
</tr>
<tr>
<td>Zonta Opportunity for Change Scholarship</td>
<td>2</td>
<td>$800.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>Temporarily Restricted</td>
<td>$800.00</td>
</tr>
</tbody>
</table>

Grand Totals: 192 $50,447.64 $6,700.00 $9,383.71 $66,531.35

*Reports pledge balance. Any payments received during the month on prior pledges are reported under Payments on Prior Pledges. This report reflects monthly activity only; it is not a cumulative report.

**Permanently restricted fund. All or part of the gift is temporarily restricted.
### Grant Purpose

<table>
<thead>
<tr>
<th>Grant Purpose</th>
<th>Funding Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>GLWSI Hydrographic Survey</td>
<td>MI DNRE</td>
<td>$38,000</td>
</tr>
<tr>
<td>NMC OWL (Online Water Library)</td>
<td>MI DNRE</td>
<td>$7,000</td>
</tr>
<tr>
<td>Dennos Operations</td>
<td>MI Council for Arts and Cultural Affairs</td>
<td>$10,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>$55,000</strong></td>
</tr>
</tbody>
</table>
To: Tim Nelson
From: Cathy Jones, Vice President of Finance and Administration
Date: April 14, 2010
Subject: 2010 Truth-in-Taxation Resolution

Attached is the recommended resolution for the Board to adopt at its regular scheduled meeting on April 26, 2010. It is required each year for the Board to set a time to have a Truth-in-Taxation Hearing in which we inform the public of the increase in property values and the resulting revenue from that increase. The resolution establishes the May 24, 2010 regular Board of Trustees meeting as the time of the Truth-in-Taxation Hearing, as well as the Budget Hearing. Upon completing the public hearing, the Board may then take action to certify taxes for the 2010-2011 fiscal year. As in the past, we will recommend that the full tax levy be issued, and will justify the need to receive the additional funds as a necessary means of balancing the budget. If you have any questions, please contact me at your convenience.

CPJ/cjm
Northwestern Michigan College, Michigan (the “College”).

A regular meeting of the Board of Trustees (the “Board”) of the College was held at the Oleson Center of Northwestern Michigan College, on the 26th day of April 2010, at 6:30 in the evening.

The meeting was called to order by: _______________________

Present: ________________________________________________

Absent: ________________________________________________

The following preamble and resolution were offered by Member ____________ and supported by Member ____________________:

WHEREAS, the Board may not adopt its proposed 2010-2011 budget until after a public hearing has been concluded; and

WHEREAS, a copy of the proposed 2010-2011 budget including the proposed property tax millage rate will be available for public inspection during normal business hours at the office of the Vice President of Finance and Administration, Northwestern Michigan College, Traverse City, Michigan; and

NOW THEREFORE, BE IT RESOLVED THAT on May 24, 2010 at 6:30 p.m. at the Oleson Center of Northwestern Michigan College, Traverse City, Michigan, the Board of Trustees of Northwestern Michigan College will hold a public hearing to consider the college’s proposed 2010-2011 budget and the property tax millage rate proposed to be levied to support the proposed 2010-2011 budget.

Ayes: ________________________________________________

Nays: ________________________________________________

Resolution declared adopted.

______________________________
Secretary, Board of Trustees
William D. Myers
TRUTH-IN-TAXATION
FIRST RESOLUTION

The undersigned, duly qualified and acting Secretary of the Board of Trustees of Northwestern Michigan College, Michigan, hereby certifies that the foregoing constitutes a true and complete copy of a resolution adopted by said Board of Trustees at a regular meeting held on April 26, 2010, the original of which is part of the Board’s minutes. The undersigned further certifies that notice of the meeting was given to the public pursuant to the provisions of the “Open Meetings Act” (Act 267, PA 1976, as amended).

____________________________
Secretary, Board of Trustees
William D. Myers
To: Timothy J. Nelson, NMC President
From: Kathleen Guy, Vice President for Institutional Advancement
Date: April 14, 2010
Subject: NMC Foundation Board Appointment Request

The NMC Foundation Board of Directors recommends for Board of Trustee’s approval the following Foundation Board appointment for a three-year term, effective immediately.

NEW APPOINTMENT
The NMC Foundation Board of Directors recommends the following individual:

**Kim Hagerty**
Kim Hagerty is the Chairman and Chief Executive Officer of the Hagerty Group, LLC, headquartered in Traverse City, Michigan. In this role Kim oversees the business and operations of Hagerty Insurance Agency, Inc., Hagerty Marine Insurance and several other entities and its affiliates. Prior to joining the Hagerty Group, Kim practiced business transactional and real estate law in Nevada and California. She is currently licensed to practice in the states of Michigan, Nevada and California. She also served in the capacity of magistrate pro tem. Kim is the Chairman Emeritus of the Board of the Children’s House, a Montessori elementary school in Traverse City, Michigan. She is also Chairman Emeritus of Sierra Nevada College in Incline Village, Nevada. In 2007, Kim was named “Leading Lady of Business” by the Traverse City Business News. In 2009, she shepherded Hagerty into the final stages of nomination for the State of Michigan’s Community Service Commission’s Corporate Community Leader Award given to businesses that show a commitment to community enrichment through volunteerism. Kim earned her Juris Doctorate from the University of San Francisco and holds a Bachelor of Arts from Albion College in Albion, Michigan. Additionally, she has extensive mediation and negotiation training. She currently resides in Traverse City with her husband and daughter.
To: Tim Nelson, President
From: Cathy Jones, Vice President of Finance and Administration
Date: April 23, 2010
Subject: Final Report: Purchase of property at 2525 Aero Park Drive

At a special meeting of the Board of Trustees on February 2, 2010, the Board authorized the President and Board Chair to execute the purchase agreement for approximately nine acres of the Traverse City Airport Industrial Park owned by Aero Park Properties, LLC, as presented in closed session on the same date.

The real estate closing was held on April 7, 2010. The following final report from attorney Charles Judson of Smith Haughey Rice and Roegge outlines the details of the purchase. The purchase price ($1,050,000) and closing costs were funded from the college’s Plant Fund, as originally noted in the February 2, 2010, special meeting minutes.
PERSONAL AND CONFIDENTIAL
MEMORANDUM

TO: Tim Nelson, President, and the Board of Trustees
of Northwestern Michigan College

DATE: April 22, 2010

RE: Final Purchase of 2525 Aero Park Drive, Traverse City, Michigan
Our File No. 100790

This memorandum serves as a final report confirming that on April 7, 2010, the real estate closing was held at which Northwestern Michigan College finalized its purchase of approximately nine acres of the Traverse City Airport Industrial Park owned by Aero Park Properties, LLC, and operated in recent history by ACRA, Inc. This report assumes past information provided to the Northwestern Michigan College Board of Trustees, and confirms the resolution of issues to be addressed prior to closing.

There were two aspects to this sale. The first was the purchase of the real property, and the second incorporated the purchase of a large crane attached to the building located on the property and some miscellaneous equipment and office furniture. The total price for the real estate and crane was $1,050,000, and the remaining equipment and office furniture was purchased for the sum of $1,000.

You may recall that the property, as marketed, included two parcels, both of which combined to encompass most of Lot 34 of the Traverse City Airport Industrial Park. Prior to the College’s purchase, a small portion of the southwestern corner of Lot 34 was sold to the adjoining property owner to assist common drainage and create an easement with parking facilities for the adjacent owner. An easement also ran along the northern boundary of Lot 34 to provide access to Aero Park Drive for the rear portion of Lot 34, which had been allocated as a separate and distinct parcel. Both of these parcels were acquired by the College. However, in the course of reviewing the College’s intended use, we confirmed that the division of Lot 34 had not been formally approved as an amendment to the Plat of the Traverse City Airport Industrial Park. As a consequence, we arranged for the title insurance to be issued as a single parcel, thereby removing any reference to the easement on the north side of the property. The removal of the easement addresses potential concerns relative to the location of the building and parking area of the property acquired by the College, and increases the useable space of Lot 34. In the event that it becomes beneficial to divide the property into two parcels in the future, steps can be taken to properly amend the Plat and rely upon the historical approval for this division in the past.
The due diligence of the building was completed with oversight from Ed Bailey, Director of Campus Services. A survey of the property was obtained from Gosling Czubak, and that same company provided a review of environmental records pertaining to the site and recommended that its use would be appropriate for the College without further environmental review. The prior owner of the property cooperated fully in the College’s inspection and due diligence, and the condition of the property at the time of closing was consistent with negotiations. Fred Sorensen of Aero Park Properties, LLC, removed all industrial applications to the building not incorporated in the sale, including the removal of chemicals and other potential contaminants from the property. Aero Park’s efforts were beneficial to the College’s review, and have expedited the College’s ability to begin planning an operational use for the facility.

The title commitment provided at the closing confirms that marketable title has transferred to Northwestern Michigan College. At this time, we are awaiting confirmation of the recording of all deeds and documents pertaining to the real estate closing and receipt of the final policy of title insurance. As you may recall, NMC agreed to assume responsibility for the cost of the utilities if we did not close prior to April 1, 2010. Consequently, the utilities were converted to NMC effective that date. However, in order to facilitate its inspection, NMC converted natural gas provided by DTE during late March to its name in order to permit testing of the mechanical systems within the building in the course of the due diligence inspection. Aero Park Properties, LLC, agreed to reimburse NMC the cost of these utilities, and this process will be completed as soon as the DTE invoices are reconciled this month.

If you have further questions related to aspects of this real estate closing, please feel free to contact the undersigned.

Respectfully submitted,

SMITH HAUGHEY RICE & ROEGGE

Charles B. Judson

cc: Ed Bailey, NMC
Cathy Jones, NMC
To: Board of Trustees

From: Timothy J. Nelson, President

Date: April 20, 2010

Subject: Building name recommendation

It is my recommendation that the name *Aero Park Laboratories* be formally assigned to Northwestern Michigan College’s newly purchased building on Aero Park Drive.

According to Board Policy A-106.01, the Board of Trustees reserves the authority to name Northwestern Michigan College buildings. In my March 16 Update, I explained that, due to scheduling and printing deadlines, President’s Council considered several naming options and temporarily assigned the name Aero Park Laboratories to the facility. Now that the purchase has been consummated, we are asking you to consider making that building name permanent.

Thank you.
To: Tim Nelson, President  
From: Marguerite Cotto, V.P. Lifelong & Professional Learning  
Ed Bailey, Director of Campus Services  
Subject: April 22, 2010  
Date: Aero Park Campus Master Plan  

Board action requested  
We are requesting Board approval of the proposed Aero Park Campus Master Plan which will guide re-development and integration of the Aero Park Laboratories building with existing NMC facilities.

Background  
The plan under consideration is a phased, multi-year approach to meet the following goals:

- Integration of Aero Park Laboratories building into the Aero Park Campus.  
- Provide for program growth and expansion in key areas.  
- Improve current space utilization between the Aero Park buildings through re-capture of general purpose classrooms, improved scheduling of specialized rooms and laboratories, and better access to key technology meeting instructional as well as building performance goals.

Project funds  
Phase I recommendations for upgrades to the Automotive and Parsons-Stulen buildings are being funded through the budgeted FY10 Plant Fund.

Phase I re-development of the Aero Park Laboratories building will be funded by means of a Board designation. This Board designation will transfer the required Phase I funds from the projected year-end FY10 balance to the current FY10 Plant Fund where their use will be restricted to the APL Master Plan.

Thank you.
To: Tim Nelson, President  
From: Cathy Jones, VP Finance and Administration  
Date: April 22, 2010  
Subject: Designation of FY10 Year-End Balance

Board Authorization Requested  
Authorize the administration to designate the FY10 projected year-end balance to the following accounts; $600,000 to the current year’s Plant Fund and the remaining balance (projected to be $285,910) to the Working Capital Reserve Fund.

Background  
In establishing the year-end projections, a thorough analysis of all accounts and the related trends for each, was undertaken. We also evaluated our cash flow and have determined that our inflow is sufficient to meet our obligations. Although some uncertainties still exist in the areas of final healthcare savings, the year-end vacation accrual, and committed but unspent strategic funds, we do not believe they will impact the year-end balance by more than $280 thousand in either direction (over or under). There does exist the possibility the State could defer our last payment, similar to what they did two years ago, but the College does have a sufficient State Aid Reserve Fund to cover a reduction of revenue in this area.

Another reason for seeking the requested designation relates to the Aero Park Laboratories. In an effort to bring this newly acquired building online within the timeframe outlined in the Master Plan documentation, it is necessary to identify a source of funds to concurrently begin the architectural renderings of the internal space while at the same time clearing it for these future renovations. We believe the amount of funds needed to begin the Phase I process will be approximately $600,000.

Based on the above information, moving $600,000 to the current year’s (FY10) Plant Fund and designating it for the Phase I APL Master Plan would allow this project to move forward in a timely manner. By designating the remaining year-end FY10 projected balance to Working Capital, we are allowing for variance within the projections based on any uncertainties.
To: Tim Nelson, President  
From: Cathy Jones, Vice President of Finance and Administration  
Ed Bailey, Director of Campus Services  
Date: April 20, 2010  
Subject: Aero Park Laboratories Renovations – Construction Manager

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**Board Authorization Requested**

Authorize the administration to enter into a contract with *Spence Brothers* in the amount of $600,000.00 for Construction Management (CM) services for the renovation/construction of the Aero Park Laboratories building.

**Background / Scope of Work**

The acquisition of the Aero Park Laboratories building and the integration of this facility into NMC operations by fall of 2010 will require a very short construction timeline and rapid project execution. Based upon the need to complete the planned renovations in the anticipated timeframe, NMC chose the Construction Management (CM) project delivery approach for this facility. The Construction Management (CM) approach allows NMC to enter into a contractual agreement with a construction firm, prior to the completion of the design process. This would allow for renovation before the final design has been completed (i.e. bids for internal demolition could be requested immediately). Utilization of the construction manager project delivery methodology would reduce the project completion time by approximately three months over the traditional design-bid-build (general contractor) methodology. The Construction Manager is responsible for all competitive bidding (mechanical, electrical, general trades, etc.), and managing all construction work on the project and is paid a fee, based upon the total project costs for their efforts. Selection of the construction manager is via a competitive RFP process, with the selection made based upon the fees charged for CM services by the contractor. The successful bidder is awarded a contract in the amount of the project construction budget and paid the fee, as per the RFP response. NMC has used the CM approach and this selection process for several projects in the past, including the Beiderman renovations in 2002, Scholars Hall renovation and Café renovation in 2003.

**Bid Summary**

An RFP for this project was issued on March 26, 2010 and publically advertised in the Record-Eagle on Sunday, March 28, 2010 and in the Traverse City area Builders’ Exchange. A mandatory pre-bid meeting was held on April 9th with bids due on April 15 by 11:00 A.M. Eleven firms responded to the RFP. Although Spence Brothers Construction is not the lowest CM fee; they are the second lowest. This firm also has extensive experience in higher education projects and a local office.

**Renovation Budget / Source of Funds**

Outlined below is a summary of the renovation budget for the project:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Design</td>
<td>$75,000.00</td>
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<tr>
<td>Renovation / Construction</td>
<td><strong>$600,000.00</strong></td>
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<tr>
<td>Furniture / Equipment</td>
<td>$75,000.00</td>
</tr>
<tr>
<td>Technology</td>
<td>$45,000.00</td>
</tr>
<tr>
<td>Other / Contingency</td>
<td>$25,000.00</td>
</tr>
<tr>
<td>TOTAL</td>
<td><strong>$820,000.00</strong></td>
</tr>
</tbody>
</table>

The source of funds for this project is the FY2010 Plant Fund.
Northwestern Michigan College  
Aero Park Laboratories renovation Project  
CM Evaluation Matrix

<table>
<thead>
<tr>
<th>Firm</th>
<th>TOTAL Fee - CM Services</th>
<th>Fee - Notes</th>
<th>References</th>
<th>Team Qual.</th>
<th>LEED Personnel</th>
<th>Schedule Compliance</th>
</tr>
</thead>
<tbody>
<tr>
<td>45th Parallel Construction</td>
<td>$25,540.00</td>
<td>Excludes general conditions, direct and reimbursable costs.</td>
<td>Very Good</td>
<td>Excellent</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Traverse City, MI</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comstock Construction</td>
<td>$22,500.00</td>
<td>Preconstruction fees waived if project moves to construction</td>
<td>Excellent</td>
<td>Excellent</td>
<td>No</td>
<td>Yes</td>
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<tr>
<td>Traverse City, MI</td>
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<td></td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>Devere Construction</td>
<td>$17,500.00</td>
<td>Excludes general conditions, direct and reimbursable costs.</td>
<td>Excellent</td>
<td>Excellent</td>
<td>Yes</td>
<td>Yes</td>
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<tr>
<td>Alpena, MI</td>
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<tr>
<td>Eckler Construction</td>
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<td></td>
</tr>
<tr>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grand Traverse Construction</td>
<td>$25,380.00</td>
<td>Fee is based upon total project costs. 3% mark-up on all costs incurred</td>
<td>Excellent</td>
<td>Excellent</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Traverse City, MI</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hallmark Construction</td>
<td>$18,000.00</td>
<td>Excludes general conditions, direct and reimbursable costs.</td>
<td>Excellent</td>
<td>Excellent</td>
<td>Yes</td>
<td>Yes</td>
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<tr>
<td>Traverse City, MI</td>
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<td></td>
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<tr>
<td>Lakewood Construction</td>
<td></td>
<td></td>
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<td></td>
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<td></td>
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<tr>
<td>Traverse City office</td>
<td></td>
<td>Bid Disqualified - did not attend mandatory pre-bid meeting</td>
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</tr>
<tr>
<td>Pioneer Construction</td>
<td>$18,000.00</td>
<td>Excludes general conditions, direct and reimbursable costs.</td>
<td>Excellent</td>
<td>Excellent</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Grand Rapids, MI</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rockford Construction</td>
<td>$14,000.00</td>
<td>Excludes general conditions, direct and reimbursable costs.</td>
<td>Very Good</td>
<td>Excellent</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Grand Rapids, MI</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Spence Brothers</td>
<td>$15,900.00</td>
<td>Excludes general conditions, direct and reimbursable costs.</td>
<td>Excellent</td>
<td>Excellent</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Traverse City office</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The Monahan Group</td>
<td>$27,000.00</td>
<td>Excludes general conditions, direct and reimbursable costs.</td>
<td>Very Good</td>
<td>Excellent</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Eastpointe, MI</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Triangle</td>
<td>$30,759.00</td>
<td>Excludes general conditions, direct and reimbursable costs.</td>
<td>Excellent</td>
<td>Excellent</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Grand Rapids, MI</td>
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<td></td>
</tr>
<tr>
<td>Wolverine Building Group</td>
<td>$27,000.00</td>
<td>Excludes general conditions, direct and reimbursable costs.</td>
<td>Very Good</td>
<td>Very Good</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Grand Rapids, MI</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

Revision Date: April 20, 2010
Purchasing

1. The objectives of Northwestern Michigan College’s purchasing policy and procedures shall be:
   a. To achieve the best value in purchases by balancing factors of price, quality, quantity, compatibility, standardization, and delivery.
   b. To serve the needs of Northwestern Michigan College for supplies, equipment, material, services, and related needs in a manner consistent with the requirements of prudent judgment and sound financial trusteeship.
   c. To foster a reputation of honesty, reliability, consistency, and fairness in the conduct of all purchasing activities and relationships with everyone.
   d. To afford opportunities for responsible and able vendors to bid or submit price quotations appropriate to the types of items or services being purchased.
   e. To achieve efficient and effective management of college purchases.

2. The Vice President of Finance and Administration shall develop and publish specific purchasing procedures within the following limitations: (procedures are located on the S drive at S:\Business\Public\Purchasing Related\Purchasing Procedures 22007.doc)
   a. Expenditures shall be made within the budgeted funds annually adopted by the board.
   b. Expenditures of single line items of $25,000 or more will require three written quotations or sealed bids when three qualified vendors exist, and the approval of the president and the board of trustees prior to purchase. For such expenditures of $25,000 or more, the president (or the president’s designee) shall determine if the interests of the college would be promoted by the solicitation of bids or proposals through public notice.
   c. When the factors of price, quality, compatibility, quantity, established history of quality service, and timing are essentially equal, vendors from NMC’s service area will be given preference.
   d. All purchasing procedures shall comply with applicable legal requirements.
TO: Stephen Siciliano, Vice President, Educational Services  
FROM: Craig Mulder, Executive Director, Learning Resources and Technologies  
        Dan Wasson, Department Director, Systems and LAN Management  
DATE: April 20, 2010  
SUBJECT: Software for Server Virtualization

This memo will provide background information, identify the source of funds, and put forth a recommendation for the purchase of Virtualization Software for NMC’s Server Virtualization Project.

Board Authorization Requested
Request for Board authorization to purchase Virtualization Software (VMWare) in the amount of $34,000 (a base price of $33,336 plus a 2% contingency for shipping and handling) from Merit Network of Ann Arbor.

Background
During the last several years the use of technology resources at NMC has continued to increase. These increases have required the expansion and addition of network servers to host the necessary services and processes. Continuing to expand and increase the server pool configuration to meet the current and future needs of the institution is not a financially feasible or responsible model. Current technology allows us to take a single physical network file server and split it into several virtual file servers, thus having one piece of computer hardware do the job of several physical servers. This approach reduces the number of physical servers to be purchased and reduces the power and cooling load for the East Hall Network room.

Proposal Summary
NMC requested pricing from different vendors that provide the VMWare software products. The results of the bids are as follows:

<table>
<thead>
<tr>
<th>Vendor</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Open Systems of Cleveland (MHEC Consortium)</td>
<td>$35,982.49</td>
</tr>
<tr>
<td>Dell Computer</td>
<td>$36,269.20</td>
</tr>
<tr>
<td>Merit Network</td>
<td>$33,336.08</td>
</tr>
</tbody>
</table>

Source of Funds
The funding source for this purchase will be the FY10 General Fund.