



Northwestern
Michigan
College

Board of Trustees

www.nmc.edu/trustees

Northwestern Michigan College provides lifelong learning opportunities to our communities.

1701 East Front Street
Traverse City, MI 49686
(231) 995-1010
trustees@nmc.edu

Meeting Agenda

Monday, October 26, 2020

Virtual Zoom Webinar ID: 993 3665 7406

<https://nmc.zoom.us/j/99336657406>

Phone: 1 312 626 6799 or 1 646 558 8656

5:30 p.m. Regular Meeting

I. GENERAL BUSINESS

A. Call to Order

B. Roll Call

In compliance with PA 228 each trustee should publicly announce if they are attending remotely and provide their current physical location. The member's announcement must identify specifically the member's physical location by stating the county, city, township, or village and state from which he or she is attending the meeting remotely.

C. Pledge of Allegiance

D. Review of Agenda and Approval of Additions, Deletions, or Rearrangements

II. REPORTS (Most reports are also provided to the Board in their materials packet, which can be accessed on the nmc.edu Board of Trustees website.)

E. Audit Presentation—*Katie Thornton and Becky Donovan, Plante & Moran, PLLC*

F. Faculty Report—*Anatomy and Physiology in the Time of COVID—Nick Roster, Biology Instructor and Assessment Coordinator*

G. Enrollment Report—*Todd Neibauer, Vice President for Student Services and Technologies*

H. Scholarship and Financial Aid Report—*Linda Berlin, Director of Financial Aid*

I. Financial Report—*Vicki Cook, Vice President of Finance and Administration*

J. Foundation Report—*Rebecca Teahen, Associate Vice President for Resource Development and Executive Director of Foundation*

K. PRMC Report—*Diana Fairbanks, Executive Director of Public Relations, Marketing, and Communications*

L. Audit Committee Report—*Kennard Weaver, Committee Chair*

M. Policy Committee Report—*Doug Bishop, Committee Chair*

N. ACCT Leadership Congress—*Attending Trustees*

O. Legislative Issues Report—*President Nick Nissley*



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III. PUBLIC INPUT

Requests for public input should be typed into the “Chat” function of the Zoom meeting prior to the Public Input time in the agenda. You will be called upon to speak, and please start by stating your name. The topic addressed should be related to business within the jurisdiction of the Board. Comments will be limited to (3) three minutes in length per speaker and the speaker will be muted by NMC technology staff at the end of that (3) three minutes. The Board will take public remarks into consideration, but will not comment at time of input.

IV. UPDATES

- P. President’s Update—*President Nick Nissley*
- Q. Board Chair Update—*Chris Bott, Chair*

V. DISCUSSION ITEMS

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.

Recommend that the following items be approved:

- R. Minutes of the September 28, 2020, regular meeting

VII. ACTION ITEMS

S. **Acceptance of NMC Audit** (Pursuant to Policy A-106.00 Finance)

Recommend acceptance of the financial audit for Northwestern Michigan College for the fiscal year ended June 30, 2020, as presented.

T. **NMC Resource Guidelines** (Pursuant to Policy A-106.00 Finance)

Recommend approval of NMC Resource Guidelines for 2021-2022 as presented.

U. **FY22 Five Year Capital Outlay Plan** (Pursuant to Policy A-106.00 Finance)

Recommend approval of the FY 2022 Five-Year Capital Outlay Plan for submission to the Michigan Office of the State Budget as presented.

V. **Board Policies** (Pursuant to Policy A-106.00 Other)

Recommend adoption of the following Board Policies on a first-reading basis:

- Amended Policy A-100.00 Board of Trustees Bylaws
- Amended Policy A-107.00 Board Attendance at Civic and College Events
- Amended Policy A-108.00 Board of Trustees Electronic Communications
- Policy A-101.00 Board of Trustees Responsibilities with no changes after review
- Policy A-106.03 Policy Amendment and Additions with no changes after review



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W. Bachelor of Science in Nursing Support Resolution

Recommend adoption of resolution in support of allowing community colleges to establish a nursing education program that grants Bachelor of Science in Nursing degrees.

X. Closed Session (Pursuant to Policy B-102.00 Monitoring Presidential Performance)

Recommend that the Board adjourn the open session and consider in closed session (pursuant to Subsection 8 [a] of the Michigan Open Meetings Act) the annual performance evaluation of the president, per his request for a closed session.

(Roll Call Vote)

Y. Reconvene Regular Meeting (Pursuant to Policy A-106.00 Other) Recommend the closed session adjourn and the open session of the regular meeting be reconvened.

(Roll Call Vote)

Z. Presidential Performance Evaluation (Pursuant to Policy A-106.00 Human Resources)

Recommend the acceptance of the October 2020 Presidential Performance Evaluation.

VIII. REVIEW OF FOLLOW-UP REQUESTS

Confirm requests made by the Board that require administrative follow-up for information to be provided to the Board at a later date.

IX. ADJOURNMENT

Upcoming Board Meeting Dates:

All board meetings are open to the public.

November 23, 2020

December 21, 2020

January 25, 2021

February 22, 2021

March 22, 2021

April 26, 2021

May 24, 2021

June 28, 2021

October 14, 2020

To the Board of Trustees
Northwestern Michigan College

We have audited the financial statements of Northwestern Michigan College (the "College") as of and for the year ended June 30, 2020 and have issued our report thereon dated October 14, 2020. Professional standards require that we provide you with the following information related to our audit, which is divided into the following sections:

Section I - Required Communications with Those Charged with Governance

Section II - Industry Update and Other Information

Section I includes information that current auditing standards require independent auditors to communicate to those individuals charged with governance. We will report this information annually to the board of trustees of the College.

Section II contains updated legislative and informational items that we believe will be of interest to you.

We would like to take this opportunity to thank the College's staff for the cooperation and courtesy extended to us during our audit. Their assistance and professionalism are invaluable.

This report is intended solely for the use of the board of trustees and management of the College and is not intended to be and should not be used by anyone other than these specified parties.

We welcome any questions you may have regarding the following communications, and we would be willing to discuss these or any other questions that you might have at your convenience.

Very truly yours,

Plante & Moran, PLLC

A handwritten signature in cursive script that reads "Katie A. Thornton".

Katie A. Thornton, CPA
Partner

Section I - Required Communications with Those Charged with Governance

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated April 8, 2020, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

As part of our audit, we considered the internal control of the College. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Our audit of the College's financial statements has also been conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Under *Government Auditing Standards*, we are obligated to communicate certain matters that come to our attention related to our audit to those responsible for the governance of the College, including compliance with certain provisions of laws, regulations, contracts, and grant agreements; certain instances of error or fraud; illegal acts applicable to government agencies; and significant deficiencies in internal control that we identify during our audit. Toward this end, we issued a separate letter dated October 14, 2020 regarding our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our letter about planning matters dated April 21, 2020.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the College are described in Note 1 to the financial statements.

No new accounting policies were adopted, and the application of existing policies was not changed during 2020.

We noted no transactions entered into by the College during the year for which there is a lack of authoritative guidance or consensus.

We noted no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements are summarized below:

- **Allowance for Uncollectible Receivables** - Management estimates fair value of tuition accounts receivable and property taxes receivable by establishing an allowance for estimated uncollectible amounts.

Section I - Required Communications with Those Charged with Governance (Continued)

- **Pension and OPEB Liability** - Management estimates their portion of the Michigan Public School Employees' Retirement System (MPERS) net pension and OPEB liabilities based on the audited financial statements received from MPERS.

We evaluated the key factors and assumptions used to develop the above accounting estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

The most sensitive disclosure affecting the financial statements was in Note 1 related to the impact of the COVID-19 pandemic on the College. To assist with the economic impact of the pandemic, the College was awarded Higher Education Emergency Relief Fund (HEERF) Grants of \$2,124,216, of which 50 percent is required to be given to students as emergency grants. In addition, the College also received approximately \$104,000 in Strengthening Institutions Program grants, also from HEERF. As of June 30, 2020, the College had disbursed \$835,590 in emergency grants to students and \$835,590 in institutional support. Subsequent to June 30, 2020, the College's August state appropriation payment was adjusted to \$0, and the College received Coronavirus Relief Funds (CRF) of \$1.1 million, which must be spent by December 30, 2020 on expenditures related to COVID-19.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Disagreements with Management

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management.

The following summarizes the uncorrected misstatement of the financial statements that was requested to be recorded. Management has determined that its effect is immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

- Accounts payable and prepaid expenses were overstated by \$125,083 for invoices recorded as of June 30, 2020 that relate to fiscal year 2021, but the overstatement does not create an impact to net position.

Significant Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the College, and business plans and strategies that may affect the risks of material misstatement, with management each year prior to our retention as the College's auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition of our retention.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 14, 2020.

**Section I - Required Communications with Those Charged with Governance
(Continued)**

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a second opinion on certain situations. If a consultation involves application of an accounting principle to the College's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Section II - Industry Update and Other Information

Impact of COVID-19 on Operations - During March 2020, the World Health Organization declared a global pandemic due to COVID-19. As a result, the College had to quickly shift to fully incorporate online learning, with most faculty and staff working remotely. This has created additional risks that can include cybersecurity threats, changes to internal controls that increase fraud risks, increasing automated processes, and optimizing ERP systems among others. Plante & Moran, PLLC has put together a series of webinars at this [link](#) to help you stay on top of these emerging issues while navigating the impact of working in a remote environment. We understand from management that they are aware of the increased risks of the online environment. Management will be using some of the CARES Act funds to upgrade information technology system security features.

Fiduciary Activities - GASB Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of a public institution. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. The statement was issued because it was determined by the GASB that there was divergence in practice between governments in what was being reported in a fiduciary fund. The College will have to apply the new principles-based rules from this statement to determine if more reporting will be required related to fiduciary activities that may exist upon implementation of this standard. In June 2020, the GASB issued Statement No. 97, which further clarifies guidance provided in GASB 84 for many deferred compensation plans providing, exceptions for including these plans as fiduciary component units. Additionally, in May 2020, the GASB issued Statement No. 95, delaying the effective date for this new standard by one year. This delayed effective date is as of July 1, 2020, and, therefore, the College is required to work through implementing the various process and reporting changes prior to June 30, 2021. The GASB also issued an extensive implementation guide in June 2019 with several examples.

Leases - GASB Statement No. 87, *Leases*, will result in reporting the following in the financial statements for all leases that exceed 12 months in duration or those that transfers ownership of the underlying asset:

- Lease liability should be measured at the present value of payments expected to be made during the lease term
- Lease asset should be measured at the amount of the initial measurement of the lease liability
- Amortization expense related to the lease asset (recognizing the asset amount as an expense over the term of the lease)
- Interest expense related to the lease liability

If the lease transfers ownership of the underlying asset, the institution will record the transaction as a financed purchase (asset and long-term debt). The notes to the financial statements would include a description of leasing arrangements, the amount of lease assets recognized, and a schedule of future lease payments to be made. In May 2020, the GASB issued Statement No. 95, delaying the effective date for this new standard. The delayed effective date is for reporting periods beginning after June 15, 2020 (FY 2022). The GASB also issued an extensive implementation guide in August 2019 with several helpful examples.

Revenue and Expense Recognition (Preliminary View) - In June 2020, the GASB issued a preliminary view, titled *Revenue and Expense Recognition*, introducing a new methodology for categorizing transactions for recognition based on the assessment of specific characteristics, which includes identifying transactions with performance obligations. If performance obligations are identified, then revenue and expense will essentially be recognized as those obligations are satisfied. Additional guidance is being proposed for those transactions without performance obligations, such as state appropriations and property taxes. Comments from stakeholders are due by February 26, 2021.

Other GASB Projects - The Governmental Accounting Standards Board is reviewing other topics that include compensated absences, prior period adjustments, risks and uncertainties disclosures, capital assets, going concern, and more.

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To Management and the Board of Trustees
Northwestern Michigan College

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Northwestern Michigan College (the "College") and its discretely presented component unit as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated October 14, 2020. The financial statements of the discretely presented component unit were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the College's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To Management and the Board of Trustees
Northwestern Michigan College

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moreau, PLLC

October 14, 2020

Northwestern Michigan College

**Financial Report
with Supplemental Information
June 30, 2020**

Northwestern Michigan College

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Independent Auditor's Report

To the Board of Trustees
Northwestern Michigan College

Report on the Financial Statements

We have audited the accompanying financial statements of Northwestern Michigan College (the "College") and its discretely presented component unit as of and for the years ended June 30, 2020 and 2019 and the related notes to the financial statements, which collectively comprise Northwestern Michigan College's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these basic financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the basic financial statements are free from material misstatement. The financial statements of the discretely presented component unit were not audited under *Government Auditing Standards*.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Northwestern Michigan College and its discretely presented component unit as of June 30, 2020 and 2019 and the respective changes in their financial position and, where applicable, cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the financial statements, the COVID-19 pandemic has impacted the operations of the College. Our opinion is not modified with respect to this matter.

To the Board of Trustees
Northwestern Michigan College

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of the College's proportionate share of the net pension liability, schedule of pension contributions, schedule of the College's proportionate share of the net OPEB liability, and schedule of OPEB contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise Northwestern Michigan College's basic financial statements. The other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The other supplemental information, as identified in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2020 on our consideration of Northwestern Michigan College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Northwestern Michigan College's internal control over financial reporting and compliance.

Plante & Moran, PLLC

October 14, 2020

Northwestern Michigan College

Management's Discussion and Analysis

June 30, 2020

The discussion and analysis of Northwestern Michigan College's (the "College") financial statements provide an overview of the College's financial activities for the year ended June 30, 2020. Management has prepared the financial statements and the related footnote disclosures along with the discussion and analysis. Responsibility for the completeness and fairness of this information rests with the College's administration.

Using this Report

The College's financial report includes three financial statements: the statement of net position, the statement of revenues, expenses, and changes in net position, and the statement of cash flows. These financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities* and the *State of Michigan Manual for Uniform Financial Reporting – Michigan Public Community Colleges, 2001*.

Northwestern Michigan College Foundation (the "Foundation") is included within these statements as a discretely presented component unit of the College's reporting entity (although it is legally separate and governed by its own board of directors) because its sole purpose is to provide support for the College under GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*.

This annual financial report includes the management's discussion and analysis, the report of independent auditors, the basic financial statements, notes to the financial statements, required supplementary information, and supplementary information.

Financial Highlights

The College's net position increased by \$8.1 million in fiscal year 2020, including activity recognized to comply with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The College's net position increased by \$11.0 million before the adjustments required under those standards. The increase in net position stems largely from the College recognizing \$7.2 million in State capital appropriations revenue for the West Hall Innovation Center ("WHIC") building project after meeting its 50% cost share during the fiscal year. The College has not received capital appropriations from the State in recent years. The 54,000 square-foot building opened to the public in August 2020 and includes a new library, cafeteria, flexible learning spaces, study areas, and a variety of social spaces. The College funded its share of the WHIC project through a \$7.3 million bond issuance payable over twenty years.

Operating property taxes increased 4.5% due to a 5.1% increase in taxable values, offset by tax abatements. Total property tax collections for the debt millage remained flat as the 5.1% increase in property values was offset by a 0.02 mill reduction in the levy due to decreasing principal obligations. State appropriations for general operations were \$8,741,600 in fiscal year 2020, a decrease of \$884,000 or 9.2% (see next paragraph). State appropriations passed through the College for the MPERS Unfunded Actuarial Accrued Liability ("UAAL") payments were \$1,964,280, a decrease of \$83,000 from prior year. The College received an additional \$458,000 in support from the State to offset mandatory increases in MPERS employer contribution rates in fiscal year 2020. This compares with \$289,000 in fiscal year 2019, an increase of \$169,000. Also included in State appropriations is the State's payment in lieu of personal property taxes, which the State abolished as of December 31, 2015. This formula-based reimbursement was \$199,000 for fiscal year 2020, a \$13,000 decrease from prior year. With the above, total state appropriations decreased \$615,000 in fiscal year 2020 compared to prior year.

On March 11, 2020, the World Health Organization declared a pandemic with the outbreak of a respiratory disease caused by a new coronavirus ("COVID-19"). In response to the pandemic, governments have taken preventative and protective actions, such as temporary closures of non-essential businesses and "shelter-at-home" guidelines for individuals. On March 17, following Traverse City's first confirmed case of COVID-19, the College closed all campuses, sending students and employees home and shifting to a fully remote online learning environment. On March 27, Congress enacted the Coronavirus Aid, Relief, and Economic Security Act ("CARES"), which includes formula-based federal support for Colleges and Universities through its Higher Education Emergency Relief Fund

Northwestern Michigan College

Management's Discussion and Analysis

June 30, 2020

("HEERF"). The Department of Education awarded \$2.2 million from HEERF to the College. Half of these funds ("the student portion") must be used to provide emergency grants to students in need, while the other half ("the institutional portion") may be used to offset institutional costs directly related to changes in the delivery of instruction resulting from the COVID-19 pandemic (or to provide additional emergency grants to students). Several months later, in July 2020, the State passed a retroactive 11% cut to its original 2020 community college appropriation bill in response to revenue shortfalls from the pandemic. However, in the same bill, the State replaced the \$1.1 million cut in full with a new stream of funding enacted under the CARES Act called the Coronavirus Relief Fund (CRF). Usage of CRF funds is restricted for expenses incurred from March 1-December 30, 2020 due to COVID-19 and not accounted for in the College's most recently approved budget. In fiscal year 2020, the College spent \$1.7 million and \$905,000 in HEERF and CRF costs, respectively. The College expects to spend the remaining HEERF and CRF funds in fiscal year 2021.

The Statements of Net Position and the Statements of Revenues, Expenses, and Changes in Net Position

The statements of net position and the statements of revenues, expenses, and changes in net position report information on the College's net position and changes therein. These statements include all assets, liabilities, and deferred inflows and outflows using the accrual basis of accounting.

The statements of net position include the College's net pension and OPEB liabilities recognized in accordance with GASB 68 and 75, respectively. The College's total net position at June 30, 2020, 2019, and 2018 without the accounting required by GASB 68 and GASB 75 was \$83.4 million, \$72.4 million, \$68.8 million, respectively. Summaries of the College's statements of net position at June 30, 2020, 2019, and 2018 are as follows:

Condensed Statements of Net Position as of June 30 (in thousands)			
	2020	2019	2018
Current assets	\$ 21,615	\$ 11,035	\$ 10,503
Noncurrent assets:			
Capital assets, net	83,145	72,873	69,003
Other noncurrent assets	<u>16,903</u>	<u>30,221</u>	<u>25,602</u>
Total assets	<u>121,663</u>	<u>114,129</u>	<u>105,108</u>
Deferred outflows of resources	<u>19,333</u>	<u>20,030</u>	<u>11,688</u>
Current liabilities	11,028	12,958	10,161
Noncurrent liabilities:			
Net pension liability	57,892	54,493	48,032
Net OPEB liability	12,287	14,251	16,520
Other noncurrent liabilities	<u>27,195</u>	<u>28,763</u>	<u>26,150</u>
Total liabilities	<u>108,402</u>	<u>110,465</u>	<u>100,863</u>
Deferred inflows of resources	<u>11,968</u>	<u>11,200</u>	<u>5,688</u>
Net position:			
Net investment in capital assets	59,659	54,163	49,435
Unrestricted deficit	<u>(39,033)</u>	<u>(41,669)</u>	<u>(39,190)</u>
Total net position	<u>\$ 20,626</u>	<u>\$ 12,494</u>	<u>\$ 10,245</u>

June 30, 2020

Statements of Net Position

The primary changes in the assets, deferred outflows, liabilities, and deferred inflows of the College between 2020 and 2019 are as follows:

- Current assets increased \$10.6 million, including a \$5.5 million increase in receivables and a \$5.2 million increase in cash. The increase in receivables is due to the recognition of a new \$3.8 million receivable for State capital appropriations and a \$1.3 million increase in receivables from the Foundation due to increased support. The College's increase in cash is due to timing and lack of opportunity in the investment market.
- Capital asset additions totaled \$14.7 million, \$13.0 million of which relates to the construction of the WHIC. These additions were offset by current year depreciation of \$4.4 million and net disposals of \$91,000. As a result, net capital assets increased by \$10.3 million. Other noncurrent assets decreased \$13.3 due to spending \$8.9 million of restricted cash on WHIC and transferring (net) \$4.4 million of unrestricted investments to cash during the year.
- Current liabilities decreased \$1.9 million due to the College paying off its remaining \$2.9 million in obligations for its 2009 and 2015 bonds during the fiscal year. The payoffs were offset by an increase in accounts payable (\$715,000) related to increased retainage on the WHIC project completed shortly after year-end along with a \$195,000 increase in the College's health insurance liability due to increased claims lag from the College's insurance providers.
- The College's net pension liability increased \$3.3 million due primarily to a 0.25% decrease in the actuarial discount rate applied to the calculation, highlighting the sensitivity and impact of these assumptions on the net pension liability calculation. The College's net OPEB liability decreased \$2.0 million due to current year payments and no significant changes in actuarial assumptions. Other noncurrent liabilities decreased due to current year payments on outstanding debt.
- Deferred inflows is the acquisition of net position that applies to future reporting periods. Deferred outflows is the consumption of net position that applies to future reporting periods. The College's deferred inflows and outflows, and changes therein, stem primarily from the MPSERS plan and include changes in actuarial assumptions, differences between expected and actual experience, changes in the proportionate share of the pension and OPEB liabilities, and contributions to the plan subsequent to the measurement date.

The primary changes in the assets, deferred outflows, liabilities, and deferred inflows of the College between 2019 and 2018 are as follows:

- Current assets increased due primarily to timing of internal transfers between the College's cash and investments accounts and timing of cash draws for Pell and Direct Loans.
- Capital asset additions totaled \$9.3 million, \$6.0 million of which relates to the construction of the WHIC. These additions were offset by current year depreciation of \$4.6 million and net disposals of \$857,000. As a result, net capital assets increased by \$3.9 million. Other noncurrent assets increased due to cash proceeds received from the College's \$7.3 million bond issuance. The College only spent a portion of those proceeds through June 30, 2019.
- Current liabilities increased due to the ongoing construction of the WHIC, which had outstanding invoices and retainage payable of \$1.3 million at June 30, 2019. The College did not have any major construction in progress or outstanding invoices at the end of fiscal year 2018.
- The College's net pension liability increased due primarily to changes in actuarial assumptions for the MPSERS defined benefit plan. More specifically, the MPSERS lowered its expected investment rates of return (discount rates) in its actuarial valuation by 1.0-1.5%, depending on the plan option. The College's net OPEB liability decreased due to current year payments and no significant changes in actuarial

Northwestern Michigan College

Management's Discussion and Analysis

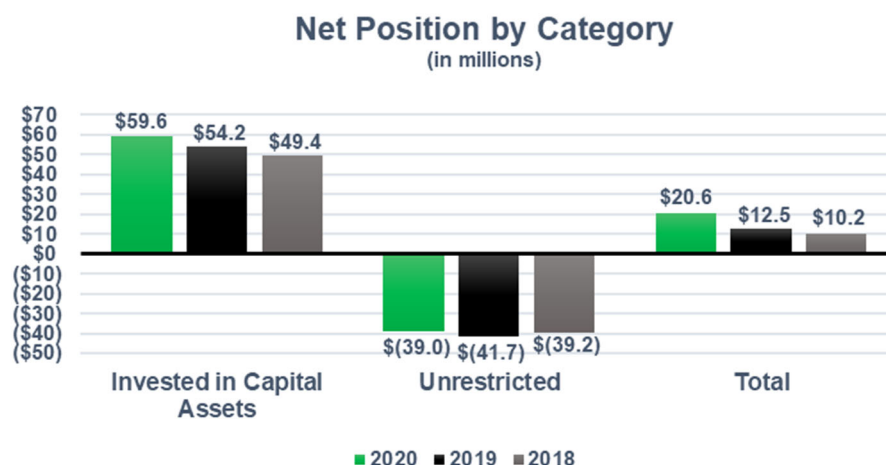
June 30, 2020

assumptions. Other noncurrent liabilities increased due to the \$7.3 million bond issuance to support the construction of West Hall Innovation Center, offset by current year payments on all debt.

- Deferred inflows is the acquisition of net position that applies to future reporting periods. Deferred outflows is the consumption of net position that applies to future reporting periods. The College's deferred inflows and outflows, and changes therein, stem primarily from the MPSERS plan and include changes in actuarial assumptions, differences between expected and actual experience, changes in the proportionate share of the pension and OPEB liabilities, and contributions to the plan subsequent to the measurement date.

Net Position

The following chart provides a graphic breakdown of net position by category as of June 30, 2020, 2019, and 2018:



The College's net position was \$20.6 million as of June 30, 2020, an increase of \$8.2 million from prior year. Net position increased by \$11.1 million in fiscal year 2020 before the effects of GASB 68 and 75. The College's net position was \$12.5 million as of June 30, 2019, an increase of \$2.4 million from prior year. Net position increased by \$3.6 million in fiscal year 2019 before the effects of GASB 68 and 75.

Statements of Revenues, Expenses and Changes in Net Position

Following is a comparison of the major components of the College's operating results for the years ended June 30, 2020, 2019, and 2018:

	Operating Results for the Years Ended June 30 (in thousands)		
	2020	2019	2018
Total operating revenues	\$ 25,837	\$ 29,987	\$ 28,955
Total operating expenses	60,764	61,388	59,416
Operating loss	(34,927)	(31,401)	(30,461)
Net nonoperating revenues and capital contributions	43,059	33,650	32,680
Change in net position	8,132	2,249	2,219
Net position – beginning of year	12,494	10,245	24,767
Implementation of GASB 75	-	-	(16,741)
Net position – end of year	<u>\$ 20,626</u>	<u>\$ 12,494</u>	<u>\$ 10,245</u>

Northwestern Michigan College

Management's Discussion and Analysis

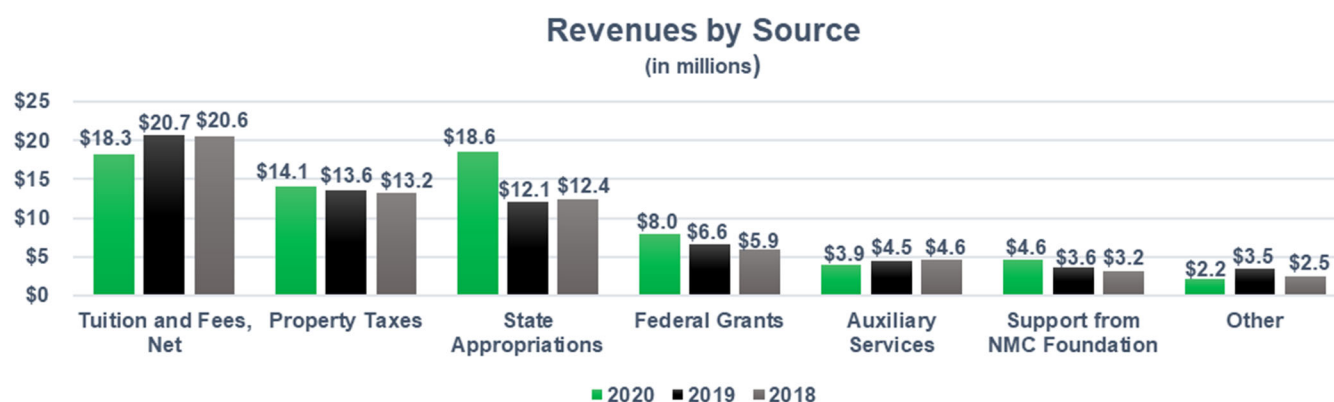
June 30, 2020

Total Revenues

Total revenues increased \$5.3 million in fiscal year 2020 due primarily to recognizing \$7.2 million in State capital appropriations during the year (none in 2019). Tuition and fees decreased \$2.4 million. This is partially the result of a 3.8% decline in billable contact hours offset by a 3.0% increase in tuition rates (\$442,000 net decrease). Additionally, the College lost a substantial amount of revenue due to closures or cancellations stemming from the pandemic, including lost flight fees (~\$850,000), international trip fees (~\$243,000), non-credit tuition revenue (~\$179,000), cancellation of its Yellow River cohorts in China (~\$140,000), and various other revenue delays or losses (~\$172,000). At the end of fiscal year 2019, the College also disbanded its Training Services program which generated \$374,000 in prior year tuition and fees. Property tax revenues increased due to increases in underlying taxable values, offset by abatements. Support from component unit increased due to new payments from the Foundation in 2020 for support of College's debt service obligations (\$1.2 million) offset by reduced support for the Dennon Museum (\$376,000 decline) as the Museum finished its expansion project in the prior year. The Foundation also provided scholarship support of \$1.7 million, a \$171,000 increase from prior year. Federal grant revenue increased due to the new HEERF (CARES) funding awarded in fiscal year 2020.

Total revenues increased by \$2.0 million in fiscal year 2019 as the result of increased Federal appropriations for the Great Lake Maritime Academy and the recognition of a significant unrealized gain on investments due to timing of market conditions. Tuition and fee revenue increased nominally as rate increases of 2.2% were offset by a 4.3% decline in contact hours in the Fall (2.4% decline in the Spring). Property tax revenues increased due to increases in underlying taxable values. Support from component unit increased due to the Foundation's support for the Dennon Museum Center expansion project. The Foundation also provided scholarship support of \$1.5 million, a \$130,000 increase from the prior year.

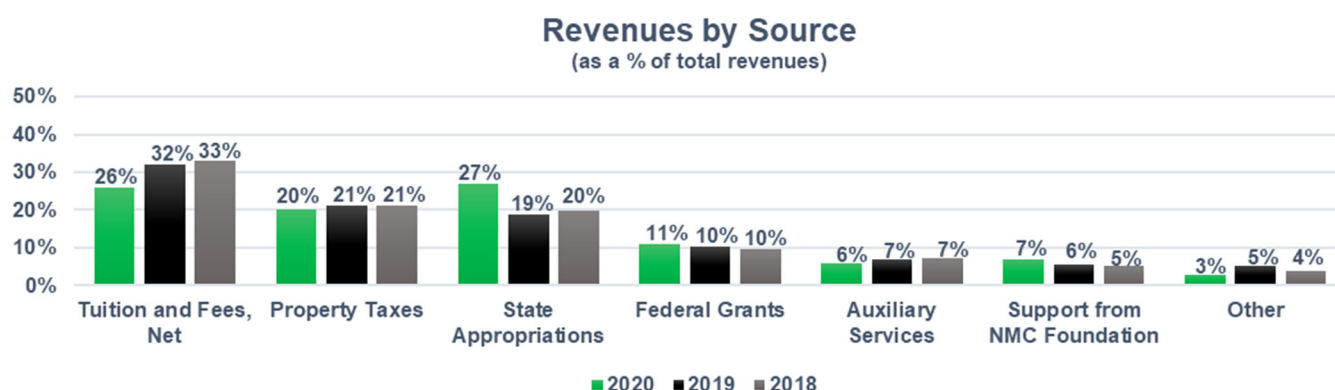
The following graphs illustrate total revenues by source, by dollars and percentages, for the years ended June 30, 2020, 2019, and 2018:



Northwestern Michigan College

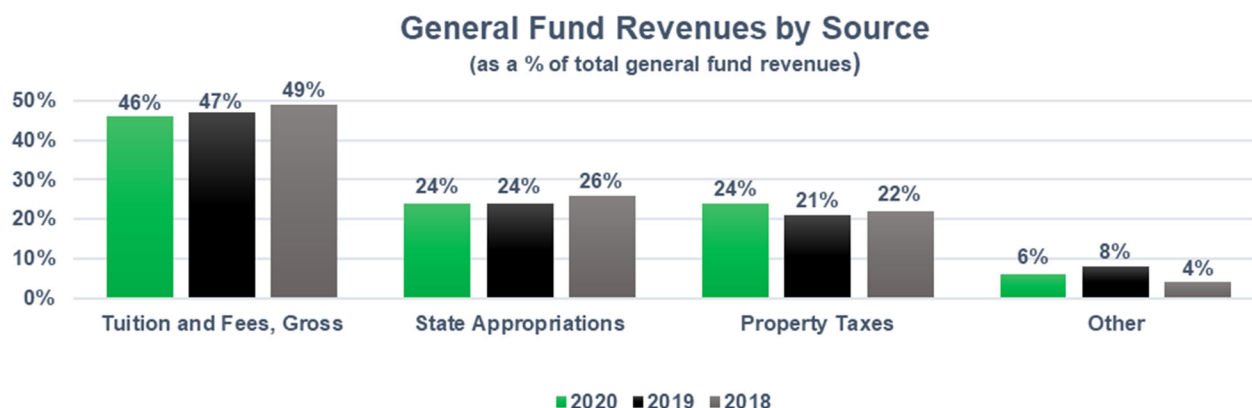
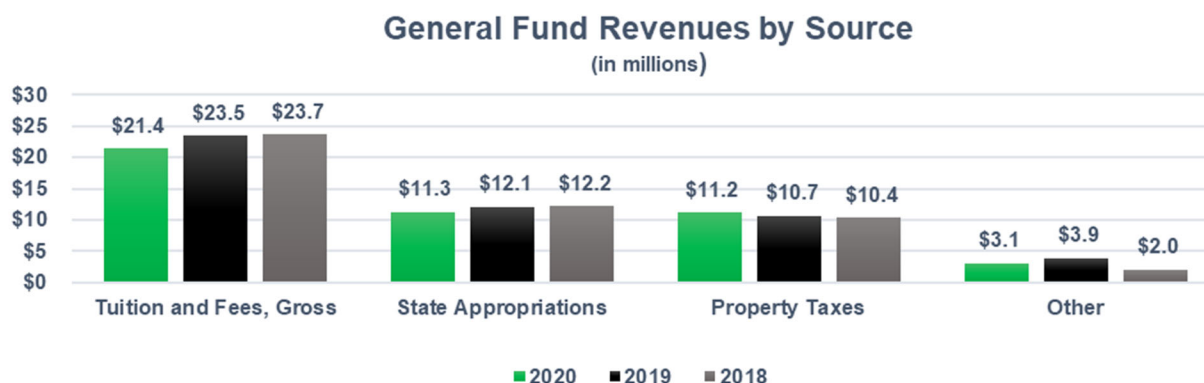
Management's Discussion and Analysis

June 30, 2020



General Fund Revenues

The College accounts for its primary operations and programs within the General Fund. The primary General Fund revenue sources are tuition and fees, state appropriations, property taxes, and Federal grants. The following graphs illustrate total General Fund revenues by source, by dollars and percentages, for the years ended June 30, 2020, 2019, and 2018:



Northwestern Michigan College

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Operating Revenues

The College classifies as operating revenues any sales or receipts derived from primary operations of the College such as tuition, fees, housing, and other auxiliary operations. In addition, certain Federal, State, and private grants are considered operating if they are not for capital purposes and are deemed a contract for services. The following table shows the sources of operating revenues for the years ended June 30, 2020, 2019, and 2018:

Operating Revenues by Source Years Ended June 30 (in thousands)			
	2020	2019	2018
Tuition and fees, net	\$ 18,311	\$ 20,711	\$ 20,593
Federal grants	1,962	2,355	1,357
State grants	135	177	120
Auxiliary services	3,938	4,529	4,617
Other operating	1,491	2,216	2,268
Total operating revenues	<u>\$ 25,837</u>	<u>\$ 29,988</u>	<u>\$ 28,955</u>

Changes in operating revenues for fiscal year 2020 were as follows:

- Tuition and fees decreased \$2.4 million due to lost aviation flight fees, lost international trip fees, and lost revenue related to the College's non-credit tuition program while the College closed due to the pandemic (~\$1.4 million), the discontinuation of its Training Services program (\$374,000), and a 3.8% decline in billable contact hours offset by tuition increases of 3.0% (\$442,000).
- Federal grant revenue from operations decreased \$393,000 due primarily to the discontinuation of its Training Services program that received a \$229,000 federal grant in 2019. Direct support from MARAD for the Great Lakes Maritime Academy also decreased \$192,000 from prior year.
- Auxiliary and other operating sources decreased due to the impact of COVID-19 and providing refunds to students for housing and dining, and cancellation of events.

Changes in operating revenues for fiscal year 2019 were as follows:

- Increases in tuition rates of 2.2% helped offset the current year enrollment decline. The \$118,000 increase in tuition and fees is attributed primarily to an increase in aviation training flights resulting in more flight fees in fiscal year 2019.
- Federal grant revenue increased significantly due to increased Federal appropriations for the Great Lakes Maritime Academy. State grants remained comparable to fiscal year 2018.
- Auxiliary and other operating sources remained comparable to fiscal year 2018.

Nonoperating Revenues and Capital Contributions

Nonoperating revenues are non-exchange in nature, meaning that the College receives value without directly giving equal value in return. Nonoperating revenues include state appropriations, Federal Pell grants, property taxes, support from component unit, and investment income. Capital contributions include state capital appropriations. The following table shows the amounts of these sources of nonoperating revenues for the years ended June 30, 2020, 2019, and 2018:

Management's Discussion and Analysis

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Nonoperating Revenues and Capital Contributions by Source Years Ended June 30 (in thousands)			
	2020	2019	2018
State appropriations	\$ 11,448	\$ 12,063	\$ 12,352
Pell grants	4,286	4,246	4,550
Federal CARES Act Funding	1,679	-	-
Property taxes	14,076	13,556	13,210
Support from the Foundation	4,649	3,631	3,210
Investment income	574	1,112	146
State capital appropriations	7,199	-	-
Total nonoperating revenues and capital contributions	<u>\$ 43,911</u>	<u>\$ 34,608</u>	<u>\$ 33,468</u>

Nonoperating revenue and capital contribution changes included the following factors for fiscal year 2020:

- State appropriations for general operations decreased by \$884,000, or 9.2%. State appropriations for the MPSERS UAAL pass-through funding decreased by \$83,000, or 4%. The College received additional support from the State of \$458,000, an increase of \$169,000 to help offset mandatory increases in employer contribution rates. The State's payments in lieu of property taxes of \$199,000 decreased by \$14,000 from prior year. Lastly, the College posted an adjustment to State appropriations at June 30, 2020 of \$83,000 to recognize deferred inflows for UAAL contributions made subsequent to the measurement date. This adjustment is reported in the pension liability fund.
- Through the CARES Act, the College was allocated HEERF grants of \$2.2 million and spent \$1.7 million as of June 30, 2020.
- Property tax revenue increased by \$478,000 or 2.6%. Operational property tax revenue increased by \$478,000, or 4.5%, due to increases in taxable values of 5.1% offset by property tax abatements. Debt-related property tax revenue increased by \$42,000, or 1.5%, due to increases in taxable values offset by a 0.02 mill reduction in the bond debt service levy as a result of decreasing principal obligations.
- Northwestern Michigan College Foundation support included \$1.7 million for scholarships, an increase of \$171,000. The remaining support of \$2.9 million was for debt service payments on sponsored projects, the Dennos Museum, instructional programs, board strategic initiatives, and general support.
- Investment income decreased by \$538,000 due in large to the market's response to the pandemic. The College recognized unrealized gains of \$43,000 and \$399,000 in fiscal years 2020 and 2019, respectively. Bond issuers called all bonds held by the College during fiscal year 2020; the College invested in new debt securities at lower market rates, reducing unrealized gains by \$356,000 from prior year and driving down interest income to \$530,000, a decrease of \$184,000 from prior year.
- The increase in state capital appropriations revenue is for the West Hall Innovation Center ("WHIC") building project that met its 50% cost share during the fiscal year.

Nonoperating revenue changes included the following factors for fiscal year 2019:

- State appropriations for general operations increased by \$116,000, or 1.2%. State appropriations for the MPSERS UAAL pass-through funding increased by \$126,000, or 6.6%. The College received additional

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Management's Discussion and Analysis

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support from the State of \$222,000, an increase of \$53,000, to help offset mandatory increases in employer contribution rates. However, the State's payment in lieu of property taxes decreased by \$52,000 in fiscal year 2019. Further, in the prior year, the College received a one-time disbursement from the State of \$381,000 restricted for payment to the MPERS Early Retirement Incentive Program ("ERIP"). No such payments were received in fiscal year 2019. Lastly, the College posted an adjustment to State appropriations at June 30, 2019 of \$126,000 to recognize deferred inflows for UAAL contributions made subsequent to the measurement date. This adjustment is reported in the pension liability fund.

- Federal Pell grants decreased by \$305,000, or 6.7%, due to a decline in the number of eligible students and number of contact hours generated.
- Property tax revenue increased by \$346,000 or 2.6%. Operational property tax revenue increased by \$335,000, or 3.2%, due to increases in taxable values of 4.9% offset by property tax abatements. Debt-related property tax revenue increased by \$11,000, or 0.3%, due to increases in taxable values offset by a 0.02 mill reduction in the bond debt service levy as a result of decreasing principal obligations.
- Investment income increased by \$966,000 due primarily to changes in unrealized gains and losses. The College recognized unrealized gains of \$399,000 in fiscal year 2019, but unrealized losses of \$399,000 in fiscal year 2018 resulting in a \$654,000 year-over-year change in investment income. Additionally, most of the College's agency bond investments "stepped up" to higher interest rates during the year resulting in higher returns. The College also earned approximately \$140,000 in interest on the proceeds from the College's July 2018 bond issuance, which weren't available in fiscal year 2018.
- Northwestern Michigan College Foundation support included \$1,506,000 for scholarships, an increase of \$130,000. The remaining support of \$2,125,000 was used to support the Dennon Museum, instructional programs, board strategic initiatives, and general support.

Operating Expenses

Operating expenses include all the costs necessary to perform and conduct the programs and primary functions of the College such as wages and benefits, professional services, software and technology maintenance, utilities, staff development, and depreciation expense. In the College's external financial statements, these expenses are categorized by function in accordance with the *State of Michigan Manual for Uniform Financial Reporting—Michigan Public Community Colleges, 2001*. Total operating expenses decreased by \$623,000 or 1.0%, for fiscal year 2020 and increased by \$2 million or 3.3% for fiscal year 2019. The following table summarizes operating expenses by function for the years ended June 30, 2020, 2019, and 2018 (update FY20):

	Operating Expenses by Function Years Ended June 30 (in thousands)		
	2020	2019	2018
Instruction	\$ 17,775	\$ 18,536	\$ 18,024
Public service	2,484	2,977	2,869
Academic support	7,739	7,748	7,359
Student services	12,417	11,130	11,110
Institutional administration	6,889	7,445	7,217
Operation and maintenance of plant	5,191	5,430	5,075
Depreciation	4,435	4,588	4,551
Information technology	3,835	3,534	3,211
Total operating expenses	<u>\$ 60,765</u>	<u>\$ 61,388</u>	<u>\$ 59,416</u>

Management's Discussion and Analysis

June 30, 2020

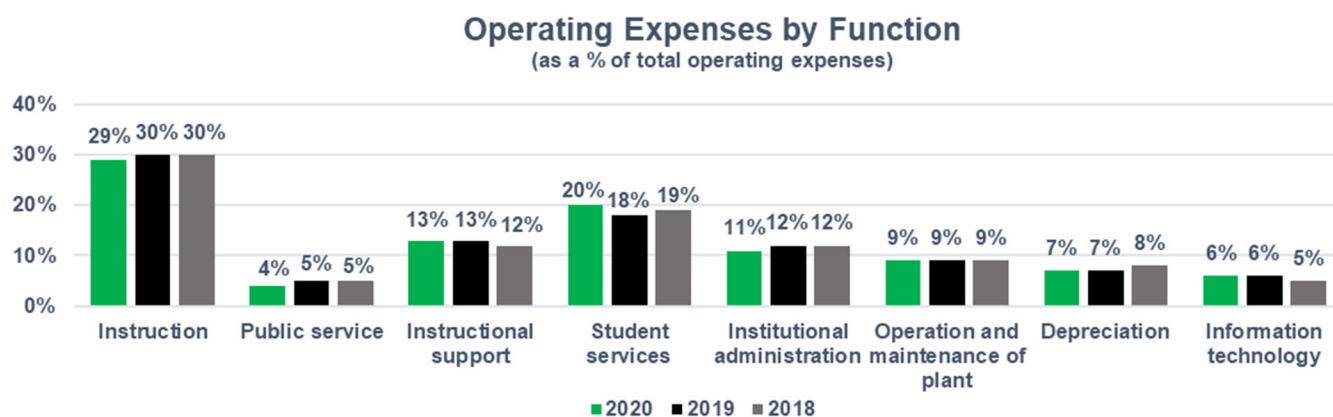
Highlights of the major changes between fiscal years 2020 and 2019 by category are as follows:

- Most functional operating expense categories decreased in fiscal year 2020 due to the impact of COVID-19 and closure of campus. Instruction costs decreased due to direct reductions in supplies stemming from the campus closure and the cancellation of all international trips due to the pandemic.
- Student services increased due primarily to providing \$836,000 in emergency student grants directly to students as part of the CARES Act HEERF funding.
- Information technology increased due to \$125,000 in purchases of data and voice equipment for the WHIC and general increased costs of \$193,000 related to maintenance and increased software licenses.

Highlights of the major changes between fiscal years 2019 and 2018 by category are as follows:

- All functional operating expense categories increased in fiscal year 2019 due to a \$1.2 million pension liability adjustment; the expense offset was allocated to all functions other than depreciation. Additionally, health expenses increased in fiscal year 2019. Benefit expenses, like wages, are allocated to each functional category based on employee job function.
- Absent the pension adjustment and health expense increase mentioned above, student services decreased \$163,000 driven by a \$305,000 decrease in Pell funding in fiscal year 2019.
- Operation and maintenance of plant increased due to higher snow removal costs, supplies purchases, and increased maintenance costs.

For external reporting purposes, the College's funds are consolidated and internal expenses are eliminated. The following graph illustrates the composition of operating expenses for the years ended June 30, 2020, 2019, and 2018:



June 30, 2020

Statements of Cash Flows

Another way to assess the College's financial health is by analyzing the statements of cash flows. This statement's primary purpose is to provide relevant information about the cash inflows and outflows of the College during a period of time. This statement also helps users assess the following:

- The College's ability to generate future cash flows
- Its ability to meet existing obligations as they come due
- Its needs for external financing

A summary of the College's cash flows for the years ended June 30, 2020, 2019, and 2018 is as follows:

Cash Flows			
Years Ended June 30 (in thousands)			
	2020	2019	2018
Cash (used in) provided by:			
Operating activities	\$ (26,582)	\$ (22,896)	\$ (26,747)
Noncapital financing activities	31,193	30,714	30,275
Capital financing activities	(13,314)	(4,127)	(5,935)
Investing activities	5,004	7,482	(2,849)
Net increase (decrease) in cash	(3,699)	11,173	(5,256)
Cash and cash equivalents, beginning of year	16,670	5,497	10,753
Cash and cash equivalents, end of year	<u>\$ 12,971</u>	<u>\$ 16,670</u>	<u>\$ 5,497</u>

Cash inflows from operating activities include receipts for tuition and fees, grants, contracts, and auxiliary activities, which include student housing, the Dennon Museum, University Center, Hagerty Center, and the bookstore. These cash inflows are offset by outflows for vendor and employee payroll payments. For fiscal year 2020, net cash used in operating activities increased due to increased payments to suppliers and reductions in receipts for tuition, fees, and auxiliary activities. For fiscal year 2019, net cash used in operating activities decreased due to increases in Federal grant funding and timing of payments to vendors.

Cash inflows provided by noncapital financing activities include primarily receipts for the College's nonoperating revenues such as state appropriations, property taxes, Pell grants, and support from the Foundation for purposes other than capital. The increase in fiscal year 2020 is due to primarily to increased receipts for property taxes. The increase in fiscal year 2019 is due to increased funding from the Foundation.

Cash used in capital and related financing activities increased in fiscal year 2020 due to the WHIC construction payments and receipt of the related capital funding from the State. Cash used in capital and related financing activities decreased in fiscal year 2019 due to the College's \$7.3 million bond issuance in July 2018, the proceeds of which were not fully spent during the year.

Cash provided by or used in investing activities fluctuates depending on the timing of purchases and sales of investments. Cash provided by investing activities decreased in 2020 due to less investment activity. In the prior year, the College had investments in commercial paper that matured in late June 2019; those funds weren't reinvested until early July 2019, resulting in a reported cash increase as of the end of the fiscal year.

Northwestern Michigan College

Management's Discussion and Analysis

June 30, 2020

Capital Assets

At June 30, 2020, the College had \$169 million invested in capital assets before accumulated depreciation of \$85 million. Depreciation charges totaled \$4.4 million for the current fiscal year. Details of these assets are as follows:

Capital Assets as of June 30 (in thousands)			
	2020	2019	2018
Land and land improvements	\$ 10,374	\$ 10,324	\$ 10,786
Infrastructure	7,845	7,845	7,923
Buildings and improvements	98,729	98,463	99,444
Furniture, fixtures, and equipment	31,378	30,494	35,418
Construction in progress	20,195	6,779	1,518
Capital assets	<u>\$ 168,521</u>	<u>\$ 153,905</u>	<u>\$ 155,089</u>

Additional information regarding capital assets can be found in Note 6 to the financial statements.

Debt Administration

The College's most recent bond rating by Standard & Poor's was AA. The College's most recent bond rating by Moody's was A1. The College had the following outstanding debt balances at June 30, 2020, 2019, and 2018:

Debt Outstanding as of June 30 (in thousands)			
	2020	2019	2018
Bonds payable	<u>\$ 26,675</u>	<u>\$ 30,801</u>	<u>\$ 27,552</u>

Additional information regarding the College's debt can be found in Note 7 to the financial statements.

Economic Factors That Will Affect the Future

The economic outlook for the College is strongly tied to national and state economic conditions. Although federal and state appropriations have been determined for the upcoming fiscal year, it is important to note that in times of financial constraint, such funding can be adversely impacted. The College currently faces a volatile, uncertain economy due to the ongoing COVID-19 pandemic. In times of increasing unemployment, colleges traditionally see increases in enrollment as students forgo a weak job market to seek new skills or learn a new trade. However, that traditional cycle was counteracted by ongoing public health concerns and the unpredictability of the economy. The College anticipates enrollment may continue to decline during the lingering pandemic. There is further uncertainty as to whether remote learning environments will attract or deter students.

Additionally, regional, state, and national data all indicate declining trends in birth rates and numbers of high school graduates. The College combats these trends through its strategic plan, which addresses the decline in student enrollment by investing in select programs that will attract students from outside the region. The plan provides a diverse learning experience for regional students, which may lead to increases in the College's market share. The College has also responded to increased uncertainty by investing in new innovative facilities, continuing to build reserves, and expanding global opportunities for students.

Northwestern Michigan College

Management's Discussion and Analysis

June 30, 2020

The College will receive a 0.3% increase in state appropriations for general operations during fiscal year 2021 based on the baseline appropriations for fiscal year 2020. Since the College balanced its budget based on a 15% decrease, this will generate a substantial surplus in 2021 to be used for technology upgrades, increased staffing, and other needs. The College's fiscal year 2021 budget also includes increased property tax revenue of 3.0% for expected increases in taxable values. For tuition, the College charges rates based on the primary residence of the student, including categories for in-district, in-state, out of state, or international. Further, the College uses a tiered structure to accommodate higher-cost programs such as its maritime, culinary, automotive, audio-technology, and nursing programs. In response to our students' economic challenges faced during the pandemic, The Board of Trustees approved keeping tuition flat for fiscal year 2021. The College's Fall 2021 contact hours decreased only 8.6% against a budgeted 15% decrease.

The College has separate labor agreements with its maintenance, custodial, and grounds employees, its faculty, and its academic chairs. The maintenance, custodial, and grounds agreement expires December 31, 2022. The faculty and academic chair agreements expire July 31, 2022. The 2021 fiscal year budget includes employee salary increases, however the actual allocation will be determined after Fall enrollment and other factors are known. Approximately 85% of College employees participate in the MPSERS, which mandates employer contributions to the plan. Required employer contribution rates have been on the rise in efforts to fully-fund and provide economic certainty for retiree pension and healthcare benefits. While there are various plans within the MPSERS, the contribution rate for the plan with the majority of the College's employees was set at 28.21% for fiscal year 2021. Contribution rates for future years are unknown, but are expected to continue trending upwards.

With the guidance of GASB 68 and GASB 75, respectively, the College now reports its proportionate share of the net pension and net OPEB liabilities related to the MPSERS plans on its statements of net position. It is important to note that while these new standards have adversely impacted the College's net position, the application of the standards has not impacted the College's bond rating, cash position, nor its ability to meet current obligations. The State is projecting that the unfunded actuarial accrued liability will be fully-funded in approximately 25 years.

Following the private sector's adoption of balance sheet accounting for leases, the Governmental Accounting Standards Board issued GASB Statement No. 87, *Leases*, in June 2017 which is effective for the College's fiscal year 2021. The statement addresses the accounting for short and long-term leases for lessors and lessees. Since the College does not currently have significant leasing arrangements, this standard is not expected to have a significant impact on its operations. The College will continue to monitor the impact of GASB 87.

The College is self-funded for its employee health benefit costs. Employees are now required to contribute to the plan with the enactment of Public Act 152 of 2011. The College's healthcare costs have stabilized in recent years. The College has reviewed its cash flow data and reserve funds. Northwestern Michigan College is financially positioned to continue normal operations.

June 30, 2020
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Northwestern Michigan College

Statement of Net Position

	June 30, 2020 and 2019	
	2020	2019
Assets		
Current assets:		
Cash and cash equivalents (Note 3)	\$ 9,578,355	\$ 4,389,227
Receivables - Net (Note 5)	10,871,304	5,325,675
Prepaid expenses and other assets	1,165,689	1,319,800
Total current assets	21,615,348	11,034,702
Noncurrent assets:		
Restricted cash and cash equivalents - Unspent bond proceeds (Note 3)	3,392,945	12,281,270
Investments (Note 3)	13,509,912	17,939,677
Capital assets - Net (Note 6)	83,144,942	72,873,221
Total noncurrent assets	100,047,799	103,094,168
Total assets	121,663,147	114,128,870
Deferred Outflows of Resources (Note 9)	19,332,965	20,030,315
Liabilities		
Current liabilities:		
Accounts payable	4,466,942	3,751,460
Accrued liabilities and other:		
Accrued wages and benefits	2,555,579	2,337,819
Accrued interest payable	133,050	154,281
Unearned revenue	1,329,242	1,287,180
Long-term obligations - Current (Note 7)	2,543,222	5,427,473
Total current liabilities	11,028,035	12,958,213
Noncurrent liabilities:		
Net pension liability (Note 9)	57,892,016	54,492,788
Net OPEB liability (Note 9)	12,287,488	14,250,585
Long-term obligations - Net of current portion (Note 7)	25,768,628	27,072,191
Deposits	1,425,478	1,690,867
Total noncurrent liabilities	97,373,610	97,506,431
Total liabilities	108,401,645	110,464,644
Deferred Inflows of Resources (Note 9)	11,968,257	11,200,064
Net Position		
Net investment in capital assets	59,659,246	54,163,144
Unrestricted (Note 10)	(39,033,036)	(41,668,667)
Total net position	<u><u>\$ 20,626,210</u></u>	<u><u>\$ 12,494,477</u></u>

Northwestern Michigan College

Statement of Revenue, Expenses, and Changes in Net Position

Years Ended June 30, 2020 and 2019

	2020	2019
Operating Revenue		
Student tuition and fees - Net of scholarship allowance of \$3,057,180 and \$2,977,840 for 2020 and 2019, respectively	\$ 18,310,823	\$ 20,710,933
Federal grants and contracts	1,962,027	2,354,867
State grants and contracts	134,563	176,851
Private gifts, grants, and contracts	42,550	77,106
Other sources	1,448,985	2,138,296
Sales and services of auxiliary activities	3,938,053	4,529,064
Total operating revenue	25,837,001	29,987,117
Operating Expenses		
Instruction	17,775,423	18,535,825
Public service	2,483,841	2,976,869
Academic support	7,738,665	7,747,625
Student services	12,417,175	11,130,007
Institutional administration	6,888,414	7,445,206
Operation and maintenance of plant	5,190,386	5,429,816
Depreciation	4,435,278	4,588,501
Information technology	3,835,361	3,534,236
Total operating expenses	60,764,543	61,388,085
Operating Loss	(34,927,542)	(31,400,968)
Nonoperating Revenue (Expense)		
State appropriations	11,448,288	12,062,867
Federal Pell grants	4,286,174	4,245,684
Federal CARES Act funding	1,679,357	-
Property taxes	14,076,230	13,555,959
Support from component unit	4,649,330	3,630,753
Investment income	574,459	1,112,795
Bond issuance and amortization costs	24,874	1,395
Interest expense on capital-related debt	(878,437)	(959,326)
Total nonoperating revenue	35,860,275	33,650,127
Income - Before capital contributions - State capital appropriations	932,733	2,249,159
Capital Contributions - State capital appropriations	7,199,000	-
Change in Net Position	8,131,733	2,249,159
Net Position - Beginning of year	12,494,477	10,245,318
Net Position - End of year	<u><u>\$ 20,626,210</u></u>	<u><u>\$ 12,494,477</u></u>

Northwestern Michigan College

Statement of Cash Flows

Years Ended June 30, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities		
Tuition and fees	\$ 17,779,663	\$ 19,982,402
Grants and contracts	2,429,789	2,506,275
Payments to suppliers	(33,622,940)	(31,483,257)
Payments to employees	(18,763,876)	(20,666,697)
Auxiliary activities receipts	3,938,053	4,529,064
Other	1,657,363	2,236,370
Net cash and cash equivalents used in operating activities	(26,581,948)	(22,895,843)
Cash Flows from Noncapital Financing Activities		
Federal direct lending receipts	6,805,346	7,826,771
Federal direct lending disbursements	(6,805,346)	(7,826,771)
Property taxes	11,163,672	10,685,705
Gifts and contributions for other than capital purposes	3,350,776	3,785,861
State appropriations	12,392,204	11,996,592
Pell grants	4,286,174	4,245,684
Net cash and cash equivalents provided by noncapital financing activities	31,192,826	30,713,842
Cash Flows from Capital and Related Financing Activities		
Purchase of capital assets	(14,707,000)	(9,315,680)
Proceeds from the sale of capital assets	67,647	-
Principal paid on capital debt	(4,095,000)	(4,020,000)
Proceeds from capital debt	-	7,300,000
Interest paid on capital debt	(905,667)	(960,842)
Capital property taxes	2,912,558	2,870,254
Capital appropriations	3,413,163	-
Net cash and cash equivalents used in capital and related financing activities	(13,314,299)	(4,126,268)
Cash Flows from Investing Activities		
Proceeds from sales and maturities of investments	45,298,927	44,273,061
Interest and investment gain - Net	619,165	1,511,441
Purchase of investments - Net	(40,913,868)	(38,302,480)
Net cash and cash equivalents provided by investing activities	5,004,224	7,482,022
Net (Decrease) Increase in Cash and Cash Equivalents	(3,699,197)	11,173,753
Cash and Cash Equivalents - Beginning of year	16,670,497	5,496,744
Cash and Cash Equivalents - End of year	\$ 12,971,300	\$ 16,670,497
Classification of Cash and Cash Equivalents		
Cash and cash equivalents	\$ 9,578,355	\$ 4,389,227
Restricted cash and cash equivalents	3,392,945	12,281,270
Total cash and cash equivalents	\$ 12,971,300	\$ 16,670,497

Northwestern Michigan College

Statement of Cash Flows (Continued)

Years Ended June 30, 2020 and 2019

	2020	2019
Reconciliation of Operating Loss to Net Cash and Cash Equivalents from Operating Activities		
Operating loss	\$ (34,927,542)	\$ (31,400,968)
Adjustments to reconcile operating loss to net cash and cash equivalents from operating activities:		
Depreciation	4,435,278	4,588,501
(Gain) loss on disposal of assets	(67,646)	856,619
Changes in assets and liabilities:		
Receivables	191,194	(422,323)
Prepaid expenses and other assets	154,111	(18,647)
Deferred outflows of resources	697,350	(8,341,959)
Accounts payable	715,482	2,322,760
Accrued liabilities and other	217,760	27,702
Unearned revenue	(223,327)	(310,683)
Compensated absences	(61,941)	99,922
Net pension liability	3,399,228	6,461,089
Net OPEB liability	(1,963,097)	(2,269,487)
Deferred inflows of resources	851,202	5,511,631
Net cash and cash equivalents used in operating activities	<u><u>\$ (26,581,948)</u></u>	<u><u>\$ (22,895,843)</u></u>

Northwestern Michigan College

Discretely Presented Component Unit Statement of Financial Position - Northwestern Michigan College Foundation

June 30, 2020 and 2019

	2020	2019
Assets		
Cash and cash equivalents	\$ 6,045,962	\$ 3,567,135
Investments	41,051,581	40,589,791
Pledges receivable - Net of allowance	2,533,006	5,617,706
Cash surrender value of life insurance	486,007	446,853
Prepaid expenses and other assets	19,910	5,094
Total assets	\$ 50,136,466	\$ 50,226,579
Liabilities		
Accounts payable	\$ 14,677	\$ 9,936
Deferred revenue	91,876	80,602
Payable to Northwestern Michigan College	2,189,544	892,625
Split-interest agreements payable	76,683	80,442
Total liabilities	2,372,780	1,063,605
Net Assets		
Without donor restrictions	4,294,908	4,462,425
With donor restrictions	43,468,778	44,700,549
Total net assets	47,763,686	49,162,974
Total liabilities and net assets	\$ 50,136,466	\$ 50,226,579

Northwestern Michigan College

Discretely Presented Component Unit Statement of Activities - Northwestern Michigan College Foundation

Years Ended June 30, 2020 and 2019

	2020	2019
Revenue, Gains, and Other Support		
Contributions	\$ 2,729,175	\$ 6,957,382
Special event revenue	268,430	291,290
Net realized and unrealized (losses) gains on investments	(468,608)	854,696
Investment income	1,021,632	940,935
Change in value of split-interest agreements	(5,515)	(8,222)
Total revenue, gains, and other support	3,545,114	9,036,081
Expenses		
Program expenses - Distributions to College	3,666,233	3,374,069
Management and general	63,345	74,958
Fundraising	1,214,824	1,010,603
Total expenses	4,944,402	4,459,630
Change in Net Assets	(1,399,288)	4,576,451
Net Assets - Beginning of year	49,162,974	44,586,523
Net Assets - End of year	\$ 47,763,686	\$ 49,162,974

June 30, 2020 and 2019

Note 1 - Significant Accounting Policies***Reporting Entity***

Northwestern Michigan College (the "College") is a Michigan community college whose financial statements have been prepared in accordance with generally accepted accounting principles, as applicable to public colleges and universities outlined in Governmental Accounting Standards Board (GASB) Statement No. 35 and the *Manual for Uniform Financial Reporting - Michigan Public Community Colleges, 2001*.

The accompanying financial statements have been prepared in accordance with criteria established by the GASB for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational or financial relationships with the College. Based on the application of the criteria, the College has one component unit. A component unit is a separate legal entity that is included in the College's reporting entity because of the significance of its operational financial relationship with the College.

Northwestern Michigan College Foundation (the "Foundation") is a separate legal entity established as a 501(c)(3) corporation to solicit, collect, hold, and invest donations made for the promotion of educational activities at the College and to augment the facilities of the College. Although the College does not necessarily control the timing or amount of receipts from the Foundation, the majority of resources, or income earned thereon, and the Foundation's holdings and investments are restricted by the donors for the activities of the College. Because these restricted resources held by the Foundation can be used only by, or for the benefit of, the College, the Foundation is considered a component unit of the College. Certain revenue recognition criteria and presentation features are different from those under the GASB. No modifications have been made to the Foundation's financial information included in the College's financial report to account for these differences. Separate financial statements of the Foundation may be obtained by contacting Northwestern Michigan College Foundation, 1701 East Front Street, Traverse City, MI 49686.

Significant accounting policies followed by Northwestern Michigan College are described below to enhance the usefulness of the financial statements to the reader:

Basis of Accounting

The financial statements of the College use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Cash and Cash Equivalents

Cash and cash equivalents consist of all highly liquid investments with an initial maturity of three months or less when acquired.

Restricted Cash and Cash Equivalents

Cash and investments that were received from the issuance of the 2016 Community College Facilities Bonds and the 2018 Community College Facilities Bonds are restricted for the use of capital projects. Property taxes collected from the College's debt millage are restricted for principal and interest payments on the 2009 Community College Refunding Bonds and 2015 Community College Refunding Bonds.

Investments

Investments are reported at fair value. Realized and unrealized gains and losses are reflected in the statement of revenue, expenses, and changes in net position as investment income. During fiscal years 2020 and 2019, there was \$44,706 and \$398,646 of unrealized gains, respectively, on investments the College recognized.

June 30, 2020 and 2019

Note 1 - Significant Accounting Policies (Continued)**Capital Assets**

Capital assets are recorded at cost or, if donated, the acquisition value at the time of donation. Expenses for maintenance and repairs are charged to current expenses as incurred. Depreciation is computed using the straight-line method. No depreciation is recorded on land and the art collection. Expenses for major renewals and betterments that extend the useful lives of the assets are capitalized. Interest incurred during the construction of capital assets of business-type activities is expensed as incurred. Management reviews capital assets for impairment annually.

Capital assets are depreciated using the straight-line method over the following useful lives:

	Depreciable Life - Years
Buildings/Building improvements	30-40
Land improvements and infrastructure	15
Furniture, fixtures, and equipment	4-10
Docks	10

Deferred Outflows of Resources

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

Unearned Revenue

Revenue received prior to year end that is related to the next fiscal period is recorded as unearned revenue or deposits. It consists of approximately \$152,000 and \$170,000 for the 2020 and 2019 fall semesters, respectively; approximately \$731,000 and \$959,000 for the 2020 and 2019 summer semesters, respectively; approximately \$235,000 and \$484,000, respectively, for 2020 and 2019 unearned flight fees for the College's aviation program; and approximately \$62,000 and \$24,000, respectively, for 2020 and 2019 housing payable for the Maritime program. Grants received prior to qualifying expenses of approximately \$384,000 and \$133,000 for 2020 and 2019, respectively, are also included in unearned revenue. Generally, the College first applies restricted resources when an expense is incurred for which both restricted and unrestricted resources are available.

Pension

For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Michigan Public School Employees' Retirement System (MPERS) and additions to/deductions from MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. MPERS uses the economic resources measurement focus and the full accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments (including refunds of employee contributions) are recognized as expense when due and payable in accordance with the benefit terms. Related plan investments are reported at fair value.

June 30, 2020 and 2019

Note 1 - Significant Accounting Policies (Continued)**Other Postemployment Benefit Costs**

For the purpose of measuring the net other postemployment benefit (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the MPSERS and additions to/deductions from MPSERS fiduciary net position have been determined on the same basis as they are reported by MPSERS. MPSERS uses the economic resources measurement focus and the full accrual basis of accounting. For this purpose, MPSERS recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity of one year or less at the time of purchase, which are reported at cost.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position and/or balance sheet will report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue or expense reduction) until that time. The College reports deferred inflows of resources for certain pension-related and OPEB-related amounts, such as the difference between projected and actual earnings of the plan's investments. More detailed information can be found in Note 9.

Net Position

Net position is classified according to external donor restrictions or availability of assets for satisfaction of college obligations. Restricted net position represents amounts over which third parties have imposed restrictions that cannot be changed by the board, including amounts that the board has agreed to set aside under contractual agreements with third parties. Generally, the College first applies restricted resources when an expense is incurred for which both restricted and unrestricted resources are available. Unrestricted net position represents net position that is not subject to externally imposed constraints. Unrestricted net position may be designated for specific purposes by action of management or the board of trustees. Net investment in capital assets consists of capital assets, net of accumulated depreciation and net of related debt.

Tuition and Fees

The academic programs are offered in traditional fall and spring semesters. Revenue from tuition and student fees is recognized during the academic term. Revenue from the summer semester, which commences in May and ends in August, is split and recognized proportionally to the number of days of the semester within the fiscal year. Tuition revenue is reported at established rates net of institutional financial aid and discounts provided by the College to its students.

Scholarship Discounts and Allowances

Student tuition and fees are reported net of scholarship discounts and allowances in the statement of revenue, expenses, and changes in net position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the College and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants and other federal, state, or nongovernmental programs, are recorded as either operating or nonoperating revenue in the College's financial statements. To the extent that revenue from such programs is used to satisfy tuition and fees and other student charges, the College has recorded a scholarship discount and allowance.

June 30, 2020 and 2019

Note 1 - Significant Accounting Policies (Continued)**Grants and Contributions**

The College is often awarded grants from the federal government, the State of Michigan, and other agencies. Revenue from grants is recognized when all eligibility requirements, including time requirements, are met. Grants may be restricted for specific operating or capital purposes. Amounts restricted to capital acquisitions are reported after nonoperating revenue and expenses.

Federal Financial Assistance Programs

The College participates in federally funded Pell grants, SEOG grants, Federal Work-Study, Federal Direct Lending programs, and CARES Act Higher Education Emergency Relief Fund (HEERF) Student Emergency grants. Federal programs are audited in accordance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

During the years ended June 30, 2020 and 2019, the College distributed \$6,805,346 and \$7,826,771, respectively, for direct lending through the U.S. Department of Education, which is not included as revenue and expenditures on the accompanying financial statements.

Sales and Services of Auxiliary Activities

Auxiliary activities primarily represent revenue generated from housing, dining, conferences, and various other departmental activities that provide services to the student body, faculty, staff, and general public.

Operating and Nonoperating Revenue and Expenses

Revenue and expense transactions are normally classified as operating revenue and expenses when such transactions are generated by the College's principal ongoing operations. However, revenue that is considered to be nonexchange, such as property tax revenue, state appropriations, federal CARES Act funding, and Pell grants, is classified as nonoperating revenue.

Internal Service Activities

Revenue and expenses related to internal service activities, including conference services, postage, and telecommunications, have been eliminated.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including October 14, 2020, which is the date the financial statements were available to be issued.

June 30, 2020 and 2019

Note 1 - Significant Accounting Policies (Continued)***Significant Event Impacting the College***

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus a pandemic, now known as COVID-19. In response to the COVID-19 pandemic, governments have taken preventive or protective actions, such as temporary closures of nonessential businesses and shelter-in-place guidelines for individuals. As a result, the global economy has been negatively affected, and the College's operations were also impacted. Due to the shelter-in-place guidelines during April and May 2020, the College shifted to a remote online learning environment and sent students home. The closure of campus resulted in lost auxiliary revenue for the year ended June 30, 2020. In response to the pandemic, the College worked to reduce expenditures, which included some reduction to the workforce. To offset the financial impact to students and the losses incurred by the College due to the disruption caused by COVID-19, the College received grants and other relief primarily from the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The College was allocated Higher Education Emergency Relief Fund grants totaling \$2,124,216, of which 50 percent was required to be given directly to students. The College also received \$104,000 of Strengthening Institutions Program funding as part of HEERF. For the year ended June 30, 2020, the College recognized HEERF grant revenue totaling \$1,679,357. Subsequent to June 30, 2020, the College's August state appropriation payment was adjusted to \$0, and the College received Coronavirus Relief Funds (CRF) of \$1.1 million, which must be spent by December 30, 2020 on expenditures related to COVID-19. The severity of the continued impact due to COVID-19 on the College's financial condition, results of operations, or cash flows will depend on a number of factors, including, but not limited to, the duration and severity of the pandemic and the extent and severity of the impact on the College's community, all of which are uncertain and cannot be predicted.

Upcoming Accounting Pronouncements

In January 2017, the Governmental Accounting Standards Board issued Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. The College is currently evaluating the impact this standard will have on the financial statements when adopted; however, the adoption of this new standard is not expected to have a material impact on the College's financial statements. The provisions of this statement, which were originally effective for the College's financial statements for the year ended June 30, 2020, were extended to June 30, 2021 with the issuance of GASB Statement No. 95, *Postponement of the Effective Date of Certain Authoritative Guidance*.

In June 2017, the Governmental Accounting Standards Board issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The College is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement, which were originally effective for the College's financial statements for the year ending June 30, 2021, were extended to June 30, 2022 with the issuance of GASB Statement No. 95, *Postponement of the Effective Date of Certain Authoritative Guidance*.

Notes to Financial Statements

June 30, 2020 and 2019

Note 2 - Property Taxes

Property tax revenue is recognized in the year for which taxes have been levied.

Property taxes are levied on July 1 and December 1 based on taxable values as of the preceding December 31. The taxes, which are collected and remitted to the College by townships and cities within the College's taxing district, are collected through February 28. Uncollected real property taxes of the College are turned over to the county in which the district is located for subsequent collection. The College is subsequently paid 100 percent of delinquent real property taxes through the county's tax revolving funds. These payments are usually received within three to five months after the delinquency date.

During the years ended June 30, 2020 and 2019, 2.1339 mills and 2.1439 mills, respectively, of tax per \$1,000 of taxable property value in the College's taxing district were levied for general operating purposes on all property. Total operating property tax revenue was \$11,163,672 and \$10,685,705 for the years ended June 30, 2020 and 2019, respectively.

During the years ended June 30, 2020 and 2019, 0.55 mills and 0.57 mills, respectively, of tax per \$1,000 of taxable property value in the College's taxing district were levied for debt retirement purposes. Total property tax revenue was \$2,912,558 and \$2,870,254 for the years ended June 30, 2020 and 2019, respectively, for retirement of debt related to the 2009 and 2015 bond issues.

The College's property tax revenue is affected by tax abatements entered into by other governments. The College's property tax revenue was reduced as follows for the years ended June 30, 2020 and 2019:

	2020	2019
City of Traverse City, Michigan	\$ 193,022	\$ 156,742
Blair Township	4,935	134
East Bay Township	2,488	3,223
Fife Lake Township	945	979
Garfield Township	77,110	76,910
Green Lake Township	8,386	8,922
Acme Township	400	394
Paradise Township	812	912
Long Lake Township	3,680	-
Peninsula Township	1,420	1,436
Total	<u>\$ 293,198</u>	<u>\$ 249,652</u>

Note 3 - Deposits and Investments

Deposits and investments are reported in the financial statements as follows:

	2020	2019
Cash and cash equivalents	\$ 9,578,355	\$ 4,389,227
Investments	13,509,912	17,939,677
Restricted cash and cash equivalents	<u>3,392,945</u>	<u>12,281,270</u>
Total deposits and investments	<u>\$ 26,481,212</u>	<u>\$ 34,610,174</u>

State statutes and the College's investment policy authorize the College to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The College is allowed to invest in U.S. Treasury or agency obligations, U.S. government repurchase agreements, bankers' acceptances, state obligations, commercial paper of corporations located in this state rated prime at the time of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The College's deposits are in accordance with statutory authority.

June 30, 2020 and 2019

Note 3 - Deposits and Investments (Continued)

The College has designated Fifth Third Bank, Chemical Bank, Huntington Bank, and Chase Bank for the deposit of its funds.

The College's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the College's deposits may not be returned to it. The College's investment policy requires that financial institutions be evaluated, and only those with an acceptable risk level for custodial credit risk are used for the College's deposits. The College thoroughly examines the banks with which it chooses to deposit funds for the following qualifications: federally chartered, State of Michigan qualified depository, Federal Reserve System, FDIC member, compliance with Community Reinvestment Act, Bauer bank rating of adequate to good, and Bankrate rating of sound to performing. As of June 30, 2020, the College's operations and debt deposit balances of \$4,129,550 had \$285,752 of bank deposits (checking and savings accounts) that were uninsured and uncollateralized. As of June 30, 2019, the College's operations and debt deposit balances of \$2,263,586 had \$159,521 of bank deposits (checking and savings accounts) that were uninsured and uncollateralized. The College believes that, due to the dollar amount of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the College will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The College's policy for custodial credit risk states that custodial credit risk will be minimized by limiting investments to the types of securities allowed by state law and by prequalifying the financial institutions, broker/dealers, intermediaries, and advisors with which the College will do business using the criteria established in the investment policy. All investment securities that are uninsured and unregistered are held by counterparties.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The College's policy minimizes interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market.

Credit Risk

State law limits investments in commercial paper to prime ratings issued by nationally recognized statistical rating organizations. The College's investment policy does not further limit its investment choices.

Concentration of Credit Risk

The College's policy minimizes concentration of credit risk by requiring diversification of the investment portfolio so that the impact of the potential losses from any one type of security or issuer will be minimized. Furthering the College's safety in investments is the federal government's guarantee of the Federal Home Loan Bank, Federal National Mortgage Association, and Federal Home Loan Mortgage Corporation's bond debt. Standard & Poor's credit ratings for these investments are AA+.

Northwestern Michigan College

Notes to Financial Statements

June 30, 2020 and 2019

Note 3 - Deposits and Investments (Continued)

At year end, the College had the following investments and maturities, which include debt securities (other than the U.S. government) held by counterparties that possess Moody's quality ratings of Aaa:

Description	2020				
	Carrying Value	Less Than 1 Year	1-5 Years	5-10 Years	More Than 10 Years
Federal Farm Credit Banks Bond	\$ 4,995,000	\$ -	\$ 4,995,000	\$ -	\$ -
Federal Farm Credit Banks Bond	5,000,250	-	5,000,250	-	-
Federal Home Loan Mortgage Corporation	3,002,760	-	3,002,760	-	-
Total investments in debt securities	<u>\$ 12,998,010</u>	<u>\$ -</u>	<u>\$ 12,998,010</u>	<u>\$ -</u>	<u>\$ -</u>

Description	2019				
	Carrying Value	Less Than 1 Year	1-5 Years	5-10 Years	More Than 10 Years
Federal Home Loan Mortgage Step	\$ 1,298,388	\$ -	\$ 1,298,388	\$ -	\$ -
Federal Home Loan Mortgage Step	1,000,500	-	1,000,500	-	-
Federal Home Loan Bank Step	1,500,180	-	1,500,180	-	-
Federal Home Loan Bank Step	998,950	-	998,950	-	-
Federal Home Loan Mortgage Step	1,198,299	-	1,198,299	-	-
Federal Home Loan Mortgage Step	1,000,700	-	1,000,700	-	-
Federal Home Loan Bank Step	1,998,940	-	1,998,940	-	-
Federal Home Loan Bank Step	2,000,240	-	2,000,240	-	-
Federal Home Loan Bank Step	988,800	-	-	988,800	-
Federal Home Loan Bank Step	997,140	-	-	997,140	-
Federal Home Loan Bank Step	988,540	-	-	988,540	-
Federal National Mortgage Assoc Step	1,994,240	-	-	-	1,994,240
Federal Home Loan Bank Step	1,467,750	-	-	-	1,467,750
Total investments in debt securities	<u>\$ 17,432,667</u>	<u>\$ -</u>	<u>\$ 10,996,197</u>	<u>\$ 2,974,480</u>	<u>\$ 3,461,990</u>

Note 4 - Fair Value Measurements

The College categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The College's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

Northwestern Michigan College

Notes to Financial Statements

June 30, 2020 and 2019

Note 4 - Fair Value Measurements (Continued)

U.S. government obligations totaling \$12,998,010 and \$17,432,667 for June 30, 2020 and 2019, respectively, are valued on a recurring basis using quoted market prices (Level 1 inputs). Money market accounts totaling \$9,643,552 and \$15,547,990 and certificates of deposit accounts totaling \$511,902 and \$507,010 for June 30, 2020 and 2019, respectively, are valued at amortized cost and are not subject to fair value measurements.

Note 5 - Accounts Receivable

The following is the detail of accounts receivable:

	2020	2019
Student	\$ 1,932,964	\$ 1,875,986
Grants and contracts	2,211,197	571,634
State appropriations	4,930,628	2,171,716
Foundation	2,136,034	837,480
Third party and other	418,210	525,616
Gross accounts receivable	11,629,033	5,982,432
Allowance for doubtful accounts	(757,729)	(656,757)
Total accounts receivable - Net	\$ 10,871,304	\$ 5,325,675

Note 6 - Capital Assets

Capital asset activity for the years ended June 30, 2020 and 2019 was as follows:

	Balance July 1, 2019	Additions	Disposals	Transfers	Balance June 30, 2020
Capital assets not being depreciated:					
Land	\$ 4,626,042	\$ -	\$ -	\$ -	\$ 4,626,042
Construction in progress	6,778,645	13,416,275	-	-	20,194,920
Art collection	1,581,685	67,196	-	-	1,648,881
Subtotal	12,986,372	13,483,471	-	-	26,469,843
Capital assets being depreciated:					
Infrastructure	7,845,246	-	-	-	7,845,246
Buildings and improvements	98,463,069	265,457	-	-	98,728,526
Docks	2,359,401	-	-	-	2,359,401
Furniture, fixtures, and equipment	26,553,108	907,571	(90,557)	-	27,370,122
Land improvements	5,697,892	50,500	-	-	5,748,392
Subtotal	140,918,716	1,223,528	(90,557)	-	142,051,687
Accumulated depreciation:					
Infrastructure	6,806,295	174,758	-	-	6,981,053
Buildings and improvements	45,659,004	2,653,114	-	-	48,312,118
Docks	1,831,612	65,001	-	-	1,896,613
Furniture, fixtures, and equipment	21,696,573	1,453,952	(90,557)	-	23,059,968
Land improvements	5,038,383	88,453	-	-	5,126,836
Subtotal	81,031,867	4,435,278	(90,557)	-	85,376,588
Net capital assets being depreciated	59,886,849	(3,211,750)	-	-	56,675,099
Capital assets - Net	\$ 72,873,221	\$ 10,271,721	\$ -	\$ -	\$ 83,144,942

Northwestern Michigan College

Notes to Financial Statements

June 30, 2020 and 2019

Note 6 - Capital Assets (Continued)

	Balance July 1, 2018	Additions	Disposals	Transfers	Balance June 30, 2019
Capital assets not being depreciated:					
Land	\$ 4,626,042	\$ -	\$ -	\$ -	\$ 4,626,042
Construction in progress	1,517,961	5,993,671	-	(732,987)	6,778,645
Art collection	1,146,681	435,004	-	-	1,581,685
Subtotal	7,290,684	6,428,675	-	(732,987)	12,986,372
Capital assets being depreciated:					
Infrastructure	7,923,216	35,600	(113,570)	-	7,845,246
Buildings and improvements	99,443,811	1,056,304	(2,731,540)	694,494	98,463,069
Docks	1,842,308	478,600	-	38,493	2,359,401
Furniture, fixtures, and equipment	32,428,947	1,316,502	(7,192,341)	-	26,553,108
Land improvements	6,160,463	-	(462,571)	-	5,697,892
Subtotal	147,798,745	2,887,006	(10,500,022)	732,987	140,918,716
Accumulated depreciation:					
Infrastructure	6,716,864	191,204	(101,773)	-	6,806,295
Buildings and improvements	45,015,256	2,704,260	(2,060,512)	-	45,659,004
Docks	1,792,465	39,147	-	-	1,831,612
Furniture, fixtures, and equipment	27,310,792	1,540,478	(7,154,697)	-	21,696,573
Land improvements	5,251,391	113,411	(326,419)	-	5,038,383
Subtotal	86,086,768	4,588,500	(9,643,401)	-	81,031,867
Net capital assets being depreciated	61,711,977	(1,701,494)	(856,621)	732,987	59,886,849
Capital assets - Net	<u>\$ 69,002,661</u>	<u>\$ 4,727,181</u>	<u>\$ (856,621)</u>	<u>\$ -</u>	<u>\$ 72,873,221</u>

The College's construction of the West Hall Innovation Center was active as of June 30, 2020. Total construction commitments for this project were approximately \$3,699,000 as of June 30, 2020.

Northwestern Michigan College

Notes to Financial Statements

June 30, 2020 and 2019

Note 7 - Long-term Obligations

Long-term debt activity for the years ended June 30, 2020 and 2019 can be summarized as follows:

	2020				
	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable:					
2009 Community College Refunding Bonds	\$ 420,000	\$ -	\$ (420,000)	\$ -	\$ -
2012 Community College Refunding Bonds	525,000	-	(170,000)	355,000	175,000
2015 Community College Refunding Bonds	2,485,000	-	(2,485,000)	-	-
2016 Community College Facilities Bonds	19,760,000	-	(755,000)	19,005,000	780,000
2018 Community College Facilities Bonds	7,040,000	-	(265,000)	6,775,000	275,000
Total principal outstanding	30,230,000	-	(4,095,000)	26,135,000	1,230,000
Unamortized bond premiums	570,747	-	(30,873)	539,874	30,874
Total bonds payable	30,800,747	-	(4,125,873)	26,674,874	1,260,874
Accrued vacation and sick leave	1,384,570	1,134,530	(1,079,872)	1,439,228	1,199,000
Voluntary separation plan	314,347	-	(116,599)	197,748	83,348
Total long-term obligations	<u>\$ 32,499,664</u>	<u>\$ 1,134,530</u>	<u>\$ (5,322,344)</u>	<u>\$ 28,311,850</u>	<u>\$ 2,543,222</u>
	2019				
	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable:					
2009 Community College Refunding Bonds	\$ 820,000	\$ -	\$ (400,000)	\$ 420,000	\$ 420,000
2012 Community College Refunding Bonds	690,000	-	(165,000)	525,000	170,000
2015 Community College Refunding Bonds	4,955,000	-	(2,470,000)	2,485,000	2,485,000
2016 Community College Facilities Bonds	20,485,000	-	(725,000)	19,760,000	755,000
2018 Community College Facilities Bonds	-	7,300,000	(260,000)	7,040,000	265,000
Total principal outstanding	26,950,000	7,300,000	(4,020,000)	30,230,000	4,095,000
Unamortized bond premiums	601,620	-	(30,873)	570,747	30,874
Total bonds payable	27,551,620	7,300,000	(4,050,873)	30,800,747	4,125,874
Accrued vacation and sick leave	1,292,848	1,102,833	(1,011,111)	1,384,570	1,185,000
Voluntary separation plan	306,148	104,000	(95,801)	314,347	116,599
Total long-term obligations	<u>\$ 29,150,616</u>	<u>\$ 8,506,833</u>	<u>\$ (5,157,785)</u>	<u>\$ 32,499,664</u>	<u>\$ 5,427,473</u>

Principal and interest on the 2015 Community College Refunding Bonds and 2009 Community College Refunding Bonds are payable from the proceeds of ad valorem taxes levied on all taxable properties in the College's taxing district without limitation as to rate or amount.

June 30, 2020 and 2019

Note 7 - Long-term Obligations (Continued)***Community College Refunding Bonds, 2009***

The College issued \$3,645,000 in Unlimited Tax General Obligation Refunding Bonds with an interest rate of 2.5 percent to 4.25 percent to refund \$3.795 million of outstanding 1999 Series Bonds with an interest rate of 4.92 to 5.75 percent, maturing in 2020. The bonds are payable from tax revenue of the College in installments ranging from \$380,000 to \$420,000, are callable at a premium, and mature at varying amounts through 2020. As of June 30, 2020 and 2019, the 1999 Series Bonds are considered defeased, and the liability has been removed from the statement of net position. At June 30, 2020 and 2019, no amounts remain in escrow, and the defeased bonds have been paid in full.

Community College Refunding Bonds, 2012

The College issued \$1,620,000 in General Obligation - Limited Tax Refunding Bonds with an interest rate of 2.05 percent to refund \$1.635 million of outstanding 2002 Series Bonds with an interest rate of 4.625 to 5.15 percent, maturing in 2022. The 2012 bonds are payable from operating revenue of the College in installments ranging from \$165,000 to \$180,000, are callable at a premium, and mature at varying amounts through 2022. As of June 30, 2020 and 2019, the 2002 Series Bonds are considered defeased, and the liability has been removed from the statement of net position. At June 30, 2020 and 2019, no amounts remain in escrow, and the defeased bonds have been paid in full.

Community College Refunding Bonds, 2015

The College issued \$12,200,000 in Unlimited Tax General Obligation Refunding Bonds with an interest rate of 0.7 percent to 1.80 percent to refund \$12.1 million of outstanding 2005 Series Bonds with an interest rate of 5.00 percent, maturing in 2020. The bonds are payable from tax revenue of the College in installments ranging from \$2,445,000 to \$2,485,000, are callable at a premium, and mature at varying amounts through 2020. As of June 30, 2020 and 2019, the 2005 Series Bonds are considered defeased, and the liability has been removed from the statement of net position. At June 30, 2020 and 2019, no amounts remain in escrow, and the defeased bonds have been paid in full.

Community College Facilities Bonds, 2016

The College issued \$20,890,000 in Limited Tax General Obligation Bonds with an interest rate of 2.78 percent. The 2016 bonds are payable from operating revenue of the College in installments ranging from \$405,000 to \$1,405,000 and mature at varying amounts through 2038. The net proceeds of \$20,788,154 (after payment of \$101,846 in underwriting fees and other issuance cost) were used to construct residence housing, renovations to the museum, a new library, and various other campus infrastructure projects.

Community College Facilities Bonds, 2018

The College issued \$7,300,000 in Limited Tax General Obligation Bonds with an interest rate of 3.25 percent to 3.50 percent. The 2018 bonds are payable from operating revenue of the College in installments ranging from \$260,000 to \$495,000 and mature at varying amounts through 2038. The net proceeds of \$7,130,750 (after payment of \$169,250 in underwriting fees and other issuance cost) are being used to renovate West Hall.

Accrued Vacation and Sick Leave

The College provides vacation benefits to employees, as defined by each respective labor contract and administrative policy. The liability has been recorded based on the number of days available for each employee. Additionally, the College accrues unused sick days for those union employees who have met the conditions of the plan at year end.

June 30, 2020 and 2019

Note 7 - Long-term Obligations (Continued)***Voluntary Separation Plan***

During 2018, the College offered a voluntary separation plan to certain employees. The liability and expense is recognized when the employee accepts the offer and the amounts can be estimated.

Debt Service Requirements to Maturity

Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

Years Ending June 30	Principal	Interest	Total
2021	\$ 1,230,000	\$ 803,390	\$ 2,033,390
2022	1,275,000	767,465	2,042,465
2023	1,135,000	730,213	1,865,213
2024	1,175,000	695,425	1,870,425
2025	1,215,000	659,413	1,874,413
2026-2030	6,805,000	2,708,763	9,513,763
2031-2035	8,165,000	1,584,150	9,749,150
2036-2038	5,135,000	311,250	5,446,250
Total	<u>\$ 26,135,000</u>	<u>\$ 8,260,069</u>	<u>\$ 34,395,069</u>

Note 8 - Line of Credit

The College previously had a line of credit agreement with a bank with available borrowings of \$2,000,000 and was collateralized by substantially all assets of the College. There were no borrowings outstanding on the line of credit as of June 30, 2019. The line of credit matured in 2020 and was not renewed.

Note 9 - Retirement Plans***Plan Description***

The College participates in the Michigan Public School Employees' Retirement System (the "System"), a statewide, cost-sharing, multiple-employer defined benefit public employee retirement system governed by the State of Michigan that covers substantially all employees of the College. Certain college employees also receive defined contribution retirement and health care benefits through the System. The System provides retirement, survivor, and disability benefits to plan members and their beneficiaries. The System also provides postemployment health care benefits to retirees and beneficiaries who elect to receive those benefits.

The System, and all assumptions therein, is administered by the Office of Retirement Services (ORS). The Michigan Public School Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplemental information for the pension and post-employment health care plans. That report is available on the web at <http://www.michigan.gov/orsschools> or by writing to the Office of Retirement Services at 7150 Harris Drive, P.O. Box 30171, Lansing, MI 48909.

Benefits Provided

Benefit provisions of the defined benefit (DB) pension plan and the postemployment health care plan are established by state statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit pension plan and the postemployment health care plan.

June 30, 2020 and 2019

Note 9 - Retirement Plans (Continued)

Depending on the plan option selected, member retirement benefits are calculated as final average compensation times years of services times a pension factor ranging from 1.25 percent to 1.50 percent. The requirements to retire range from attaining the age of 46 to 60 with years of service ranging from 5 to 30 years, depending on when the employee became a member. Early retirement is computed in the same manner as a regular pension but is permanently reduced to 0.50 percent for each full and partial month between the pension effective date and the date the member will attain age 60. There is no mandatory retirement age.

Depending on the member's date of hire, MPSERS offers the option of participating in the defined contribution (DC) plan that provides a 50 percent employer match (up to 3 percent of salary) on employee contributions.

Members are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. The disability benefits plus authorized outside earnings are limited to 100 percent of the participant's final average compensation, with an increase of 2 percent each year thereafter.

Benefits may transfer to a beneficiary upon death and are determined in the same manner as retirement benefits but with an actuarial reduction.

Benefit terms provide for annual cost of living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustment, if applicable, is 3 percent. Some members who do not receive an annual increase are eligible to receive a supplemental payment in those years in which investment earnings exceed actuarial assumptions.

MPSERS provides medical, prescription drug, dental, and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by MPSERS, with the balance deducted from the monthly pension of each retiree health care recipient. Depending on the member's date of hire, this subsidized portion ranges from 80 percent to the maximum allowed by the statute.

Contributions

Public Act 300 of 1980, as amended, required the College to contribute amounts necessary to finance the coverage of pension benefits of active and retired members. Contribution provisions are specified by state statute and may be amended only by action of the state Legislature. Under these provisions, each school district's contribution is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance a portion of the unfunded accrued liability.

Under the OPEB plan, retirees electing this coverage contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent, or 20 percent for those not Medicare eligible, of the monthly premium amount for the health, dental, and vision coverage at the time of receiving the benefits. The MPSERS board of trustees annually sets the employer contribution rate to fund the benefits. Participating employers are required to contribute at that rate.

Under Public Act 300 of 2012, members were given the choice between continuing the 3 percent contribution to the retiree health care and keeping the premium subsidy benefit described above or choosing not to pay the 3 percent contribution and, instead, opting out of the subsidy benefit and becoming a participant in the Personal Healthcare Fund (PHF), a portable tax-deferred fund that can be used to pay health care expenses in retirement. Participants in the PHF are automatically enrolled in a 2 percent employee contribution into their 457 account as of their transition date, earning them a 2 percent employer match into a 401(k) account. Members who selected this option stopped paying the 3 percent contribution to retiree health care as of the day before their transition date, and their prior contributions were deposited into their 401(k) account.

Notes to Financial Statements

June 30, 2020 and 2019

Note 9 - Retirement Plans (Continued)

The College's contributions are determined based on employee elections. There are multiple pension and health care benefit options included in the plan available to employees based on date of hire and the elections available at that time. Contribution rates are adjusted annually by the ORS.

The ranges of rates are as follows:

	Pension	OPEB
October 1, 2017 - January 31, 2018	13.54% - 17.89%	7.42% - 7.67%
February 1, 2018 - September 30, 2018	13.54% - 19.74%	7.42% - 7.67%
October 1, 2018 - September 30, 2019	13.39% - 19.59%	7.57% - 7.93%
October 1, 2019 - September 30, 2020	13.39% - 19.59%	7.57% - 8.09%

Depending on the plan selected, member pension contributions range from 0 percent up to 7.0 percent of gross wages. For certain plan members, a 4 percent employer contribution to the defined contribution pension plan is required. In addition, for certain plan members, a 3 percent employer match is provided to the defined contribution pension plan.

The College's required and actual pension contributions to the plan for the years ended June 30, 2020 and 2019 were \$4,742,602 and \$4,857,930, respectively, which include the College's contributions required for those members with a defined contribution benefit. The College's required and actual pension contributions include an allocation of \$1,964,280 and \$2,047,289 in revenue received from the State of Michigan and remitted to the System to fund the MPSERS unfunded actuarial accrued liability (UAAL) stabilization rate for the years ended June 30, 2020 and 2019, respectively.

The College's required and actual OPEB contributions to the plan for the years ended June 30, 2020 and 2019 were \$1,258,330 and \$1,303,326, respectively, which include the College's contributions required for those members with a defined contribution benefit.

Net Pension Liability

At June 30, 2020 and 2019, the College reported a liability of \$57,892,016 and \$54,492,788, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2019 and 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2018 and 2017, which used update procedures to roll forward the estimated liability to September 30, 2019 and 2018. The College's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2019, 2018, and 2017, the College's proportion was 0.174812 percent, 0.181269 percent, and 0.185350 percent, respectively, representing a change of (3.561940) and (2.201683) percent, respectively.

Net OPEB Liability

At June 30, 2020 and 2019, the College reported a liability of \$12,287,488 and \$14,250,585, respectively, for its proportionate share of the net OPEB liability. The net OPEB liability for was measured as of September 30, 2019 and 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2018 and 2017, which used update procedures to roll forward the estimated liability to September 30, 2019 and 2018. The College's proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2019, 2018, and 2017, the College's proportion was 0.171189 percent, 0.179276 percent, and 0.186550 percent, respectively, representing a change of (4.511283) and (3.899073) percent, respectively.

Notes to Financial Statements

June 30, 2020 and 2019

Note 9 - Retirement Plans (Continued)

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

For the years ended 2020 and 2019, the College recognized pension expense of \$8,572,592 and \$6,840,723, respectively, inclusive of payments to fund the MPSERS UAAL stabilization rate. At June 30, 2020 and 2019, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2020		2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 259,490	\$ (241,404)	\$ 252,857	\$ (395,990)
Changes in assumptions	11,335,297	-	12,620,485	-
Net difference between projected and actual earnings on pension plan investments	-	(1,855,341)	-	(3,725,922)
Changes in proportion and differences between the College's contributions and proportionate share of contributions	262,191	(2,146,629)	706,523	(1,278,148)
The College's contributions to the plan subsequent to the measurement date	3,945,524	-	4,036,172	-
Total	<u>\$ 15,802,502</u>	<u>\$ (4,243,374)</u>	<u>\$ 17,616,037</u>	<u>\$ (5,400,060)</u>

The \$1,964,280 and \$2,047,289 reported as deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to the UAAL payment will be recognized as state appropriations revenue for the year ending June 30, 2021 and year ended June 30, 2020, respectively. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending	Amount
2021	\$ 3,253,551
2022	2,309,277
2023	1,454,424
2024	596,352
Total	<u>\$ 7,613,604</u>

In addition, the contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the next year.

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

For the year ended June 30, 2020 and 2019, the College recognized OPEB expense of \$66,740 and \$576,682, respectively.

Notes to Financial Statements

June 30, 2020 and 2019

Note 9 - Retirement Plans (Continued)

At June 30, 2020 and 2019, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2020		2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (4,508,627)	\$ -	\$ (2,652,400)
Changes in assumptions	2,662,450	-	1,509,144	-
Net difference between projected and actual earnings on OPEB plan investments	-	(213,685)	-	(547,684)
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	2,825	(1,038,291)	3,967	(552,631)
Employer contributions to the plan subsequent to the measurement date	865,188	-	901,167	-
Total	<u>\$ 3,530,463</u>	<u>\$ (5,760,603)</u>	<u>\$ 2,414,278</u>	<u>\$ (3,752,715)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (note that employer contributions subsequent to the measurement date will reduce the net OPEB liability and, therefore, will not be included in future pension expense):

Years Ending	Amount
2021	\$ (819,587)
2022	(819,587)
2023	(713,453)
2024	(500,530)
2025	(242,171)
Total	<u>\$ (3,095,328)</u>

Notes to Financial Statements

June 30, 2020 and 2019

Note 9 - Retirement Plans (Continued)***Actuarial Assumptions***

The total pension and OPEB liabilities as of September 30, 2019 and 2018 are based on the results of an actuarial valuation as of September 30, 2018 and 2017, respectively, and rolled forward. The total liabilities were determined using the following actuarial assumptions:

	2020	2019	
Actuarial cost method			Entry age normal
Investment rate of return - Pension	6.00% - 6.80%	6.00% - 7.05%	Net of investment expenses based on the groups
Investment rate of return - OPEB	6.95%	7.15%	Net of investment expenses based on the groups
Salary increases	2.75% - 11.55%	2.75% - 11.55%	Including wage inflation of 2.75%
Health care cost trend rate - OPEB	7.50% (Year 1 graded to 3.5% year 12)	7.50% (Year 1 graded to 3.0% year 12)	
Mortality basis	RP-2014 Male and Female Employee Annuitant Mortality tables, scaled 100% (retirees: 82% for males and 78% for females) and adjusted for mortality improvements using projection scale MP-2017 from 2006	RP-2014 Male and Female Employee Annuitant Mortality tables, scaled 100% (retirees: 82% for males and 78% for females) and adjusted for mortality improvements using projection scale MP-2017 from 2006	
Cost of living pension adjustments	3.00%	3.00%	Annual noncompounded for MIP members

Assumption changes as a result of an experience study for the periods from 2012 to 2017 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2017 valuation.

Significant assumption changes since the prior measurement date, September 30, 2018, for pension and OPEB include a reduction in both discount rates, continued impact of the updated experience study that resulted in lower than projected per person health benefit costs for OPEB, and favorable investment experience for both plans. There were no significant benefit terms changes for the pension or OPEB plans since the prior measurement date of September 30, 2018.

Discount Rate

The discount rate used to measure the total pension liability was 6.00 to 6.80 percent and 6.00 to 7.05 percent as of September 30, 2019 and 2018, respectively, depending on the plan option. The discount rate used to measure the total OPEB liability was 6.95 and 7.15 percent as of September 30, 2019 and 2018, respectively. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that district contributions will be made at statutorily required rates.

Based on those assumptions, the pension plan's fiduciary net position and the OPEB plan's fiduciary net position were projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension liability and total OPEB liability.

Notes to Financial Statements

June 30, 2020 and 2019

Note 9 - Retirement Plans (Continued)

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

Asset Class	2020		2019	
	Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity pools	28.00 %	5.50 %	28.00 %	5.70 %
Private equity pools	18.00	8.60	18.00	9.20
International equity pools	16.00	7.30	16.00	7.20
Fixed-income pools	10.50	1.20	10.50	0.50
Real estate and infrastructure pools	10.00	4.20	10.00	3.90
Absolute return pools	15.50	5.40	15.50	5.20
Short-term investment pools	2.00	0.80	2.00	-
Total	100.00 %		100.00 %	

Long-term rates of return are net of administrative expense and inflation of 2.3 percent.

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

The following presents the net pension liability of the College, calculated using the discount rate depending on the plan option. The following also reflects what the College's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	2020		
	1 Percentage Point Decrease (5.00 - 5.80%)	Current Discount Rate (6.00 - 6.80%)	1 Percentage Point Increase (7.00 - 7.80%)
Net pension liability of the College	\$ 75,263,324	\$ 57,892,016	\$ 43,490,603
	2019		
	1 Percentage Point Decrease (5.00 - 6.05%)	Current Discount Rate (6.00 - 7.05%)	1 Percentage Point Increase (7.00 - 8.05%)
Net pension liability of the College	\$ 71,544,822	\$ 54,492,788	\$ 40,325,320

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

The following presents the net OPEB liability of the College, calculated using the current discount rate. It also reflects what the College's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	2020		
	1 Percentage Point Decrease (5.95%)	Current Discount Rate (6.95%)	1 Percentage Point Increase (7.95%)
Net OPEB liability of the College	\$ 15,072,450	\$ 12,287,488	\$ 9,948,893

Notes to Financial Statements

June 30, 2020 and 2019

Note 9 - Retirement Plans (Continued)

	2019		
	1 Percentage Point Decrease (6.15%)	Current Discount Rate (7.15%)	1 Percentage Point Increase (8.15%)
Net OPEB liability of the College	\$ 17,107,538	\$ 14,250,585	\$ 11,847,539

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate

The following presents the net OPEB liability of the College, calculated using the current health care cost trend rate. It also reflects what the College's net OPEB liability would be if it were calculated using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	2020		
	1 Percentage Point Decrease (6.50%)	Current Rate (7.50%)	1 Percentage Point Increase (8.50%)
Net OPEB liability of the College	\$ 9,849,747	\$ 12,287,488	\$ 15,072,120

	2019		
	1 Percentage Point Decrease (6.50%)	Current Rate (7.50%)	1 Percentage Point Increase (8.50%)
Net OPEB liability of the College	\$ 11,720,949	\$ 14,250,585	\$ 17,152,594

Pension Plan and OPEB Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in the separately issued MPSERS financial report.

Payable to the Pension Plan and OPEB Plan

At June 30, 2020, the College reported a payable of \$518,011 and \$70,250 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2020. At June 30, 2019, the College reported a payable of \$547,722 and \$79,514 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2019.

Defined Contribution Plan

Effective January 1, 1995, the College adopted a defined contribution retirement plan for qualified employees. Full-time faculty, administrators, and other exempt-status employees can elect to participate with the Teachers' Insurance and Annuity Association College Retirement Equities Fund (TIAA). As of June 30, 2020 and 2019, the plan had 112 and 108 participants, respectively.

The TIAA plan is a defined contribution retirement plan where benefits vest immediately. The College contributes a specified percentage of employee wages and has no liability beyond its own contribution. For the years ended June 30, 2020 and 2019, that contribution rate was determined to be 11.5 percent. This resulted in the College contributing \$968,022 and \$899,968 for the years ended June 30, 2020 and 2019, respectively, to the plan.

The board of trustees reserves the right to amend or terminate the plan at any time subject to certain provisions.

Notes to Financial Statements

June 30, 2020 and 2019

Note 10 - Unrestricted Net Deficit

The College, through application of the board-approved resources guidelines, reserved the use of unrestricted net deficit as follows at June 30:

	2020	2019
Reserved for General Fund state appropriations	\$ 2,453,450	\$ 2,406,350
Reserved for General Fund medical insurance	470,000	470,000
Reserved for General Fund working capital	5,705,731	3,938,056
Reserved for maintenance and replacement after bond commitments	4,865,653	1,499,396
Reserved for auxiliary expenses	6,269,460	6,053,036
Reserved for unemployment insurance	108,082	108,082
Reserved for medical insurance	-	326,800
Reserved for energy contingency	200,000	200,000
Reserved for MPSERS	832,800	506,000
Reserved for transformation	1,596,084	1,546,084
Reserved for strategic projects	847,386	766,074
Reserved for insurance liability	69,000	69,474
Reserved for wellness initiatives	364,114	355,103
Total reserves before pension and OPEB liabilities	23,781,760	18,244,455
Reserved for OPEB liability fund deficit	(14,517,628)	(15,589,022)
Reserved for pension liability fund deficit	(48,297,168)	(44,324,100)
Total	<u>\$ (39,033,036)</u>	<u>\$ (41,668,667)</u>

Note 11 - Risk Management

The College is exposed to various risks of loss related to property loss, torts, errors, omissions, employee injuries (workers' compensation), and medical benefits provided to employees. The College participates in risk management pools for claims relating to auto, property, workers' compensation, errors, omissions, and liability.

Risk-sharing Programs

The College participates in the Michigan Community College Risk Management Authority (MCCRMA) risk management pool for auto, property, and liability claims and in the SET-SEG risk management pool for workers' compensation claims, errors, and omissions coverage. Both programs operate as claims servicing pools for amounts up to member retention limits and operate as common risk-sharing management programs for losses in excess of member retention amounts. Although premiums are paid annually to the pools, which the pools use to pay claims up to the retention limits, the ultimate liability for those claims remains with the College.

Notes to Financial Statements

June 30, 2020 and 2019

Note 11 - Risk Management (Continued)**Self-insurance**

The College is self-insured for unemployment compensation and health benefits. The College estimates the liability for self-insured claims that have been incurred through the end of the fiscal year, including both those claims that have been reported as well as those that have not yet been reported. The estimated liabilities for unemployment compensation for the fiscal years ended June 30, 2020 and 2019 were insignificant. Changes in the estimated liability for the fiscal years ended June 30, 2020 and 2019 for health benefits were as follows:

	Medical Claims		
	2020	2019	2018
Unpaid claims - Beginning of year	\$ 139,304	\$ 120,767	\$ 168,810
Incurred claims, including claims incurred but not reported	3,109,973	3,454,217	3,347,227
Claim payments	(2,916,477)	(3,435,680)	(3,395,270)
Unpaid claims - End of year	<u>\$ 332,800</u>	<u>\$ 139,304</u>	<u>\$ 120,767</u>

Note 12 - Contingent Liabilities

The College is subject to various legal proceedings and claims that arise in the ordinary course of its activities. The College believes that the amount, if any, of ultimate liability with respect to legal actions will be insignificant or will be covered by insurance.

Note 13 - Dennon Museum Center

Dennon Museum Center operates as an auxiliary function of the College. Revenue and expenses for Dennon Museum Center for the years ended June 30 were as follows:

	2020	2019
Revenue		
Sales and services	\$ 334,898	\$ 478,766
Federal grants and contracts	5,000	1,900
State grants and contracts	24,000	21,300
Support from component unit	489,744	1,128,366
Other sources	41,401	80,106
Private gifts, grants, and contracts	-	10,000
Total revenue	<u>895,043</u>	<u>1,720,438</u>
Operating and Capital Expenses		
Public service	886,527	1,382,838
Operations and maintenance of plant	<u>152,365</u>	<u>180,442</u>
Total operating and capital expenses	<u>1,038,892</u>	<u>1,563,280</u>
Change in Net Position before Transfers	(143,849)	157,158
Transfers Out	<u>(143,807)</u>	<u>(148,681)</u>
Change in Net Position	(287,656)	8,477
Net Position - Beginning of year	<u>8,922</u>	<u>445</u>
Net Position (Deficit) - End of year	<u>\$ (278,734)</u>	<u>\$ 8,922</u>

Northwestern Michigan College

Notes to Financial Statements

June 30, 2020 and 2019

Note 14 - Northwestern Michigan College Foundation

Contributions Receivable

Foundation contributions receivable consist of several unconditional promises to give generated from a capital campaign. They include the following:

	2020	2019
Gross promises to give before unamortized discount	\$ 2,703,710	\$ 5,918,839
Less allowance for uncollectible contributions	(15,000)	(15,000)
Less allowance for net present value discount	(155,704)	(286,133)
Total	<u>\$ 2,533,006</u>	<u>\$ 5,617,706</u>

Amounts due in less than one year and amounts due between one and five years total \$865,335 and \$1,667,671, respectively.

Investments

Investments at the Foundation are as follows:

	2020	2019
Mutual funds	\$ 31,001,873	\$ 31,126,058
U.S. Treasury securities	3,901,201	3,518,934
Corporate bonds	6,148,507	5,944,799
Total	<u>\$ 41,051,581</u>	<u>\$ 40,589,791</u>

Net realized gains from security transactions for the Foundation for the years ended June 30, 2020 and 2019 were \$376,109 and \$345,451, respectively. Net unrealized gains from security transactions for the Foundation for the years ended June 30, 2020 and 2019 were \$844,717 and \$509,245, respectively. The mutual funds and U.S. Treasury securities are valued using Level 1 inputs, while the corporate bonds are valued using Level 2 inputs.

Net Assets

Net assets without donor restrictions consist of the following as of June 30:

	2020	2019
Quasi endowment	\$ 1,250,411	\$ 1,203,702
Undesignated net assets	3,044,497	3,258,723
Total	<u>\$ 4,294,908</u>	<u>\$ 4,462,425</u>

Net assets with donor restrictions as of June 30 are available for the following purposes:

	2020	2019
Subject to expenditure for a specified purpose or the passage of time:		
University Center	\$ 1,683,130	\$ 1,741,771
Programs and scholarships	20,625,041	21,088,674
Dennos Museum Center	6,478,732	7,859,397
Great Lakes Campus	1,035	1,035
Not subject to appropriation or expenditure:		
Endowment - Programs and scholarships	10,472,915	9,823,803
Endowment - Dennos Museum Center	4,207,925	4,185,869
Total	<u>\$ 43,468,778</u>	<u>\$ 44,700,549</u>

Required Supplemental Information

Northwestern Michigan College

Required Supplemental Information Schedule of the College's Proportionate Share of the Net Pension Liability Michigan Public School Employees' Retirement System

	Last Six Plan Years					
	Plan Years Ended September 30					
	2019	2018	2017	2016	2015	2014
College's proportion of the net pension liability	0.17481 %	0.18127 %	0.18535 %	0.18849 %	0.18036 %	0.17962 %
College's proportionate share of the net pension liability	\$ 57,892,016	\$ 54,492,788	\$ 48,031,699	\$ 47,027,079	\$ 44,052,461	\$ 39,564,005
College's covered payroll	\$ 15,079,019	\$ 15,354,013	\$ 15,460,385	\$ 16,077,647	\$ 15,446,667	\$ 15,420,406
College's proportionate share of the net pension liability as a percentage of its covered payroll	383.92 %	354.91 %	310.68 %	292.50 %	285.19 %	256.57 %
Plan fiduciary net position as a percentage of total pension liability	60.08 %	62.12 %	63.96 %	63.01 %	63.17 %	66.20 %

Note: GASB Statement No. 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Benefit changes - There were no changes of benefit terms for the plan years ended September 30.

Changes in assumptions - There were no significant changes of assumptions for each of the reported plan years ended September 30 except for the following:

2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.25 percentage points.

2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.45 percentage points. The valuation also includes the impact of an updated experience study for the periods from 2012 to 2017.

2017 - The discount rate used in the September 30, 2016 actuarial valuation decreased by 0.50 percentage points.

Northwestern Michigan College

Required Supplemental Information Schedule of Pension Contributions Michigan Public School Employees' Retirement System

	Last Six Fiscal Years Years Ended June 30					
	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 4,571,582	\$ 4,688,968	\$ 4,683,462	\$ 4,397,619	\$ 4,112,085	\$ 4,726,013
Contributions in relation to the contractually required contribution	4,571,582	4,688,968	4,683,462	4,397,619	4,112,085	4,726,013
Contribution Deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
College's Covered Payroll	\$ 14,429,193	\$ 15,279,724	\$ 15,376,191	\$ 15,454,034	\$ 15,593,732	\$ 15,479,214
Contributions as a Percentage of Covered Payroll	31.68 %	30.69 %	30.46 %	28.46 %	26.37 %	30.53 %

Note: GASB Statement No. 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Northwestern Michigan College

Required Supplemental Information Schedule of the College's Proportionate Share of the Net OPEB Liability Michigan Public School Employees' Retirement System

	Last Three Plan Years		
	Plan Years Ended September 30		
	2019	2018	2017
College's proportion of the net OPEB liability	0.17119 %	0.17928 %	0.18655 %
College's proportionate share of the net OPEB liability	\$ 12,287,488	\$ 14,250,585	\$ 16,520,072
College's covered payroll	\$ 15,079,019	\$ 15,354,013	\$ 15,460,385
College's proportionate share of the net OPEB liability as a percentage of its covered payroll	81.49 %	92.81 %	106.85 %
Plan fiduciary net position as a percentage of total OPEB liability	48.67 %	43.10 %	36.53 %

Note: GASB 75 was implemented in fiscal year 2018. This schedule is being built prospectively. Ultimately, 10 years of data will be presented. There were no changes of benefit terms for the plan years ended September 30.

Changes in assumptions - There were no significant changes of assumptions for each of the reported plan years ended September 30 except for the following:

2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.20 percentage points. The valuation also includes the impact of an updated experience study for the periods from 2012 to 2017. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional \$1.4 billion in 2019.

2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.35 percentage points. The valuation also includes the impact of an updated experience study for the periods from 2012 to 2017. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by \$1.4 billion in 2018.

Northwestern Michigan College

Required Supplemental Information Schedule of the College's OPEB Contributions Michigan Public School Employees' Retirement System

	Last Three Fiscal Years		
	Years Ended June 30		
	2020	2019	2018
Statutorily required contribution	\$ 1,148,856	\$ 1,192,398	\$ 1,109,834
Contributions in relation to the statutorily required contribution	1,148,856	1,192,398	1,109,834
Contribution Deficiency	\$ -	\$ -	\$ -
College's Covered Payroll	\$ 14,429,193	\$ 15,279,724	\$ 15,376,191
Contributions as a Percentage of Covered Payroll	7.96 %	7.80 %	7.22 %

GASB Statement No. 75 was implemented in fiscal year 2018. This schedule is being built prospectively. Ultimately, 10 years of data will be present.

Other Supplemental Information

Northwestern Michigan College

Other Supplemental Information Combining Statement of Net Position

June 30, 2020

(with comparative totals for 2019)

	Current Funds									
	General Fund	Board-designated Fund	Auxiliary Fund	Pension and OPEB Liability Fund	Restricted Fund	Plant Fund	Loan Fund	Agency Fund	2020	2019
Assets										
Current assets:										
Cash and cash equivalents	\$ 9,574,730	\$ -	\$ 3,550	\$ -	\$ -	\$ -	\$ -	\$ 75	\$ 9,578,355	\$ 4,389,227
Receivables - Net	4,460,600	-	152,436	-	2,159,780	3,793,128	296,755	8,605	10,871,304	5,325,675
Prepaid expenses and other assets	659,564	-	394,674	-	6,108	6,645	-	98,698	1,165,689	1,319,800
Due (to) from other funds	(13,462,043)	4,025,999	6,107,656	-	(2,254,911)	3,961,087	(296,755)	1,918,967	-	-
Total current assets	1,232,851	4,025,999	6,658,316	-	(89,023)	7,760,860	-	2,026,345	21,615,348	11,034,702
Noncurrent assets:										
Restricted cash and cash equivalents	-	-	-	-	-	3,392,945	-	-	3,392,945	12,281,270
Investments	13,509,912	-	-	-	-	-	-	-	13,509,912	17,939,677
Capital assets - Net	-	-	-	-	-	83,144,942	-	-	83,144,942	72,873,221
Total noncurrent assets	13,509,912	-	-	-	-	86,537,887	-	-	100,047,799	103,094,168
Total assets	14,742,763	4,025,999	6,658,316	-	(89,023)	94,298,747	-	2,026,345	121,663,147	114,128,870
Deferred Outflows of Resources	-	-	-	19,332,965	-	-	-	-	19,332,965	20,030,315
Liabilities										
Current liabilities:										
Accounts payable	1,273,346	8,533	178,843	-	19,201	2,965,925	-	21,094	4,466,942	3,751,460
Accrued liabilities and other:										
Accrued wages and benefits	922,386	-	-	-	-	-	-	1,633,193	2,555,579	2,337,819
Accrued interest payable	-	-	-	-	-	133,050	-	-	133,050	154,281
Unearned revenue	1,144,514	-	26,461	-	158,237	-	-	30	1,329,242	1,287,180
Long-term obligations - Current	1,282,348	-	-	-	-	1,260,874	-	-	2,543,222	5,427,473
Total current liabilities	4,622,594	8,533	205,304	-	177,438	4,359,849	-	1,654,317	11,028,035	12,958,213
Noncurrent liabilities:										
Net pension liability	-	-	-	57,892,016	-	-	-	-	57,892,016	54,492,788
Net OPEB liability	-	-	-	12,287,488	-	-	-	-	12,287,488	14,250,585
Long-term obligations - Net of current portion	354,628	-	-	-	-	25,414,000	-	-	25,768,628	27,072,191
Deposits	231,099	-	183,552	-	638,799	-	-	372,028	1,425,478	1,690,867
Total liabilities	5,208,321	8,533	388,856	70,179,504	816,237	29,773,849	-	2,026,345	108,401,645	110,464,644
Deferred Inflows of Resources	-	-	-	11,968,257	-	-	-	-	11,968,257	11,200,064
Net Position										
Net investment in capital assets	-	-	-	-	-	59,659,246	-	-	59,659,246	54,163,144
Unrestricted	9,534,442	4,017,466	6,269,460	(62,814,796)	(905,260)	4,865,652	-	-	(39,033,036)	(41,668,667)
Total net position	\$ 9,534,442	\$ 4,017,466	\$ 6,269,460	\$ (62,814,796)	\$ (905,260)	\$ 64,524,898	\$ -	\$ -	\$ 20,626,210	\$ 12,494,477

Northwestern Michigan College

Other Supplemental Information Combining Statement of Revenue, Expenses, and Changes in Net Position

Year Ended June 30, 2020
(with comparative totals for 2019)

	Current Funds							2020	2019
	General Fund	Board-designated Fund	Auxiliary Fund	Pension and OPEB Liability Fund	Restricted Fund	Plant Fund	Loan Fund		
Operating Revenue									
Student tuition and fees	\$ 21,364,804	\$ (3,723)	\$ 6,922	\$ -	\$ -	\$ -	\$ -	\$ (3,057,180)	\$ 18,310,823
Federal grants and contracts	1,368,032	-	5,000	-	588,995	-	-	-	1,962,027
State grants and contracts	10,092	-	24,000	-	100,471	-	-	-	134,563
Private gifts, grants, and contracts	30,513	-	-	-	12,037	-	-	-	42,550
Expended for plant facilities	-	-	-	-	-	1,290,725	-	(1,290,725)	-
Sales and services of auxiliary activities	8,000	-	3,930,053	-	-	-	-	-	3,938,053
Other sources	409,067	-	1,011,469	-	21,249	7,200	-	-	1,448,985
Total operating revenue	23,190,508	(3,723)	4,977,444	-	722,752	1,297,925	-	(4,347,905)	25,837,001
Operating Expenses									
Instruction	16,581,957	(3,838)	-	1,260,463	224,567	415,939	-	(703,665)	17,775,423
Public service	387,488	(534)	1,863,103	171,412	131,897	56,005	-	(125,530)	2,483,841
Academic support	7,047,900	(2,400)	122,294	490,888	79,083	8,205	-	(7,305)	7,738,665
Student services	4,878,216	(1,782)	2,980,062	399,854	7,218,005	-	-	(3,057,180)	12,417,175
Institutional administration	5,823,675	616,066	99,508	271,611	76,005	1,549	-	-	6,888,414
Operation and maintenance of plant	4,514,150	(1,224)	291,941	257,206	21,152	556,099	-	(448,938)	5,190,386
Depreciation	-	-	-	-	-	4,435,278	-	-	4,435,278
Information technology	3,359,386	(879)	-	133,249	46,090	302,802	-	(5,287)	3,835,361
Total operating expenses	42,592,772	605,409	5,356,908	2,984,683	7,796,799	5,775,877	-	(4,347,905)	60,764,543
Operating Loss	(19,402,264)	(609,132)	(379,464)	(2,984,683)	(7,074,047)	(4,477,952)	-	-	(34,927,542)
Nonoperating Revenue (Expense)									
State appropriations	11,322,270	-	-	83,009	-	43,009	-	-	11,448,288
Federal Pell grants	-	-	-	-	4,286,174	-	-	-	4,286,174
Federal CARES Act funding	-	-	-	-	1,679,357	-	-	-	1,679,357
Property taxes	11,163,672	-	-	-	-	2,912,558	-	-	14,076,230
Support from component unit	849,959	198,148	568,627	-	1,856,117	1,176,479	-	-	4,649,330
Investment income	468,033	-	-	-	-	106,426	-	-	574,459
Bond issuance and amortization costs	-	-	-	-	-	24,874	-	-	24,874
Interest expense on capital-related debt	-	-	-	-	-	(878,437)	-	-	(878,437)
Total nonoperating revenue	23,803,934	198,148	568,627	83,009	7,821,648	3,384,909	-	-	35,860,275
Capital Contributions - State capital appropriations	-	-	-	-	-	7,199,000	-	-	7,199,000
Transfers (Out) In	(1,681,605)	550,832	27,262	-	(1,652,861)	2,756,372	-	-	-
Change in Net Position	2,720,065	139,848	216,425	(2,901,674)	(905,260)	8,862,329	-	-	8,131,733
Net Position - Beginning of year	6,814,377	3,877,618	6,053,035	(59,913,122)	-	55,662,569	-	-	10,245,318
Net Position - End of year	\$ 9,534,442	\$ 4,017,466	\$ 6,269,460	\$ (62,814,796)	\$ (905,260)	\$ 64,524,898	\$ -	\$ -	\$ 20,626,210

October BOT Presentation

- Name and title of presenter

Dr. Nicholas Roster, Biology Instructor & Assessment Coordinator

- Title of presentation (for Board agenda)

A&P in the Time of COVID

- A brief description of the presentation

It would seem that content and lab intense courses such as Anatomy & Physiology have unique issues that make them unsuitable to online learning. This is one instructor's solution to seemingly insurmountable odds of presenting a lab course online. And where to go from here.

- A brief biography

This is Nick's 16th year at NMC. In that time, he has been Department Chair, Chair of the Curriculum Committee, and is currently teaches Anatomy & Physiology and is also the Assessment Coordinator. Additionally, he is Scoutmaster for Troop 34, and running for Garfield Township Trustee. Sooner or later his family hopes he figures out what he want to be when he grows up.

Dr Nicholas O Roster

Biology Instructor/Assessment Coordinator
Northwestern Michigan College
[1701 E Front St](#)
[Traverse City, MI 49686](#)



Northwestern
Michigan
College

Anatomy & Physiology

Board Presentation by Nicholas Roster, PhD

Still in the Past

Topic to topic progression

Have to move fast... the texts keep getting thicker

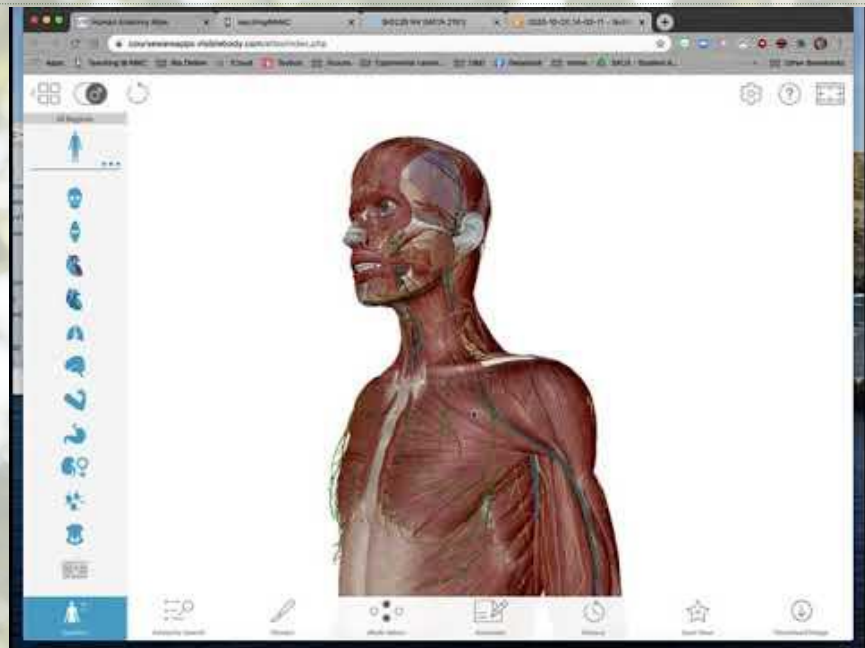
Grading is for sorting, not learning

21st Century Skills

Motivation

Online

Online Solutions



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Online Solutions

PEX The Muscle Twitch and the Latent Period Reset Activity

Experiment Accessibility

1 Note that the voltage on the stimulator is set to 0.0 volts. Select **Stimulate** to deliver an electrical stimulus to the muscle and observe the tracing that results.

Undo Reset

Muscle Length (mm) 75

Voltage (v) 0.0

Stimulate

Force

Active 0.0

Passive 0.0

Total 0.0

Latent Period (msec) 0.00

Measure

Time (msec) 0.00

1 of 15

Prev Next

ALWAYS LEARNING

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Interactive - POGIL

21st Century Skills

Oral & Written Communication

Critical Thinking

Management

Information Processing

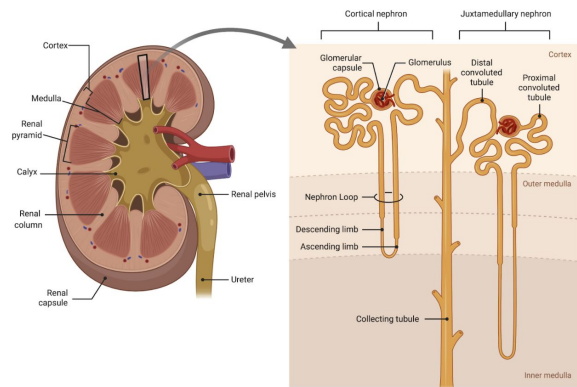
Problem Solving

Teamwork

Assessment (Self-Assessment
& Metacognition)

Model 1: Anatomy of a Nephron (Learning Objective 1)

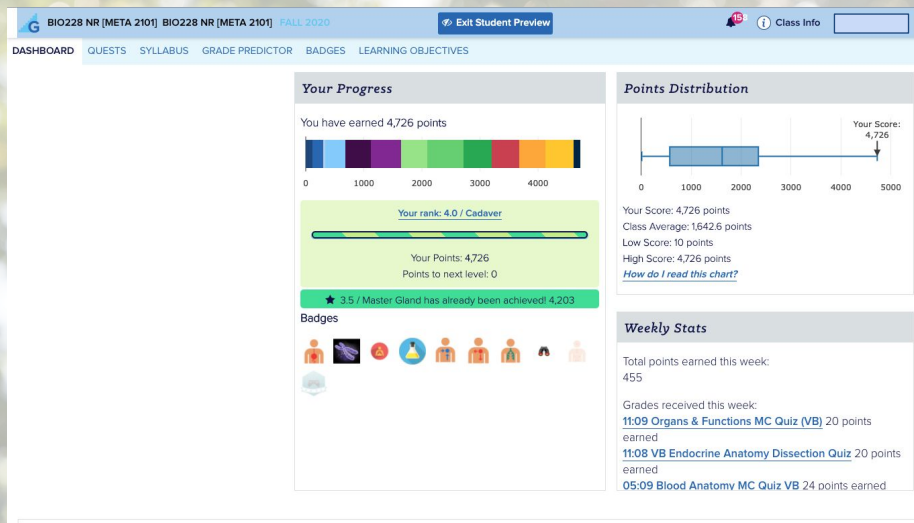
The nephron is the functional unit of a kidney. There are approximately 1,000,000 nephrons in each kidney.



QUESTIONS:

1. Based on Model 1 how many different types of nephrons are there? (E,D)
2. Label the proximal convoluted tubule (PCT) on the cortical nephron. (E,D)

Online Solutions - Motivation



GradeCraft

Game Theory

Count Up

Own Pace (mostly)

Allows for mastery

Currently looking at ways to get rid of 'grades'

More self-assessment

Renal Anatomy & Function

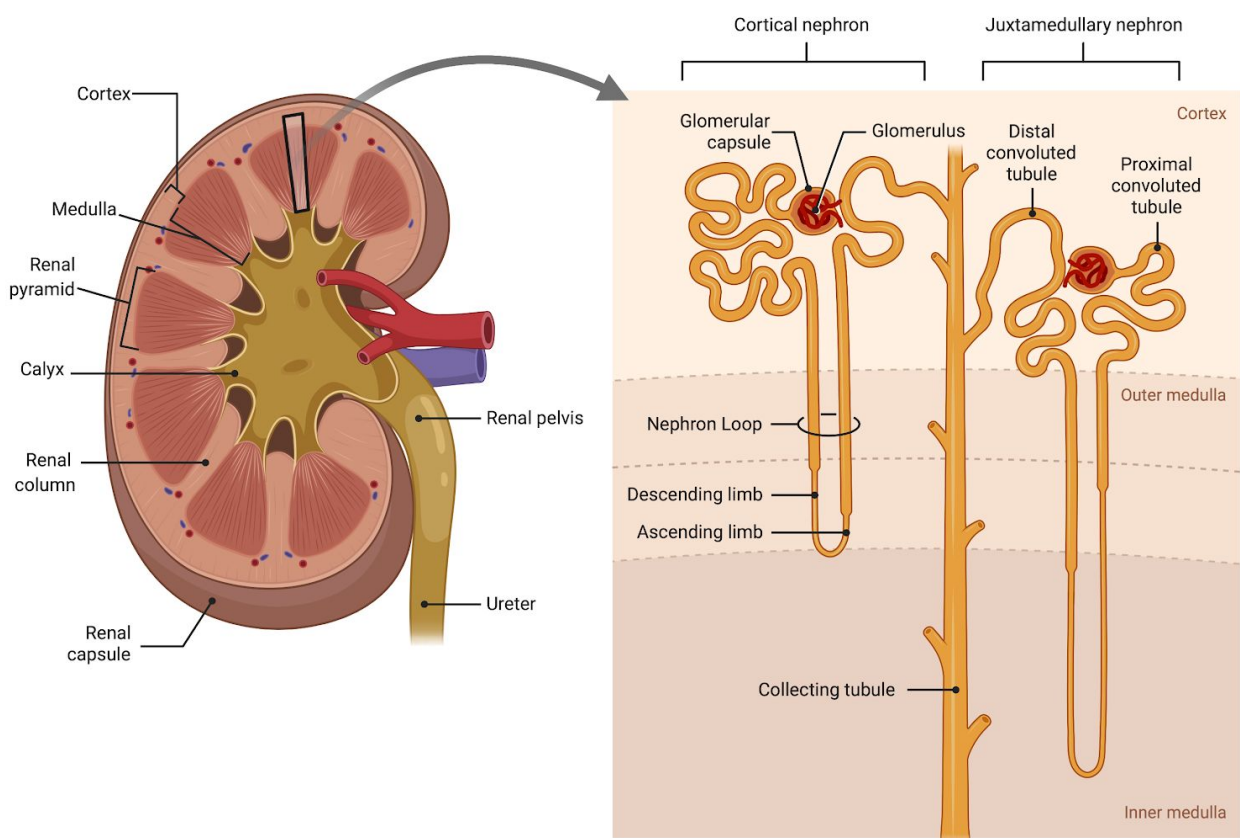
Objective 1: Students will be able to identify the component parts of a nephron.

Objective 2: Students can describe the functions of different parts of the nephron.

Objective 3: Students can trace the path water and ion flow along the length of the nephron

Model 1: Anatomy of a Nephron (Learning Objective 1)

The nephron is the functional unit of a kidney. There are approximately 1,000,000 nephrons in each kidney.



QUESTIONS:

1. Based on Model 1 how many different types of nephrons are there? (E,D)
2. Label the proximal convoluted tubule (PCT) on the cortical nephron. (E,D)

3. Label the distal convoluted tubule (DCT) on the cortical nephron. (E,D)
4. Label the ascending and descending limb on the nephron loop on the juxtamedullary Nephron. (E,D)
5. Label the glomerular capsule and glomerulus on the juxtamedullary nephron. (E,D)
6. Indicate where you find each part of the nephron with an "x" in the following table.

(E,D)

	Cortex	Medulla
PCT		
Nephron loop		
DCT		
Collecting duct		

7. Based on Model 1, what would you find in the renal pyramids? (I,C)
8. Using complete, grammatically correct sentences, anatomically describe the differences between the cortical and juxtamedullary nephron. (I,C)
9. Why do you think we use the terms proximal and distal in relation to the convoluted tubules? (A,C)
10. Describe using complete, grammatically correct sentences, the anatomical relationship between the glomerulus and the glomerular capsule. (A,C)

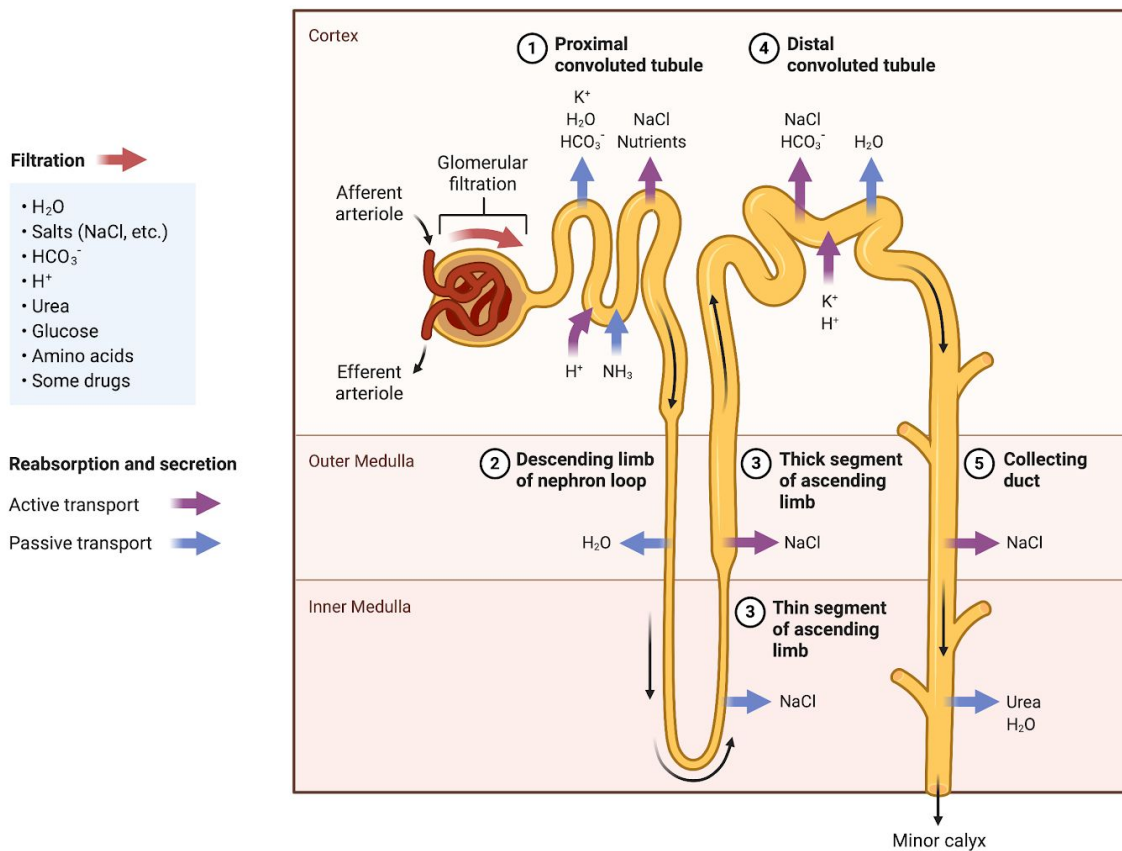
11. Describe the anatomical relationship between the glomerulus (and capsule) to the PCT and the DCT. (A,C)

Extension Question (Complete if you have time)

12. Speculate on why some nephrons are longer than others. (A,V)

Model 2: Function of a Nephron (Learning Objective 2/3)

The three main functions of a nephron in creating urine are filtration, reabsorption and secretion. Reabsorption is defined as putting substances of the filtrate back into the bloodstream. Secretion is defined as moving substances from the bloodstream into the nephron.



QUESTIONS:

1. Based on the images from Model 1, what type of nephron is pictured above? Explain. (E/A,D)

2. Based on Model 2 fill in the following table with the molecule or ion involved. Place a circle on the model above around an arrow example of reabsorption. Place a square around an arrow example of secretion on the model above.

	Filtration	Reabsorption	Secretion
Glomerulus			
PCT			
Nephron Loop			
DCT			
Collecting Duct			

3. After looking at this data in the Table above, what questions come to mind? Anything curious? (A,V)
4. What are the methods of passive transport that are most likely used along the nephron? Give an example of each process you identified. (E,D)

5. In the box of filtered substances in Model 2, circle those items that would be considered nutrients. (A,C)
6. Think about the components of blood. Is there a nutrient you notice that does not become a part of the filtrate and therefore, stays in the blood? (I,D)
7. Based on Model 2, where does the Glucose that is filtered from the blood wind up and what is the process whereby it gets to its final destination? (I,C)
8. What substance is reabsorbed from the descending limb of the nephron loop? (E,D)
9. What impact will this have on the concentration of the fluid in the loop? (A,C)
10. What substance is reabsorbed from the ascending limb of the nephron loop? (E,D)
11. What impact will this have on the concentration of the fluid in the loop? (A,C)
12. Concentration of a solution is measured in milliosmoles (mOsm). If the concentration of blood is about 300 mOsm, what happens to the concentration of the filtrate as the nephron dips down into the inner medulla, then comes back up? Draw some fictitious concentrations on the model to indicate your speculation. (I,C/V)
13. Look back at Model 1. Why do you think there are different lengths of nephrons in the kidney? (A,V)

14. Would each type of nephron create the same level of concentrated filtrate? Explain.
(A,V)
15. The normal pH of urine is typically around 6.0. In examining Model 2, can you indicate how the nephron is taking a filtrate that has a normal pH of 7.35 - 7.45 and lowering it to 6.0? Explain how this is happening. (A,C)



**Northwestern
Michigan
College**

***MEMO
Enrollment Services***

To: Dr. Nick Nissley, President
 From: Todd Neibauer, VP for Student Services and Technologies
 Date: October 19, 2020
 Subject: Enrollment Report – October 2020

Spring 2020 Enrollment

Registration for current students began on October 1, 2020. Orientations, for newly admitted students will start in November and will continue through January. The registration date was moved forward to October 1 this year so there are not comparable data for registered students.

(Source: Digital Dashboard & Recruiter Same Date Comparison SP018-2021)

	2018	2019	2020	2021
Inquiries	550	652	624	851
Admission Applications	534	628	616	780
Admits	204	301	384	500

Frontliners

There continues to be a strong response to the Futures for Frontliners program announced in September. We continue to work with state agencies to nail down specifics on the administration of the program and the expansion of access to contact information on those who have indicated a desire to attend NMC. The current numbers as of this report date are presented below.

	Eligible	Not Eligible	Totals
Applied F4F Eligibility	235	894	1129
Need to Apply to NMC	29	582	611
Current Student	146	229	375

The overwhelming majority of ineligible applicants still need to complete the FAFSA. The Admissions office contacted all of the F4F applicants that had contact information to offer assistance with completing the FAFSA, applying to NMC, or other needs that they may have.



MEMO

Enrollment Services

TO: Nick Nissley, President
 Todd Neibauer, Vice President for Student Services & Technologies

FROM: Linda Berlin, Director of Financial Aid

DATE: October 10, 2020

SUBJECT: NMC Scholarship and Financial Aid Report for Aid Year 2019-2020

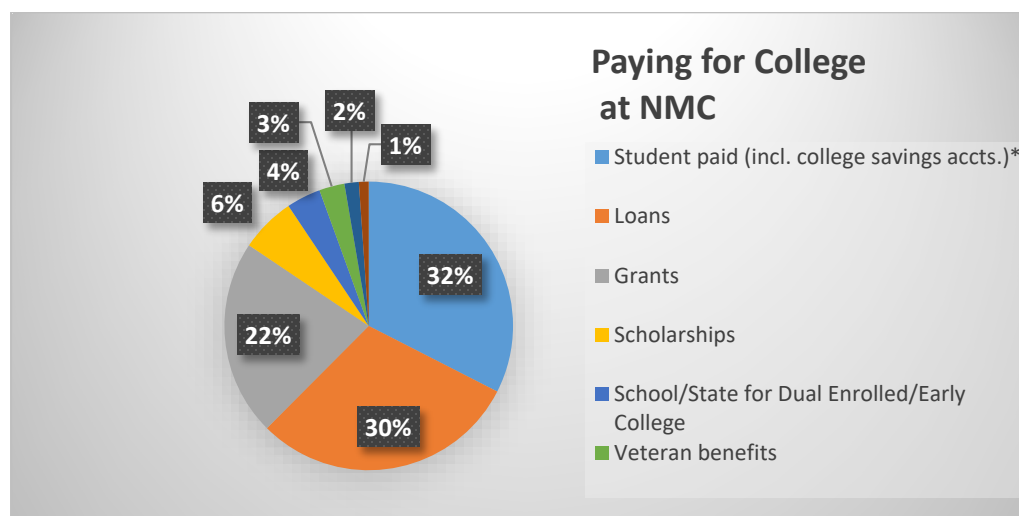
Northwestern Michigan College Financial Aid Opportunities

Northwestern Michigan College (NMC) Enrollment Services provides students and families with a variety of opportunities to learn about the availability of federal, state, and institutional financial aid. From financial aid, scholarship and FAFSA (Free Application for Federal Student Aid) workshops, to individualized assistance, we strive to promote college affordability and payment options to students. We encourage students and families to actively engage in their financial aid process and to take advantage of our services, from before they make a college decision to long after they graduate from NMC.

For 2019-2020, we implemented a new, fully on-line system for students, parents and staff to complete the Financial Aid verification process. The system simplified the process for students, eliminated paper, and reduced the average processing time for completed files from two weeks to less than one. This virtual system allowed the Financial Aid Office to continue serving students without interruption during the pandemic.

Paying for College

While NMC students and their families pay the biggest share of their college expenses, financial aid is critical to covering the cost of attendance.



* Does not reflect amounts students paid for costs not billed by NMC (off campus housing, transportation, etc), while grants loans, and scholarship amounts may include funds refunded to students for these costs.

Cost of Attendance and Student Need

Financial need is the difference between the cost of attendance and the expected family contribution. Fifty-six percent of NMC students completed a FAFSA this year. Fifty percent received aid (difference is ineligible students).

Cost of attendance (COA) refers to the total amount of education expense: tuition, fees, books and supplies, housing and dining, personal expenses, transportation expenses, etc. NMC's annual cost of attendance ranges from \$13,754 for an in-district student in a general program living with family to \$51,288 for an out-of-state Aviation student living off campus. The average COA was \$17,600.

Expected Family Contribution (EFC) is a figure that is the result of the FAFSA calculation, which determines the amount the student/family could contribute toward the COA. The average EFC was \$5,200.

$$\text{COA } \$17,600 - \text{EFC } \$5,200 = \underline{\text{Gross Need } \$12,400}$$

$$\text{Gross Need } \$12,400 - \text{Average Aid } \$5,500 = \underline{\text{Average Unmet Need } \$6,900}$$

Financial Aid Sources

NMC's financial aid includes funding from federal, state, institutional and other outside resources. Of the \$16.2 million in financial assistance disbursed to students in 2019-2020:

- \$11.1 million or 68% from Title IV Federal Student Aid programs: Pell Grant, Supplemental Educational Opportunity Grant, Direct Student and Parent Loans and Work-Study funds.
- \$1.7 million or 10% from the State of Michigan: Tuition Incentive Program, Michigan Competitive Scholarships and Fostering Futures Scholarship.
- \$2.0 million or 12% from external sources: scholarships and private loans (private loans are most commonly used by Aviation students to cover flight fees).
- A record \$1.4 million or 8% from NMC scholarships.

Thanks to increases in State aid and NMC scholarships in 2019-2020, in combination with reduced borrowing, NMC student aid shifted slightly toward gift aid.

	2018-2019			2019-2020		
Grants and Scholarships	\$	7,345,700	42%	\$	7,850,621	48%
Loans	\$	9,941,228	58%	\$	8,354,169	52%
Total Aid	\$	17,286,928		\$	16,204,790	

NMC Foundation Scholarships

Twenty-five percent of NMC students received scholarships, compared to 14% in 2018-2019. The most recent National Postsecondary Student Aid Study (NCES NPSAS:16) states that only 6% of public 2-year college students receive institutional aid. Several factors in 2019-2020 led to a record year in both dollars given in NMC Scholarships and the number of students awarded:

- Efforts by staff and faculty to encourage application. This year NMC, once again, made significant gains in the percentage of students who applied for scholarships, increasing from 28% to 41% of all students. The Financial Aid Office received 1,279 scholarship applications. Ninety-two percent of students who completed a scholarship application received an award.

- Public Relations and NMC Foundation providing personal stories to help students understand that every student has the potential to receive a scholarship
- Additional funds raised by the NMC Foundation to assist students during the Coronavirus pandemic

Scholarships	2018-2019	2019-2020
Available	\$ 1,406,596	\$ 1,520,819
Disbursed	\$ 1,142,628	\$ 1,355,491
Percent Disbursed	81%	89%
# of NMC Scholarship Recipients	662	1,149
% of Unduplicated Headcount	14%	25%
Average Amount per Recipient	\$ 1,726	\$ 1,180
External Scholarships Disbursed	\$ 373,608	\$ 370,095
# of External Scholarship Recipients	237	202
Average Amount	\$ 1,576	\$ 1,832
CARES Act Higher Education Emergency Grants	NA	\$ 835,590
# of CARES Recipients		479
Average Amount		\$ 1,744

Unduplicated Headcount for the year is the actual number of individual students enrolled for the year. Students may be enrolled in one or more classes, but they are counted only once. *Percentages are based on the total number of unduplicated students for the year.

<u>2018-2019</u>	<u>2019-2020</u>
4,647	4,546

While NMC has awarding control over donor/institutional scholarships, not all funds can be awarded and disbursed in an award year. The majority of scholarships are awarded for the entire year with the award being split 50% to fall and 50% to spring. Funds are also saved to assist with student needs for the summer semester. In 2019-2020, 89% of available funds were disbursed (up from 81% in 2018-2019).

Student Loan Debt

The Financial Aid Office provides loan counseling and monitors student debt and default rates:

- 33% of NMC's full-time, first-time undergraduate students borrowed federal loans
- \$10,908 - \$21,000 is the median total debt after graduation (dependent on field of study)
- \$113-218/mo. is the typical monthly loan payment

(Source: U.S. Dept. of Education College Scorecard)

NMC's 2017 Cohort Default Rate (CDR) of 13.2% compares favorably to other similar colleges. The 2017 CDR measures the percentage of borrowers who entered repayment between Oct. 1, 2016 and Sept. 30, 2017 and subsequently defaulted prior to Sept. 30, 2019.

Northwestern Michigan College Cohort Default Rates Compared to State and National Rates					
	FY2017	FY2016	FY2015	FY2014	FY2013
NMC	13.2%	16.1%	15.4%	15.3%	19.3%
Michigan 2-year public schools	16.1%	16.7%	18.2%	19.9%	19.1%
National 2-year public	15.2%	15.9%	16.7%	18.3%	18.5%
Michigan all schools	na	11.5%	12.2%	12.9%	11.8%
National all schools	9.7%	10.1%	10.8%	11.5%	11.3%
NMC					
# in Default	131	186	185	213	299
# in Repayment	990	1151	1195	1,392	1,544

Source: NSLDS.ed.gov



MEMO

Administrative Services

To: Dr. Nick Nissley, President

From: Vicki Cook, Vice President of Finance and Administration

Date: October 14, 2020

Subject: Summary Report for the General Fund as of September 30, 2020

The attached reports summarize the financial results for the General Fund as of September 30, 2020. The third month represents 25% of the year.

Month End Results

The month end reports are interim and not a reflection of actual year-end results.

The timing of revenue and expenses fluctuates throughout the year and will affect year end results.

The general fund ended the month with revenue over expenses of \$1,155,163. Revenue decreased by 11% when comparing September 2020 to September 2019. The decrease is primarily due to Covid 19 related reductions in tuition and timing of property taxes. Expenses decreased by 34% when comparing September 2020 to September 2019 also primarily related to the Covid 19 impact and budget reductions in professional development.

Revenue (letters refer to the attached General Fund summary)

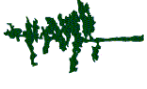
- A. Tuition and Fees revenue: Tuition and fees represent a 5% decrease from those of September 2019. For Fall 2020, the budget was set at 33,145 billing hours for budgeted revenue of \$6,240,988. Actual billing hours are at 34,980 hours for a total tuition revenue of \$6,566,336. Fall 2020 revenue is over budget by \$325,348.
- B. Property Taxes: Tax revenue is recorded as payments are received. The overall increase for the fiscal year is expected to be 3% over the previous fiscal year.
- C. State Sources include budget appropriations, personal property tax payments and MPSERS retirement payments. State appropriations payments begin in October.
- D. Federal Sources, which consist primarily of the MARAD grants and MARAD fuel payment. These funds are to be used directly for the Maritime program.
- E. Actual year-to-date investment income recorded for fiscal year 2020 reflects interest income only. Interest income is lower due to declining interest rates.
- F. Both Private Sources and Other Sources are timing and event dependent.

Expenses

- G. Salaries and benefits are under budget due to open unfilled positions and reduced adjunct contracts.
- H. Overall expenses are under budget at this time.
- I. Capital Outlay reflects expenditures budgeted through the allocation of COAT dollars.

Northwestern Michigan College

Unaudited



Summary Report for General Fund Accounts

Monthly reports are interim and not a reflection of year end results.

Fiscal Year 2021, Period 03

Funds	Accounts	2020-2021 Adjusted Budget	YTD Activity	% of Annual Budget
TOTAL GENERAL FUND				
50	Revenues			
	Tuition and Fees	20,271,034	5,717,951	28.21% A
	Property Taxes	11,485,363	3,667,421	31.93% B
	Other Local	0	0	*
	Local Sources	31,756,397	9,385,372	29.55%
	State Sources	8,543,730	1,882	0.02% C
	Federal Sources	524,000	9,677	1.85% D
	Private Sources	1,268,000	122,014	9.62% F
	Investment Income	274,000	41,794	15.25% E
	Other Sources	353,250	66,998	18.97% F
	Total Revenues	42,719,377	9,627,737	22.54%
60	Labor			
	Salaries & Wages	21,182,285	4,656,779	21.98% G
	Benefits	9,072,070	1,949,404	21.49% G
	Total Labor	30,254,355	6,606,183	21.84%
70	Expenses			
	Purchased Services	2,391,755	371,748	15.54% H
	Supplies & Materials	3,288,261	464,056	14.11% H
	Internal Services	104,020	-4,657	-4.48% H
	Other Expenses	1,705,773	298,572	17.50% H
	Institutional Expenses	1,726,924	222,314	12.87% H
	Maintenance & Renovation	1,778,289	341,246	19.19% H
	Prof Develop, Travel & Events	180,000	52,106	28.95% H
	Capital Outlay	50,000	5,816	11.63% I
	Total Expenses	11,225,022	1,751,201	15.60%
	Total Expenditures	41,479,377	8,357,384	20.15%
80	Transfers			
	Transfers	1,240,000	115,190	9.29%
	Total Transfers	1,240,000	115,190	9.29%
	Total Expenditures and Transfers	42,719,377	8,472,574	19.83%
	Net Revenues over (under) Expenditures	0	1,155,163	

**Northwestern Michigan College
Comparison - Fiscal Year to Date
General Fund
Sep 2020 vs. Sep 2019**

INTERIM
This statement does not
reflect year-end results.

	<u>YTD 9/30/2020</u>	<u>YTD 9/30/2019</u>	<u>\$ Diff</u>	<u>% Diff</u>	<u>Comments</u>
Revenue					
Local Sources:					
Tuition & Fees	\$ 5,717,951	\$ 6,027,999	\$ (310,048)	-5%	Decrease is due primarily to expected lower enrollments, associated fees, and lower EES revenue (all partially impacted by COVID-19)
Property Taxes	3,667,421	4,275,909	(608,488)	-14%	Timing of property tax payments received from townships
Total Local Sources	9,385,372	10,303,908	(918,536)	-9%	
State Sources	1,882	-	1,882	1882%	Timing of Annual RenZone payment (recognized in October during FY20)
State PPT Reimbursement	-	-	-	0%	Consistent with prior year
Federal Sources	9,677	200,000	(190,323)	-95%	Timing of MARAD reimbursements (requesting reimbursement for fuel in the spring for FY21 instead of the fall for dry docking of GLMA ship)
Private Sources	122,014	136,163	(14,149)	-10%	Timing of Foundation gifts
Investment Income	41,794	120,194	(78,400)	-65%	Higher interest/dividends recognized in FY20 than in FY21
Other Sources	66,998	67,408	(410)	-1%	Consistent with prior year
Total Revenue	9,627,737	10,827,673	(1,199,936)	-11%	
Expenses					
Salaries and Wages	4,656,779	4,627,184	29,595	1%	Consistent with prior year
Benefits	1,949,404	1,919,499	29,905	2%	Consistent with prior year
Purchased Services	371,748	518,602	(146,854)	-28%	Primarily due to miscellaneous savings in purchased services (primarily impacted by COVID) for maintenance and facilities, EES, and GLMA
Supplies & Materials	464,056	701,622	(237,566)	-34%	Decrease is driven primarily by timing of GLMA and Aviation fuel purchases
Internal Services	(4,657)	8,408	(13,065)	-155%	Primarily driven by lack of internal events on campus due to COVID
Other Expenses	298,572	323,077	(24,505)	-8%	Primarily related to lower recruiting/promotional expenses in FY21 along with other small decreases in other areas including non-professional development travel expenses and Native Tuition waivers; partially offset by higher equipment rentals from the GLMA tugboat lease in FY21
Institutional Expenses	222,314	260,275	(37,961)	-15%	Primarily due to the timing of invoices/payments in FY21 (timing of receipt of invoices slightly impacted by COVID closures and some potential savings from COVID closures on electric likely)
Maintenance & Renovation	341,246	448,666	(107,420)	-24%	Primarily due to lower equipment maintenance expenses in FY21 and lower software maintenance expenses due to timing of annual renewal invoices in FY21
Professional Development	52,106	150,688	(98,582)	-65%	Primarily due to reduction of professional development expenses due to cancellation of work-related travel during COVID closures and timing of membership renewals
Capital Outlay	5,816	5,950	(134)	-2%	Timing of COAT purchases
Total Expenses	8,357,384	8,963,971	(606,587)	-7%	
Transfers	115,190	121,066	(5,876)	-5%	Aviation flight hours transfer
Total Expenses & Transfers	8,472,574	9,085,037	(612,463)	-7%	
Net Revenue Over (Under) Expenses	\$ 1,155,163	\$ 1,742,636	\$ (587,473)	-34%	



Northwestern Michigan College
Comparison - Month Over Month
General Fund
Sep 2020 vs. Aug 2020

INTERIM
 This statement does not
 reflect year-end results.

Revenue

Local Sources:

Tuition & Fees

Property Taxes

Total Local Sources

State Sources

State PPT Reimbursement

Federal Sources

Private Sources

Investment Income

Other Sources

Total Revenue

Expenses

Salaries and Wages

Benefits

Purchased Services

Supplies & Materials

Internal Services

Other Expenses

Institutional Expenses

Maintenance & Renovation

Professional Development

Capital Outlay

Total Expenses

Transfers

Total Expenses & Transfers

Net Revenue Over (Under) Expenses

	<u>YTD 9/30/2020</u>	<u>YTD 8/31/2020</u>	<u>Sep 20 Activity</u>	<u>Aug 20 Activity</u>	<u>Comments</u>
\$	5,717,951	\$ 3,185,042	\$ 2,532,909	\$ 875,130	September had 4 weeks of fall tuition; August had 1 week of summer & 1 week of fall tuition
	3,667,421	1,548,675	2,118,746	1,083,330	Timing of tax collections received
	9,385,372	4,733,717	4,651,655	1,958,460	
	1,882	-	1,882	-	- Annual RenZone payment received in September
	-	-	-	-	- Consistent with prior month
	9,677	-	9,677	-	- MARAD reimbursement received in September
	122,014	-	122,014	-	- Quarterly Foundation gifts recognized in September
	41,794	28,165	13,629	1,095	- Higher interest and dividend activity from investments in September
	66,998	44,124	22,874	17,927	Primarily driven by higher Lobdell's revenue and receipt of Annual Pell admin fees in September; partially offset by higher administrative fees in August from the closure of some NJTP contracts and higher write off reversals in August
	9,627,737	4,806,006	4,821,731	1,977,482	
	4,656,779	2,611,116	2,045,663	1,636,241	Increased hours for adjuncts, supplementals and students in Sept as Fall semester commenced
	1,949,404	1,238,816	710,588	705,043	Consistent with prior month
	371,748	170,221	201,527	94,475	Primarily due to the payment of audit invoices, GLMA food invoices (for the Sep/Oct cruise), and Sodexo maintenance payment in September
	464,056	225,724	238,332	166,575	Higher fee related expenses, general and classroom supply expenses, and printing expenses in August; partially offset by lower postage expenses in September
	(4,657)	1,429	(6,086)	1,429	Internal transfer to general fund from halls auxiliary fund for fall semester fitness fee revenue occurred in September
	298,572	172,484	126,088	101,169	Primarily driven by higher Native Tuition and Tuition Discount waivers in September
	222,314	108,092	114,222	77,013	Primarily impacted by the timing of electricity and heating fuel payments in September
	341,246	176,237	165,009	107,336	Primarily due to higher facility maintenance expenses in September associated with flood clean up in the Health/Science building
	52,106	29,660	22,446	22,367	Consistent with prior month
	5,816	557	5,259	557	\$5,259 GTR Equipment (plow for grounds truck)
	8,357,384	4,734,336	3,623,048	2,912,205	
	115,190	-	115,190	-	- Aviation flight hours transfer in September
	8,472,574	4,734,336	3,738,238	2,912,205	
	\$ 1,155,163	\$ 71,670	\$ 1,083,493	\$ (934,723)	

Northwestern Michigan College
Statement of Net Position
General Fund
September 30, 2020



	As of September 30,	
	2020	2019
Assets		
Current assets		
Cash and cash equivalents	\$ 5,404,576	\$ 6,955,644 A
Accounts receivable, net	5,902,715	4,233,757 B
Prepaid expenses and other current assets	520,607	595,441
Total current assets	11,827,898	11,784,842
Noncurrent assets		
Long-term investments	21,040,873	20,924,194 A
Due to other funds	(15,325,945)	(16,403,692)
Total noncurrent assets	5,714,928	4,520,502
Total assets	\$ 17,542,826	\$ 16,305,344
Liabilities		
Current liabilities		
Accounts payable	\$ 257,173	\$ -
Accrued payroll	1,828,322	2,062,129
Unearned revenue	4,569,978	5,371,855
Total current liabilities	6,655,473	7,433,984
Noncurrent liabilities		
Voluntary separation plan	\$ 197,748	\$ 314,347
Total noncurrent liabilities	197,748	314,347
Total liabilities	\$ 6,853,221	\$ 7,748,331
Net position		
Net position, beginning of year	\$ 9,534,442	\$ 6,814,377
Change in net position	1,155,163	1,742,636
Total net position	10,689,605	8,557,013
Total liabilities and net position	\$ 17,542,826	\$ 16,305,344

Notes:

A - Cash and investments balances fluctuate due to timing of investment purchases and sales.

B - Timing of payments from Foundation



MEMO
Administrative Services

To: Vicki Cook, VP Finance and Administration

From: Troy Kierczynski, Controller

Date: October 19, 2020

Subject: Realized and Unrealized Investment Gains & Losses for the Quarter Ended September 30, 2020

Northwestern Michigan College (“the College”) manages its investments in effort to maximize returns while carefully assessing portfolio security, interest rate risk, and cash flow needs. The College’s investment options are limited to those allowable under Michigan’s *Community College Act of 1966*, as amended, including but not limited to bonds, treasury bills, treasury notes, certificates of deposit, savings accounts, commercial paper, and mutual funds, trusts, or investment pools composed entirely of instruments that are eligible collateral.

The College invests primarily in bonds, commercial paper, and certificates of deposit. In its long-term strategy, the College typically holds investments to maturity rather than seeking short-term gains at the expense of future returns. Market conditions ultimately drive the College’s investment holdings, income and overall performance.

The College reports investments on its statement of net position at fair value. Dividends, interest, and gains (realized and unrealized) are reflected in aggregate as **net investment income** in the College’s statement of revenue, expenses, and changes in net position. The College recognized the following investment income (general fund only):

Investment Income - General Fund Only

For the periods ending:

	June 30, 2019	June 30, 2020	September 30, 2020
Realized gains (losses)	\$ -	\$ 3,600	\$ -
Unrealized gains (losses)	406,758	43,746	(42,184)
Dividends and interest	384,491	420,687	41,797
Investment income, net	791,249	468,033	(387)

The College had no realized gains (no bonds called or sold) in fiscal years 2019 and 2021. The realized gain in fiscal year 2020 is the result of an issuer calling a bond in September 2019.

The unrealized gains in fiscal years 2019 and 2020 reflect periods of declining interest rates based on rate cuts by the Federal Reserve. The unrealized loss as of September 30, 2020 represents minor increases in market rates after bottoming out at the end of fiscal year 2020.

In March 2020, the Fed enacted emergency cuts, slashing the federal funds rate 150 basis points (to zero) in response to the Coronavirus pandemic. The Fed does not anticipate any rate increases in the next calendar year, therefore we expect this to negatively impact our fiscal year 2021 investment returns.

Northwestern Michigan College
Investments Held
September 30, 2020

Financial Institution	Security Issuer	Abbr.	Security Type	Maturity	Coupon or Interest Rate	Interest Frequency	Cost	NMC Notes
Chemical Bank	Chemical Bank	n/a	Certificate of Deposit	5/3/2020	0.150%	Annually	\$ 257,010	
Huntington Bank	Huntington Bank	n/a	Certificate of Deposit	4/1/2021	0.100%	Annually	\$ 250,000	
Fifth Third	Federated Investors	GOIXX	Money Market Fund	n/a	0.360%	Monthly	\$ 6,633,863	0.36% yield through 10/12/20
Fifth Third	Federal Farm Credit Banks Bond	FFCB	U.S. Agency Bond	12/3/2024	0.730%	Semi-Annual	\$ 5,000,000	continuously callable from 9/3/20
Fifth Third	Federal National Mortgage Association	FNMA	U.S. Agency Bond	8/27/2025	0.500%	Semi-Annual	\$ 5,000,000	callable on 8/27/21
Fifth Third	Federal Home Loan Mortgage Corporation	FHLM	U.S. Agency Bond	8/27/2030	1.100%	Semi-Annual	\$ 3,900,000	callable on 8/27/21
Total Investments Held							\$ 21,040,873	



MEMO: Resource Development

To: The Board of Trustees
President Nick Nissley, Ed.D.

From: Rebecca Teahen, CFRE
Assoc. Vice President, Resource Development
Executive Director, NMC Foundation

Date: October 15, 2020

Subj: Foundation Update

Fund Raising – a “check” on FY21 goals

- FY21 overall dollars raised as part of the Be What’s Possible Campaign:

\$ 1,553,923	Total received (including Annual Fund, pledges, and <i>documented planned gift intentions</i>) raised toward goal
+ \$ 87,605	Gross event revenue
\$1,641,528	Total of gifts + events (Goal: \$4,250,000)

Foundation Initiatives

- The Foundation offices will be moving to Suite 100 at the University Center campus this month.
- Campaign Co-Chairs, Bruce Byl and Susie Janis, are actively working on efforts to secure major gifts as part of the Be What’s Possible Campaign for NMC. Recent gifts include:
 - An estate gift from the late Lucille and Travis Olson to support scholarships for Leelanau and Grand Traverse County students.
 - Establishment of the new Vice Admiral John P. Currier USCG Scholarship Fund to support aviation students.

We are grateful for these generous gifts that make education possible at NMC.

- The Foundation is pleased to support online ordering for the Great Lakes Culinary Institute’s “Charcuterie To Go” event. The to-go boxes sold out in just a few days! Pick up is Nov. 11.

Meetings and Events for your calendars:

- The Foundation Finance & Audit Committee will meet via Zoom at 7:30am on Wednesday, October 21.
- The Foundation Board will meet via Zoom at 7:30am on Wednesday, October 28.



MEMO

*Public Relations, Marketing,
and Communications*

To: Nick Nissley, President

From: Diana Fairbanks, Executive Director of PR, Marketing and Communications

Date: 10-9-20

Subject: September 2020 Monthly Report

The first full month of the new fall semester saw a wide variety of good news stories as activities increased across NMC's campuses. Highlights include the distribution of CARES Act money to students, UAS 10th anniversary, Futures for Frontliners, the MTU/GLWSI agreement and 40 Under 40. As planned, there was a decrease in paid media as a shift in strategy to respond to the coronavirus pandemic earlier in the admissions cycle. The following is an overview of the work of Public Relations, Marketing and Communication for September 2020.

Paid Media

- Google search, display, remarketing
- Paid Facebook
- Paid Instagram
- Ticker
- TCBN

Paid media spend was strategically shifted to respond to meet the changing needs of our consumers this spring and summer. As part of this plan, the spend was increased earlier in the fall admissions cycle and will be reduced from September through November. We will increase the spend again ahead of the spring semester marketing push in December and January. This plan has been successful in bringing in better than projected enrollment for fall. We continue to see the largest percentage of growth in our adult learner campaigns which coincides with the state's launch of the Futures for Frontliners program.

Outcomes:

- Display

	September '20	MOM	August '20	YOY	September '19
clicks	9,270	83% ↓	54,173	99% ↑	4,653
imprs.	732,854	87% ↓	5,794,089	617% ↓	961,331

- Ticker banner ads (1 total)
 - 35 clicks to new landing page
- Paid social
 - One FB/IG campaign (9/1-9/30)
 - 541 clicks to landing page
 - Web traffic (9/1-9/30)
 - [Traditional learner landing page](#) for paid campaigns
 - 7,613 visits/pageviews
 - 3% of all site traffic
 - It's driven:
 - 187 to the NMC homepage
 - 91 Degrees & Certificates page
 - 79 to the Academic programs page
 - 67 schedule a visit page
 - [Futures for Frontliners page](#)
 - 5,030 visits/pageviews
 - It's driven:
 - 41 to the Degrees & Certificates page
 - 40 to the "Participate in an open Q&A session"
 - 32 to admissions standards page
 - 23 to the main admissions page

Earned Media

Monthly recap of media coverage and sentiment

NMC was featured in 45 media mentions with an estimated publicity value of \$42,100 based on the Cision media monitoring system.

Media coverage stories that resulted in the most attention include:

- [To Meet Or Not To Meet: The Debate Over In-Person Meetings](#) Ticker, September 4
- [State rolls out scholarship for frontline workers](#) Record-Eagle, September 11
- [NMC, Michigan Tech Extend Partnership, Will Collaborate On Great Lakes Research](#) Ticker, September 19
- [Northwestern Michigan College awards more than \\$1 million in federal funding to students](#) UpNorthLive, September 15
- [NMC UAS program hits 10-year milestone](#) Record-Eagle, September 27

Media sentiment ranking for September (based on a Cision algorithm that ranks pre-assigned tone of keywords) shows 97.4% positive or neutral coverage. This is an increase MOM (August, 96.1%) and increase YOY (2019, 91.6%). The result categorized as negative was water studies report on an ecological plague, but was not negative toward the college.

Owned Media

Monthly published owned media

During September, PRMC published three NMC Now e-newsletter to 858 supporters and community members. The average open rate was 45.6%.

The feature article from 9-30-20 [Q&A with largest field of board candidates since 1990](#) was the most popular link clicked.

Other popular links include:

- [Early UAS adopters celebrate first decade](#): NMC Now 9-16-20
- [‘Not a normal experience, but so far it’s been good.’](#) NMC Now 9-2-20
- [40 Under 40](#): TCBN September 2020

Content is being developed for the January 2021 Nexus which feature the NMC community’s pivot through the 4Rs in response to the coronavirus pandemic.

Shared Media

Monthly progress report on NMC’s Main social media channels

NMC had follower growth, engaging social content, activities and good news stories on Facebook and Instagram during the first full month of the semester. There was an expected decrease in some MOM metrics related to a decrease in paid social media advertising. We continue to see YOY growth and growth in organic metrics. Highest performing posts include a police academy alumni, GLMA alumni, UAS anniversary, Lobdell’s opening and employee awards in TCBN.







Platform	Followers	Impressions	Engagement	Gender	Age	Region
Facebook	11,769 Up 5.5% YOY	9.1% Up YOY	62.4%** Down YOY	Fans 68% F 31% M	#1 25-34 (26.6%)	GT Region & Grand Rapids
	Up 0.3% MOM	Down 70.1%* MOM	Down 73.9%** MOM	Reach 61%F 38%M	#2 35-44 (19.9%) #3 45-54 (19.4%)	
Instagram	2,501 up 26% YOY)	32.4% Down* YOY	3.3% Up YOY	61% F 39% M	#1 18-24 (31.2%)	GT Region & Grand Rapids
	Up 1.7% MOM	Down 80.6%* MOM	Down 13.4%* MOM		#2 25-34 (29.5%) #3 35-44 (17.4%)	

*This reflects an decrease in NMC’s paid advertising on social media platforms.

** September 2019 had a post (Devos visit) with higher than normal engagement.

While one of the most used social media channels by current and potential students, Snapchat does not have the same data reporting capabilities as Facebook owned

platforms. In addition to event specific geofilters, NMC has the following community filters in place.

Location and image	Date activated	Uses	Views from sent snaps or stories
Front St. Campus (clock tower)	11-4-17	3.3k 	62.4k 
Front St. Campus (Hawk Owl)	2-27-18	5.9k 	111.8k 
Great Lakes Campus (GLMA)	6-6-18	632 	22.7K 

Northwestern Michigan College
 BOARD OF TRUSTEES
Audit Committee Meeting Minutes
Wednesday, October 14, 2020, 1:00 p.m.
 Traverse City, MI 49686

Committee Chair Kennard Weaver called the meeting to order at 1:02 p.m.

Members present: Kennard Weaver, Jane McNabb, Rachel Johnson (virtually via Zoom)

Members absent: None

Others present: Nick Nissley, Vicki Cook, Holly Gorton, Troy Kierczynski, Lynne Moritz, Katie Thornton, Becky Donovan (virtually via Zoom)

Review of Draft Audited Financial Statements

Katie Thornton and Becky Donovan of Plante & Moran, PLLC, presented virtually via of Zoom a draft required communications and financial report with supplemental information for year ended June 30, 2020, to the group.

Katie Thornton shared that it had been an unusual year with a 100% virtual audit being conducted, due to the COVID-19 pandemic. She thanked all NMC Business and Financial Services staff for their assistance. Thornton also noted that the \$750,000 CARES Act funding requires a separate federal financial audit, which will be conducted after those instructions are finalized. The federal financial audit will be delayed as a result. She stated that the draft audited financial statements were shared with the Board Audit Committee for review and discussion to then be recommended to the full Board.

Thornton reviewed the draft required communication to the Board, which included sections on required communications with those charges with governance and industry update and other information. She indicated there were no new Governmental Accounting Standards Board

(GASB) standards, but a lot of new reporting with the COVID-19 coronavirus funding requirements. Thornton noted it was a smooth audit with the most sensitive disclosure affecting the financial statement was related to the impact of the COVID-19 pandemic on the College. There were no significant difficulties in dealing with management in performing and completing the audit. Thornton noted there were some new GASB standards in preliminary stages on which they will keep the college apprised.

Becky Donovan then reported on the financial report for year ended June 30, 2020, stating a clean unmodified opinion was received. She began by reviewing the Management's Discussion and Analysis, sharing that Vice President Vicki Cook and Controller Troy Kierczynski did an excellence job of compiling. The auditors and staff addressed questions of the committee members. It was explained that instructional expenses had a significant decrease due to COVID related issues. Note 1 has new language from the previous year, and is pertaining to COVID-19 pandemic impact. It was suggested to add a note about the nonsignificant impact of GASB 84.

Auditors shared that they will present the audited financial statements to full Board at their October 26, 2020, meeting.

Other Discussion—None

Public Comment—There was no public comment offered.

The meeting was adjourned at 1:45 p.m.

Recorded by Chief of Staff to the President and Board of Trustees Holly Gorton.

Northwestern Michigan
College Board of Trustees
Policy Committee Minutes
October 19, 2020
Traverse City, MI 49686
Virtual Zoom Meeting ID: 91033102341

Committee Chair Doug Bishop called the meeting to order at 3:05 p.m.

Members Present: Doug Bishop, Rachel Johnson

Members Absent: Michael Estes

Others Present: Nick Nissley, Vicki Cook, Holly Gorton, Lynne Moritz

The Policy Committee reviewed selected board policies scheduled for review along with the Board of Trustees Bylaws.

A-100.00 Board of Trustees Bylaws

The bylaws policy was reviewed and discussed with some revisions recommended that included the following:

- References to the Executive Assistant to the President and Board of Trustees revised to reflect the current position title of Chief of Staff to the President and Board of Trustees.
- Revision of section 4.c. changing “President” to “Chairperson”
- Revision to add suspension of bylaws section.

A-101.00 Board of Trustees Responsibilities

The responsibilities policy was reviewed with no changes recommended.

A-106.03 Policy Amendment and Additions

The policy on board policies amendment and additions process was reviewed with no changes recommended.

A-107.00 Board Attendance at Civic and College Events

The policy on civic and college events attendance was reviewed and it was recommended to remove item 3.a. The NMC barbecue from the list as the event no longer exists.

A-108.00 Board of Trustees Electronic Communications

The policy on board electronics communication was reviewed and the only recommended change was to revise the position of executive assistant to the chief of staff where referenced.

It was recommended that administration review all board policies to identify all references to the position of Executive Assistant to the President and Board of Trustees and update the position title to Chief of Staff to the President and Board of Trustees.

A motion was made by Rachel Johnson, seconded by Doug Bishop, to make a recommendation

to the full Board for the above referenced policy revisions at the regular October 26, 2020, Board of Trustees meeting. The motion passed with a unanimous vote.

Review of Board Policy Review Schedule

The review schedule for board policies was reviewed and it was determined to reschedule policies pertaining to the upcoming planned strategic planning to coincide with that process.

A motion was made by Doug Bishop, seconded by Rachel Johnson, to reschedule the following policies to be reviewed in 2021.

- C-100.00 Mission
- C-102.00 Values
- C-104.00 Institutional Effectiveness Criteria

The motion passed with a unanimous vote.

Another Board Policy Committee meeting will be scheduled to review the remaining two policies scheduled for 2020 review.

- A-105.01 Gift Acceptance
- A-106.02 Investment Policy

Public Comment—There was no public comment offered.

The meeting was adjourned at 3:31p.m.

Recorded by Holly Gorton, Chief of Staff to the President and Board of Trustees.

MEMO

To: Northwestern Michigan College Board of Trustees
Cc: Dr. Nick Nissley
From: Gabe Schneider, Founder/Principal, Northern Strategies 360
Date: Tuesday, October 20, 2020
Re: State/Federal Legislative Update

State

COVID-19 Response

In a typical year, the Michigan Legislature would be out of session campaigning prior to the November 3 general election. However, as a result of the Michigan Supreme Court's ruling against the Governor's actions related to COVID-19, the legislature has returned to session and has passed several COVID-19 related bills including:

- SB 1108: Allowing for public meetings to be held virtually until the end of the calendar year and then allows for virtual accommodations for board members and to hold a virtual meeting if there is a declared state or local state of emergency. This legislation was signed into law by Governor Whitmer.
- HB 6030-32: Providing limited liability protection from lawsuits arising from COVID-19. This legislation has been presented to the Governor and her signature is expected.

Community College Nursing Baccalaureate Legislation

As you know, on September 24 the Senate Regulatory Reform Committee passed Senate Bill 1055, which would allow a community college to offer and confer a baccalaureate degree in nursing. The vote was 6-2 with Senators Nesbitt, Theis, Johnson, Lauwers, Zorn and Polehanki voting in support and Senators VanderWall and Moss voting against. This legislation now moves to the full senate for consideration.

As you may also know, concurrently there was legislation introduced in both the House and Senate that is considered to be a "poison pill" for the baccalaureate legislation. Senate Bill 1142 introduced by Senator Jim Stamas and House Bill 6258 introduced by Representative Scott VanSingel are both tie barred to SB 1055 and state that if a community college offers a bachelor's degree in any discipline for which the board did not offer the baccalaureate or bachelor's degree before the effective date of the bill, the Board shall not levy any taxes under this act and any taxes previously levied by the board must be returned to the taxpayer.

Actions

We are working closely with Munson Healthcare and other community partners to encourage support for SB 1055. These efforts have included:

- 9/15 Munson Healthcare testimony in support of bill before Senate Regulatory Reform Committee
- 9/15 NMC Letter of support sent to Senate Regulatory Reform Committee
- 10/1 Presentation to Alpena Chamber Government Relations Committee
- 10/2 Presentation to Traverse Connect Government Relations Committee (Supportive)
- 10/6 Key points and call to action sent to NMC Board

- 10/6 Presentation to MHC Cadillac Hospital Board
- 10/7 NMC advocacy website live: www.nmc.edu/bsn
- 10/8 Key points and call to action sent to Traverse Connect Government Relations Committee
- 10/9 Meeting with Governor Whitmer (non-committal)
- 10/14 MHC Chief Nursing Officers meet with Senator VanderWall
- 10/14 Conversation with Senator Schmidt (Supportive)

Next Steps

We understand that the full Senate will not consider this legislation until some time after the election. Therefore, we will be continuing our outreach and advocacy to gain votes for passage over the next several weeks. These efforts include:

- NMC Board consideration of resolution of support
- NMC consideration of supportive op-ed
- Presentation to NMC Foundation Board and consideration of support
- Engagement with Regional Community Development Coalition and consideration of support
- Follow up meeting with Senator VanderWall

Federal

Short Term Funding Bill Signed into Law

Earlier this month, the President signed into law H.R. 8337, which is a short-term funding bill that funds all federal programs at current levels through December 11. Prior to that point, Congress will need to come to an agreement on a comprehensive FY21 spending bill or consider another short-term spending that will extend into the new year.

COVID-19 Relief Package

Congress and the Whitehouse continue to go back and forth on if another COVID-19 relief package is possible before the election. So far, talks have been ongoing between Speaker Nancy Pelosi and Treasury Secretary Steven Mnuchin. Previously passed “skinny” bills by the House including the most recent \$2.2 trillion stimulus measure passed in early October have included additional funding for community colleges passed on a student headcount formula, which is one of our top priorities.

**NORTHWESTERN MICHIGAN COLLEGE
BOARD OF TRUSTEES
MINUTES**

**Monday, September 28, 2020
Virtual Zoom Webinar ID: 935 1577 4555**

CALL TO ORDER—Chair Chris M. Bott called the regular meeting to order at 5:33 p.m.

ROLL CALL

Trustees present: Douglas S. Bishop, Chris M. Bott, K. Ross Childs, Rachel A. Johnson, Jane T. McNabb, Kennard R. Weaver

Trustees absent: Michael Estes

Also present: President Nick Nissley, Patti Burgess, Vicki Cook, Marguerite Cotto, Mary Jo Elliott, Diana Fairbanks, Joy Goodchild, Holly Gorton, Tony Jenkins, John Lutchko, Lynne Moritz, Kyle Morrison, Todd Neibauer, Denny Nguyen, Susan Odgers, Stephen Siciliano, Rebecca Teahen, Hans Van Sumeren

REVIEW OF AGENDA—The agenda was accepted as presented.

REPORTS

Program Focus—MTU & NMC Great Lakes Research Collaboration—Hans Van Sumeren, Director of Great Lakes Water Studies Institute, reviewed the opportunities that will be available through our partnership under the new Memorandum of Understanding (MOU) between Michigan Technological University and NMC for Great Lakes research. Van Sumeren summarized the history of the relationship over the past several years. The Board expressed excitement and support for the partnership.

Faculty Report—Encouraging Student Engagement in Online Chemistry—Mary Jo Elliott, Chemistry Instructor, provided a presentation reviewing the techniques, advantages, as well as challenges, with online learning of chemistry, including demonstrations in video lectures used, with at home lab instructions, and virtual student interaction. Elliott also provides tutorial services and instructor office hours for students.

Enrollment Report—Todd Neibauer, Vice President for Student Services and Technology, provided the enrollment report and noted that the fall enrollment decrease was substantially less than originally anticipated. 141 Futures for Frontliners program applications have been approved and hundreds more are registering. Neibauer also explained they are identifying students close to completion and reaching out to them to encourage them to return and obtain their degree through the Frontliners program. Degrees When Due has been successful and 72 degrees were awarded this summer to students who had qualified for a degree, but not applied in the past. In response to a question, Neibauer explained the guidelines and requirements of the Futures for Frontliners program funding for up to 4 years to complete an associate degree. Neibauer added that, with Futures for Frontliners and Reconnect funding, there are many opportunities for past students to return and earn their credentials.

Financial Report—Vicki Cook, Vice President of Finance and Administration, reviewed the financial report for the period ending August 31, 2020, and reported revenue was about \$350,000 ahead. NMC also received news that state appropriations will remain level. The FY20 audit will be reported to the Board at the October meeting. Cook included a memo on the 2022 Five Year Capital Outlay report outlining what will be included in the October Board meeting materials. No capital funding projects are being accepted this year by the state, but the Osterlin Library project is ready to

submit, if that changes. The Board expressed the desire to not use reserves if not necessary and begin restoring them, and Vicki confirmed reserves would not be used if not needed.

Foundation Report—Rebecca Teahen, Associate Vice President for Resource Development and Executive Director of Foundation, provided the Foundation Report, indicating progress to date was positive. \$180,000 was recently received from an alumnus as part of an estate gift, which was not included in the report provided. Teahen shared that the Foundation staff was moving to the University Center campus in the upcoming months. Teahen thanked Campaign Co-chairs Bruce Byl and Susie Janis for working hard to finish up campaign by end of calendar year. As a correction to the report included in the packet, Teahen noted the Foundation Finance & Audit Committee and Foundation Board will be meeting in October.

PRMC Report—Diana Fairbanks, Executive Director of Public Relations, Marketing, and Communications reported she was receiving positive feedback on extensive COVID communications. Fairbanks reviewed media coverage and highlighted NEXUS magazine, which came out a little later than planned due to COVID, but includes many positive NMC stories, many related to COVID response.

Presidential Performance & Compensation Committee Report—Committee Chair Chris Bott provided a report on the work of the Board Presidential Performance and Compensation Committee. The committee met on September 10 and confirmed dates for Nick's presidential evaluation, which Bott reviewed. The committee will begin meeting every other month with the next meeting in November.

Building and Site Committee Report—Committee Chair Ross Childs introduced the video tour of the new West Hall Innovation Center, which was viewed, and Ross shared how magnificent the building was. A small Ribbon Cutting Ceremony was held on September 18 and some of the trustees were able to tour in person at that time and were very impressed. Childs noted the building was open and being used at most all hours.

Legislative Issues Report—President Nick Nissley referenced materials in the Board packet and drew attention to four good news items. State appropriation funding has been restored to a 0.3% increase, rather than a 15% decrease as budgeted. Senate Bill 1055 regarding community college Bachelor of Science in Nursing (BSN) degrees was introduced and has been taken up by committee and approved to move on to the full senate. The state budget also includes \$35 million for the Michigan Reconnect program. The Futures for Frontliners program has yielded 141 accepted applications with about 700 still pending. Students have until fall 2021 to register under this program. The Board thanked the Michigan Community College Association (MCCA) and NMC's legislative consultant, Gabe Schneider, for the positive legislative updates. There was significant discussion about the importance of the community college BSN, for which NMC was collaborating with other area partners to support.

PUBLIC INPUT—There was no public input offered.

UPDATES

President's Update—President Nick Nissley reported there have been 3 positive student COVID cases with campus exposure and 1 employee presumed positive case, without campus exposure, to date. Nissley thanked frontline faculty and staff, as well as students, for the safety guidelines and compliance to those safety protocols in place. The Reimagining Fall Committee was now Reimagining Spring Committee, and mapping out a plan that will be very similar to the current fall hybrid model of course delivery. Nissley shared he had the good fortune to meet George Comden who was one of the first students attending NMC at its opening and credits NMC for leading to his success in life. Nissley shared a few upcoming highlights, including that students are invited to have coffee with the president on September 29. Discovery Center partnership initiatives are currently being explored by Hans Van Sumeren. A reimagined professional development October conference was being planned for October 13 where employees will work on one-day projects, called FedEx day, to develop new approaches to current processes for greater efficiency, or totally new initiatives. The Diversity, Equity, and Inclusion Team has formed and will lead employees through a 21-Day Challenge in collaboration with United Way. The International Affairs Forum season launched last week with the theme of “Finding Solutions to Global Crisis.”

Board Chair Update—Chair Chris Bott stated the Board would continue to use the virtual Zoom meeting format as long as it was the college protocol to meet safety guidelines. The Board will be receiving presidential evaluation materials on October 1 and are to return evaluations by October 12 to Holly Gorton. Bott also spoke to the community need to be able to provide a local option for nurses to acquire their BSN.

CONSENT ITEMS—On a motion by Doug Bishop, seconded by Kennard Weaver, the following items were approved by a unanimous vote as a group without discussion:

- Minutes of the August 24, 2020, regular meeting

ACTION ITEMS

Local Strategic Value Resolution—On a motion by Janie McNabb, seconded by Rachel Johnson, the Board adopted the presented Local Strategic Value Resolution certifying that Northwestern Michigan College meets the best practice standards required by the appropriations law for fiscal year 2021. The motion passed with a unanimous vote.

New Jobs Training Program Agreements—On a motion by Janie McNabb, seconded by Kennard Weaver, the Board authorized administration to enter into training agreements under the terms of the New Jobs Training Program (NJTP) for the following companies:

1. RJG Inc.
2. Cherry Republic (amendment)
3. Britten Inc. (amendment)
4. RJG Inc. (amendment)

The motion passed with a unanimous vote.

REVIEW OF FOLLOW-UP REQUESTS—Confirmed requests made by the Board that require administrative follow-up for information to be provided to the Board at a later date.

ADJOURNMENT—The meeting adjourned at 6:57 p.m.

Recorded by Holly Gorton, Chief of Staff to the President and Board of Trustees.

SIGNED _____
Chris M. Bott, Chair

ATTESTED _____
Rachel Johnson, Vice Chair

NMC BOARD OF TRUSTEES 2021-2022 RESOURCE GUIDELINES

1 – Strategic and Financial Planning

The budget is a financial plan for the priorities of the institution. The budget proposed to the Board of Trustees for adoption should reflect the Strategic Plan and the area operational plans.

2 – Tuition and Fees

Tuition and fees should be considered within the context of the most reasonable estimates of State, local, and private support, and projected expenses to support the College's plans, and projected enrollment and unique program characteristics. Tuition should balance the goal of affordable access to learning opportunities with the goal of high quality service levels for NMC offerings. Regular tuition increases should be considered as a means to sustain this portion of the revenue mix, while minimizing the year-to-year increases. Fees should be reviewed regularly and increases considered when the cost elements to which they contribute increase. Our in-district students will pay less than out-of district students because the College receives local tax support from Grand Traverse County residents. For some programs, the College uses differential tuition and fees in excess of the general rates.

3 – Salaries and Benefits Equity

Northwestern Michigan College is committed to attracting and retaining a quality workforce. Equity in salary and benefits is part of the NMC culture and should be expressed within a total compensation package. As part of that package, salary and benefits for faculty and staff will be based on the appropriate peer group or determined in the relevant collective bargaining agreement.

4 – Professional Development

Maintaining and improving the knowledge and skills of the faculty and staff is an investment in the future. Funds should be appropriated annually in the budget for that purpose. Approximately 2.25% of general fund salaries and wages should be appropriated annually in the budget for that purpose.

5 – Faculty and Staff Composition

The college should balance the full-time and part-time composition of employees to assure continuity and commitment while maintaining flexibility to implement strategic directions and complete its strategic initiatives in a timely and effective manner. To enhance smooth transition of personnel, the college has established a contingency for implementing succession decisions.

6 – Technology, Capital Equipment, Maintenance and Renovation

Providing a quality education requires investment in classroom equipment, facilities, and infrastructure. The annual budget should provide for regular maintenance, replacement/upgrade, growth and contingency funding.

7 – Debt Service

Debt Service obligations must be included in the budgeting process at 100% of the current costs.

8 – Reserves

The budget should include an appropriate allocation for reserves. The following reserves should be monitored annually. The Board will approve transfers to the appropriate reserve fund balances.

A – Working Capital Reserves

A fiscally sound organization should have adequate reserves for emergencies and unanticipated cash flow needs. Northwestern Michigan College funds should maintain a Working Capital Reserve of 10 - 15% of annual budgeted expenditures not included in reserves B through G.

B – Reserve Funds For Any Future Reduction in State Contributions for MPSERS Retirement Plans

This is a reserve for any future reduction in State contributions related to the unfunded liability payment for MPSERS plans. The amount to maintain is 30% of the annual State contribution to MPSERS retirement plans.

C – Reserve For Unexpected Medical and Non-Medical Costs

This is a reserve for dramatic fluctuations in medical, and non-medical costs (e.g. term life insurance, long term disability, and worker's compensation) that are significantly beyond prudent predictions. The College should maintain funds equal to the difference between the calculated maximum aggregate claims and expected claims plus three (3) months of non-medical costs.

D – Fund for Transformation

The Fund for Transformation was established for the purpose of responding to emerging opportunities and changes. A fund balance equal to approximately 2% of General Fund budgeted expenses should be maintained.

E – Physical Plant Major Maintenance and Future Buildings

Two percent of the appraised replacement value-new of the College's physical assets, including buildings, building equipment, and built-in fixtures, should be invested or maintained in a fund for major maintenance, renovation, or replacement of those assets. This should be calculated as the total of major plant maintenance expenditures, operating budget maintenance expenditures on physical plant, and the Plant Fund balance. Reserves above 2% will be designated for future buildings.

F – Reserve For Unexpected Fluctuation In Energy Costs

This is a reserve for dramatic fluctuations in energy costs that are significantly beyond prudent predictions. The reserve is equal to 10% of the College's annual budget for the total energy bill.

G – Reserve For Any Future Reduction in State Appropriation Revenue

This is a reserve for any future reduction in State appropriation revenue. The amount to maintain is 25% of annual State Appropriation.

**FY 2022
FIVE YEAR
CAPITAL OUTLAY PLAN**

NORTHWESTERN MICHIGAN COLLEGE
1701 East Front Street
Traverse City, Michigan 49686

**Submitted to the
NMC Board of Trustees
on October 26, 2020.**

Questions should be directed to:
Vicki Cook
Vice President of Finance and Administration
231-995-1144

Section II – Instructional Programming

- Appendix A Programs of Study (NMC Catalog)
- Appendix B Initiatives Impacting Facilities Usage
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Section III – Staffing and Enrollment

- Appendix D Current Enrollment Report Fall 2020
- Appendix E Five Year Enrollment Patterns by Program
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Section IV – Facility Assessment

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- Appendix I Building and/or Classroom Utilization Rates
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*All appendices available upon request.

NORTHWESTERN MICHIGAN COLLEGE FIVE-YEAR CAPITAL OUTLAY PLAN

OVERVIEW

Northwestern Michigan College (NMC) is a comprehensive community college founded in 1951 and located in Traverse City, Michigan.

It provides programming at five principal sites in Traverse City. The major campus facilities are located as follows:

- Main campus located at 1701 East Front Street
- Great Lakes Campus located at the base of West Grand Traverse Bay
- Aero Park campus located in the Traverse City airport industrial park
- University Center campus located on South Cass Street in Traverse City
- Rogers Observatory site located in Garfield Township

We are engaged in the following purposes to meet our Mission:

- Associate degree, certificate and transfer education in liberal arts and sciences, and occupational studies
- Career/occupational education and workforce development
- Bachelor degrees in select programs
- Cultural and personal enrichment
- Baccalaureate and graduate program facilitation
- Regional economic development

The delivery of these programs leads to the:

- Bachelors of Science Degree in Maritime Technology
- Associate in Science and Arts degree
- Associate in Applied Science degree
- Associate in General Studies
- Associate Degree in Nursing
- Career Certificates
- Skills Training
- Lifelong Learning opportunities
- Cultural Enrichment
- Economic Development
- Merchant Marine Officer's licenses valid for service on the Great Lakes and oceans

I. – Mission Statement

Northwestern Michigan College was the first comprehensive community college chartered in the State of Michigan. Since its founding in 1951, NMC has provided quality, affordable access to higher education for learners of all ages and backgrounds. NMC is integrally woven into the economic, social and cultural fabric of the region, providing leadership and support for key initiatives that shape our communities and prepare our learners for rich and meaningful lives.

Mission

Northwestern Michigan College provides lifelong learning opportunities to our communities.

Vision

NMC will be the resource of choice for higher education, lifelong learning and cultural experiences. NMC will be an essential contributor to quality of life and a vibrant economy. We will demonstrate collaborative and inventive approaches to education and training for liberal studies, careers, interests and emerging learner markets.

Values

Our individual and collective efforts create the legacy of NMC. In order to achieve our mission, we are individually committed and responsible to live these values:

- Learning is at the center of all we strive to achieve. It is the foundation upon which an enlightened citizenry and a dynamic community are built and is a lifelong process in which we are all engaged.
- We will continuously improve the learning experience and its global relevance to those we serve through innovation, agility and thoughtful risk-taking.

Our actions are governed by the highest degree of **ethics, integrity and personal responsibility**, exhibited through **transparency, openness and trust**.

We each will practice **responsible stewardship** for the human, physical, financial and environmental resources entrusted to our care.

Each of us will strive to **exceed expectations** for quality and service in all that we do.

We **value all people** and will invest in their personal and professional growth and development.

We will **exhibit foresight** by monitoring the changing world around us and taking actions today that prepare us to meet future needs of our communities.

We will **seek others** who share our vision and values, and **collaborate** with them on behalf of our communities.

Purposes

*To meet our mission, we are **fully** engaged in **each of** the following purposes with the result that our learners meet their goal(s) of being college ready, transfer ready, career ready and lifelong-learning ready.*

- Associate degree, certificate and transfer education in liberal arts and sciences, and occupational studies
- Career/occupational education and workforce development
- Bachelor degrees in select programs
- Cultural and personal enrichment
- Baccalaureate and graduate program facilitation
- Regional economic development

Current Strategic Directions and Capacities

In order to accomplish NMC's stated Mission, Vision, and Purposes, organizational activities focus on achieving the following strategic directions and demonstrating competence in Institutional Effectiveness Criteria.

Strategic Directions

1. Ensure that NMC learners are prepared for success in a global society and economy.
2. Establish national and international competencies and provide leadership in select educational areas connected to the regional economy and assets.
3. Deliver learning through a networked workforce.
4. Establish lifelong relationships with learners.
5. Transcribe most learning to establish credentials of value.

Institutional Effectiveness Criteria **College Policy C-104.00**

1. Learning
 - a. Scholarship: NMC promotes the acquisition of knowledge, skills, and attitudes that all students need to function effectively in a changing world through outstanding academic programs recognized for their regional and national level competencies. NMC is committed to helping students acquire the ability to communicate effectively, to think critically, and to be aware of diversity in our world. The scholarship criterion measures the effectiveness of how well NMC prepares students for success in the workplace related to their chosen field and the extent to which NMC provides credible transfer and articulation programs for those students who choose to continue their education at other colleges and universities. Furthermore, in support of our open access philosophy, NMC

encourages the academic success of under-prepared college students in their pursuit of basic educational skills and abilities.

- b. **Enrichment:** NMC provides lifelong learning opportunities to regional residents by offering quality educational opportunities for all ages. Programs are designed to be flexible, convenient, and responsive to the needs of the community. Moreover, NMC is committed to enriching and broadening the knowledge base and cultural life of the community. It does so by offering a wide range of programs and curricula that emphasize continuing education, skill enhancement, professional development, and cultural and personal enrichment. The enrichment criteria measures how effectively NMC performs in responding to the community's learning needs in those areas.
- c. **Workforce:** NMC is a significant contributor to regional economic development. The College supports economic development by providing programs responsive to key economic drivers and in support of business and partnership needs. NMC is committed to working collaboratively with community agencies, assessing the economic climate, and providing excellent and reputable training and services. The workforce criterion assesses how well NMC serves in this capacity.

2. Organization

- a. **Partnership:** NMC develops and maintains collaborative relationships with the communities it serves to create a learning-centered College that meets the needs of its students and stakeholders. To this end, NMC effectively communicates with its communities. It successfully raises resources to support strategic initiatives. NMC develops meaningful relationships with partners in seeking out potential areas for improvement. The partnership criteria assesses the extent to which NMC effectively builds relationships with educational institutions, businesses, service organizations, external agencies, alumni and the general community to fulfill its mission.
- b. **Operations:** NMC conducts College operations in a manner reflecting the highest standards of business and professional ethics, legal compliance, and accountability to the public trust. College leaders guide the institution in establishing and accomplishing institutional directions and action plans and in seeking opportunities to build and sustain an effective learning environment. NMC promotes a "goals-and-outcomes-related-culture" by collecting and using data to responsibly manage its operations and to continuously improve.
- c. **Champion:** NMC is committed to supporting (championing) students in a learning-centered environment. NMC seeks to understand student and stakeholder needs and expectations through a variety of methods. NMC provides quality academic and support services with the goal of meeting students' needs in an environment of continuous improvement. The champion criterion evaluates how well NMC understands its students' and stakeholders' needs as well as how well it supports those needs.
- d. **Culture:** NMC fosters a work environment that reflects the College's values and leads to an effective work culture. NMC is committed to the development of the talents and continuous learning of all its faculty, staff, and administrators. NMC manages its employees through effective personnel processes.

II. Instructional Programming

As part of our capital outlay planning process it is important to recognize both our current academic programs and major academic initiatives that could have an impact on facilities and its infrastructure. The following section addresses current academic programming and future growth.

At NMC, you'll find more than 60 areas of academic study, all of which feature dedicated faculty, small classes and personal attention. NMC offers transfer courses, Bachelor's degrees in select areas, two-year associate degrees and professional certificates, with access to BA and advanced degrees through our University Center. We also offer online learning options.

II-A. Describe existing academic programs and projected programming changes in the next 5 years in so far as academic programs are affected by specific structural considerations (i.e. laboratories, classrooms, current and future distance learning initiatives, etc.)

The executive staff evaluated the proposed projects that were included in the 2012 campus master plan study. The college has completed two of the capital outlay projects with two still remaining. As a starting point, the framing assumptions were part of the discussion. In addition to the framing assumptions, we evaluated the projects based on:

1. The five strategic directions/or continuous improvement.
2. Was there data to demonstrate an immediate or future need?
3. Was there a business model that demonstrated financial thriveability?
4. Evaluate the project on the basis of the eight prioritization criteria (listed in the table).

The table below evaluates the projects that have met the first three above criteria and at least one of the eight prioritization criteria.

Project	Support Strategic Plan	Meet current capacity need	Create excess capacity/undefined growth	Safety issue	Meet planned for capacity requirement	Cosmetic	Learner expectation	Time sensitivity
Osterlin	x	x	x	x	x	x	x	
Housing solution	x	x	x	x		x	x	x
West Hall Student center	x	x	x			x	x	
Physical Ed	x	x				x	x	
UC Driveway				x				

Project	Total Cost
Osterlin renovation proposed costs	\$6.0 million
New Library	\$6.1 million completed in 2020
Housing solution	\$7.5 million completed in 2017
Student Learning Support Services Center	\$14.4 million completed in 2020
Physical Education building	\$8.2 million
UC Driveway	\$326 thousand

In addition to these facility building projects, we see continued need for investment in technology to support the changing environment of learning. Several years ago, the college invested \$500,000 in wireless infrastructure to ensure students would have access to the internet in all areas of the college. This investment allows for our student gathering areas to be used as learning spaces. The College will invest in 2020 additional upgrades to our wireless network. This will give students on-going access and expand to some of our outside areas such as parking lots.

Safety and security upgrades have been completed in the last three years. The college installed remote door access in all of our buildings. This investment allows for NMC security to lock down buildings remotely. Additional cameras have been installed on all campuses for the safety and security of our students, employees and visitors.

Section II, Appendix A, provides a link to NMC's complete catalog for 2019-2020.

Academic programs offered during the 2019-2020 academic year are listed below.

Bachelor of Science Degree in Maritime Technology <i>Emphasis in:</i>	
<ul style="list-style-type: none"> ● Marine Technology ● Maritime, Deck Officer ● Maritime, Engine Officer ● Power Systems 	

Associate in Science and Arts (ASA) Degree <i>Emphasis in:</i>		
● Accounting	● Engineering	● Political Science
● Art	● English	● Pre-Law
● Biology	● Freshwater Studies	● Pre-Medical
● Business Administration	● Geography	● Psychology
● Chemistry	● History	● Social Sciences
● Communications	● Liberal Arts/Science	● Surveying
● Criminal Justice	● Mathematics	● Visual Communications
● Culinary Sales	● Performing Arts	● World Languages
● Early Childhood Education	● Philosophy/Religion	
● Economics	● Physical Sciences	

Associate in Applied Science (AAS) Degree		
<i>Programs in:</i>		
<ul style="list-style-type: none"> ● Accounting ● Audio Technology ● Automotive Service Technology ● Business Administration ● Computer Information Technology-Developer ● Computer Information Technology-Infrastructure and Security ● Construction Management ● Construction Technology <ul style="list-style-type: none"> ○ Electrical ○ HVAC/R 	<ul style="list-style-type: none"> ● Culinary Arts ● Culinary Sales and Marketing ● Dental Assistant ● Early Childhood Education ● Engineering Technology ● Freshwater Studies ● Law Enforcement ● Manufacturing Technology ● Paramedic ● Plant Science <ul style="list-style-type: none"> ○ Fruit & Vegetable Crop Production ○ Landscape Management ○ Viticulture 	<ul style="list-style-type: none"> ● Renewable Energy <ul style="list-style-type: none"> ○ Electrical ○ HVAC/R ● Surgical Technology ● Surveying ● Technical Management Administration ● Visual Communications ● Visual Communications-Creative Management in Art Direction ● Welding Technology

Associate Degree in Nursing (ADN)

Associate in General Studies (AGS)

Certificates of Achievement		
<ul style="list-style-type: none"> ● Accounting ● Administrative Support Specialist ● Audio Tech II ● Automotive <ul style="list-style-type: none"> ○ Electrical & Drivability Specialist ○ Hybrid Tech Specialist ○ Master Automotive Technician ○ Under Car Specialist ○ 	<ul style="list-style-type: none"> ● Computer Information Technology <ul style="list-style-type: none"> ○ Developer I, III ○ Infrastructure Specialist I, II, III ○ Office Applications Specialist ○ Computer Support Specialist ○ Web Developer I, II, III ● Construction Technology <ul style="list-style-type: none"> ○ Carpentry Technology ○ Electrical Technology ○ Facilities Maintenance ○ HVAC/R Technology ○ Programmable Logic Controllers 	<ul style="list-style-type: none"> ● Culinary Arts ● Culinary Arts, Baking Concentration ● Dental Assistant ● Early Childhood Education ● Engineering ● Entrepreneurship I, II ● Practical Nursing ● Welding Technology I, II

New and Projected Programming Changes

NMC's programmatic changes are influenced by the following factors:

- Improving the success rate of its learners
- Meeting the needs of its communities
- Contributing to the economic development of the region
- Ensuring the fiscal stability of the College

New Certificates and Programs - Last Six Years

Northwestern Michigan College developed new associate degree programs and a new Bachelor of Science degree in six program areas during the past five years:

- Engineering Technology - Biomedical Technician
- Paramedic
- Surgical Technology
- Surveying

The following certificates were approved in the past five years:

- Computer Information Technology – Developer I & II
- Early Childhood Care – Infant/Toddler & Preschool
- Programmable Logic Controllers
- Carpentry Technology – Level II
- Law Enforcement - Level II
- Culinary Arts - Baking

Future programs in the next five years.

- Audio Technology - Level I Certificate

Health Education

Also supporting the healthcare industry, NMC has continued to expand the activities offered under the Health Education Institute (HEI), a collaborative effort between Munson Healthcare (MHC) and NMC. HEI coordinates continuing professional development based on the prioritized learning needs as identified by managers and administrative staff. HEI facilitates delivery of training programs, certificates, or degree options based on strategic need. Since 2006, HEI has coordinated the design and delivery of community learning opportunities that make MHC content experts available through NMC's Extended Educational Services (40,000 household outreach capability). In 2015, NMC prioritized the relationship with MHC by fast-tracking new degree programs such as EMT and Surgical Technology, and, through initiation of a joint visioning approach to establish regional assets for simulation training for new and incumbent healthcare workers.

Building on partnerships with both Michigan State University (MSU) and Munson Healthcare, NMC established the NMC/MSU Early Assurance Program in August 2015 whereby at least one NMC student will have an enhanced opportunity for admission to medical school for premedical students who are interested in practicing in an underserved area of medicine. This enrichment

program will be open to all premedical students at NMC. It will include seminars and workshops, special advising, and other extracurricular activities that will strengthen student candidacy for medical school at MSU.

Great Lakes Maritime Academy

Established in 1969, the Great Lakes Maritime Academy (GLMA) is one of only seven federally regulated maritime academies in the United States. Since inception, GLMA has successfully prepared cadets for service as Officers in the United States Merchant Marine. Beginning in 2002 GLMA cadets had the option of earning a merchant marine officers license valid for Great Lakes and ocean service. With the advent of the Bachelor's Degree in Marine Transportation, the course work required for earning a license valid for ocean service was built into the model schedule. All cadets now earn a license valid for ocean and Great Lakes service. GLMA is the only program where Great Lakes Pilotage and the required coursework for earning an ocean license are built into the curriculum.

In August 2002, the U. S. Maritime Administration (MARAD), at the request of Michigan's Governor, transferred operation of the USNS Persistent (T-AGOS-6) to GLMA where she was rechristened the T/S State of Michigan. Since that time the vessel has been an integral part of the Academy's training program. Beginning in 2016 GLMA began to use the vessel for no less than eight weeks annually. Due to the COVID-19 pandemic the Academy operated the training ship for summer and fall cruises in 2020. We anticipate the fall cruise becoming an annual event for at least the next several years. This is because COVID has substantially reduced the number of berths on commercial vessels available to maritime academy cadets.

The following are just a few examples of the value the T/S State of Michigan has added to the program:

- GLMA has been able to ensure the curriculum meets both the U.S. law as described in 46 Code of Federal regulations, and also be in full compliance with the complex international treaty Standards for Training, Certification and Watchkeeping for Seafarers (STCW Code).
- By having cadets complete their first sea project on the T/S State of Michigan, they are fully versed in shipboard culture prior to being assigned a berth on a commercial vessel as part of subsequent sea project (cadets must complete three sea projects). This has greatly improved retention.
- The T/S State of Michigan serves as a dockside laboratory for courses of instruction in diesel engines, shipboard auxiliary systems, air conditioning and refrigeration, firefighting and damage control, stability, and navigation, just to name a few. Interdisciplinary uses of the ship include collaboration with the Great Lakes Culinary Institute (GLCI). This collaboration has resulted in several graduates from GLCI earning Merchant Marine Credentials in addition to their Associate's degree, thus greatly expanding employment opportunities.
- Having the use of the training ship ensures that GLMA will be able to accrue requisite sea service required for graduation and licensure.

The Michigan Legislature passed House Bill 4496 enabling Michigan community colleges to offer a select number of baccalaureate degrees, among them a Bachelor of Science degree in

Maritime Technology on December 13, 2012. The Governor signed the bill into law on December 27, 2012.

In April 2013, the NMC Board of Trustees authorized the college to offer the Bachelor of Science degree in Maritime Technology program and supported the administration to seek approval of the Higher Learning Commission to authorize the college to offer the degree.

In February 2019, the United States Coast Guard (USCG) reapproved the Academy's comprehensive programs. It is now approved through November 2023. This approval demonstrates that the program meets all domestic regulations and the requirements of the international treaty (STCW Code) that pertains to the issuance of merchant mariner credentials required for service on a large tonnage vessel in domestic or international service.

In November 2013, the Higher Learning Commission authorized Northwestern Michigan College to award the Bachelor's Degree in Maritime Technology. In January 2014, Northwestern Michigan College became the first community college in Michigan to award a bachelor's degree. The degrees were awarded to GLMA cadets. Since that time, over 300 cadets have received a bachelor's degree from NMC. This number includes no less than 75 GLMA alumni who have earned their Bachelor's Degree in Maritime Technology through the use of a prior learning system process which awarded academic credit based upon upper division merchant marine license exams and other completed coursework.

II-B. Identify the unique characteristics of each institution's academic mission.

Northwestern Michigan College is recognized by members of its service district and various accrediting agencies for unique characteristics and special programming that are a part of the fabric of the college.

These include:

Aviation Pilot Training Program	International Partnerships
Unmanned Aerial Training	Joseph H. Rogers Observatory
Aero Park Laboratories	
Applied agriculture w MSU	
Audio Technology	Math Center
Center for Instructional Excellence	Michigan Energy Demonstration Center
Childcare Center	Military and Veteran Services
Commitment Scholarship Program	NMC Foundation
Construction Technology Program	On-Campus Residence Life Opportunity
Dennos Museum Center (DMC)	Online Nursing
Early Colleges	Outdoor Sculpture Collection
Engineering Technology	Phi Theta Kappa
Entrepreneurial Studies	Remote Operated Vehicle Training (Marine)
Extended Educational Services	Service Learning
Global Endorsement	Student Success Center
Great Lakes Culinary Institute	Training Services
Great Lakes Maritime Academy	Tutoring Center

Great Lakes Water Studies Institute
 Health Education Institute
 International Affairs Forum
 International Services

University Center
 Writing and Reading Center
 WNMC-FM Radio Station

Below are brief descriptions for some of these unique characteristics and special programs.

Aviation Division

Established in 1967, Northwestern Michigan College has a proven background in delivering safe and effective flight training to generations of pilots. Today, the Aviation Division operates an FAA approved Part 141 training facility, has established exclusive training agreements with (5) international universities to provide flight training in Traverse City, and offers extensive hands-on training on several different Unmanned Aerial Systems platforms.

The professional pilot program currently operates at maximum student capacity, training 100 full time students in a diverse fleet of 15 aircraft valued at more than \$5 million.

Between 2012 and 2018, the Aviation Division has established numerous hiring partnerships with regional airlines, allowing graduates direct routes to employment opportunities.

In 2010, the Aviation Division launched Michigan's first Unmanned Aerial Systems (UAS) program, with focus on preparing UAS operators to meet the needs of a rapidly growing industry. In 2015, NMC was named one of the *15 Best Drone Training Colleges in America* and was the only community college listed in the top 10.

One of the 2015 recipients of the Community College Skilled Trades Equipment Fund (CCSTEF), the UAS Department now maintains a fleet of commercial-grade unmanned aircraft designed to meet the training and experience demands of today's (and tomorrow's) employers.

Great Lakes Maritime Academy

Established in 1969, the Great Lakes Maritime Academy (GLMA) is one of only seven maritime academies in the United States that is federally regulated under 46 Code of Federal Regulations 310. These regulations allow for a holistic approach which allows GLMA to accept a cadet with no prior seagoing experience and within four years he or she can complete both a bachelor's degree and earn a merchant mariner's credential valid for service on large tonnage vessels which are in ocean or Great Lakes service.

All GLMA cadets must complete one course in Naval Science which is delivered by active duty Naval personnel. Those cadets that are accepted into the U.S. Navy's Strategic Sealift Officer's (SSO) program complete an additional two classes in Naval Science, earn a commission as a Naval Officer, and are awarded \$32,000, by the U.S. Navy. Each cadet that is accepted into the SSO program will be awarded the full amount, regardless of what year they are in when accepted into the program.

In August 2002 the U. S. Maritime Administration (MARAD), at the request of Michigan's Governor, transferred operation of the USNS Persistent (T-AGOS-6) to GLMA where she was rechristened the T/S State of Michigan. Since that time the vessel has been an integral part of the Academy's training program. In 2018 GLMA conducted two training cruises for the third

consecutive year. The vessel was underway from 07 May 2018 through 08 August 2018. In addition to providing training for GLMA and Massachusetts Maritime Academy cadets, the vessel carried three GLCI interns and for the first time an NMC instructor who was not part of the GLMA faculty. As previously noted, in 2019 GLMA held one 75 day cruise. GLMA did not carry cadets from other academies, but the transition will ensure all cadets earn pilotage and assist with retention and completion. Lakes and ocean shipping companies now routinely request to speak with the GLCI interns who sailed with GLMA. Additionally, carrying an NMC faculty member allowed nine GLMA cadets to complete three General Education credits, thus assisting GLMA in meeting its retention and completion goals. There are currently 47 GLMA cadets on track to graduate in 2020. This will be one of the largest GLMA graduating classes.

In November 2013, NMC was granted authorization to award GLMA cadets a bachelor's degree. The GLMA program of study was the first academic program in a Michigan community college to offer a bachelor's degree. All GLMA cadets are now enrolled in this bachelor's degree program. Federal regulation contained in 46 U.S. Code 51506 requires a cadet complete both a degree and merchant mariner credential examinations. GLMA cadets must earn both. They cannot be issued a credential if they do not complete degree requirements; they cannot be issued a diploma if they do not successfully complete their merchant mariner credential exams.

Great Lakes Water Studies Institute

The Great Lakes Water Studies Institute (GLWSI), located on the Great Lakes campus, delivers programs and conducts research directly related to the area's most important natural resource. Students may focus on multiple areas of water studies including management, policy, business and science, or may focus in marine technology including applied technical work in support of the marine industries involving the calibration, deployment, operation, maintenance, and management of marine technology assets, including data collection, processing and mapping, for use in the marine environment both offshore and onshore.

In fall 2015, the GLWSI officially launched NMC's third Bachelors of Science in Maritime Technology major in the area of Marine Technology. This program is unique to the United States and one of the only in the world and builds directly on the Engineering Technology AAS marine specialty. Specific training emphasis includes remotely operated vehicles and marine platforms, marine acoustics and sonar, marine data processing and project management. Multiple industry collaborations allow graduates a broad range of career opportunities. The Great Lakes Water Studies Institute also offers professional development opportunities in sonar training for industry and government partners. Beginning in 2015, ROV training at NMC will be certified through the Association of Diving Contractors International (ADCI).

The Great Lakes Campus site includes a water analysis laboratory for student experiments/labs, qualified environmental research organizations and university partners. Students work aboard the 56 foot R/V Northwestern or the 21 foot R/V Hawk Owl in Grand Traverse Bay, Lake Michigan or the inland waters of Michigan. The Great Lakes campus harbor also serves as a year round laboratory where training occurs from NMC's pier. The GLWSI is also home to two advanced Remotely Operated Vehicle systems, multiple sonar systems, advanced GPS and water quality sampling equipment. Additionally, there is a 60,000 gallon indoor training tank located at NMC's Aeropark campus for year round, climate controlled operations.

In September 2015, Northwestern Michigan College officially started delivery of the third Bachelor's Degree in Maritime Technology major in Marine Technology.

The GLWSI is involved in multiple Great Lakes research projects with university and government partners and also collaborates globally with multiple institutions in many areas of water and the marine environment. MOU's with institutions in China and also Costa Rica have generated additional water opportunities. The partnership with Costa Rica has resulted in multiple internships, faculty exchanges and collaborative research projects.

Great Lakes Culinary Institute

This program provides rigorous and concentrated study for those students who plan careers in the rapidly growing food service industry. The program's main emphasis is to prepare students for positions as entry-level chefs and kitchen managers. Consideration is given to the science and techniques associated with the selection, preparation and serving of foods to large and small groups. Students further develop their knowledge of food and guest service through internships at area restaurants, hotels and resorts. The program includes an Institute-run training restaurant, Lobdell's, which greatly enhances the level of restaurant experience of graduates. The facility provides five kitchen "laboratories" including Lobdell's a training restaurant, which is a critical component of a top quality culinary program.

The GLCI is also pursuing collaboration with other learning opportunities. In an effort to enhance student retention, culinary certificate programs have been implemented. For years, the Culinary Institute has provided lifelong learning and professional development offerings in collaboration with other areas of the College. The expanded facilities, with its lakefront location, have been leveraged to create world-class food and wine events, open to the public. All events have served to showcase Michigan agricultural and value added agricultural products.

The American Culinary Federation Education Foundation Accrediting Commission accredits Great Lakes Culinary Institute programs, one of only approximately 400 such schools to receive this program accreditation in the United States. In 2018, the Great Lakes Culinary Institute received a five-year program accreditation by the American Culinary Federation Education Foundation. Upon completion of the Great Lakes Culinary Institute program, students are eligible for certification through the American Culinary Federation.

Agribusiness

Agriculture and viticulture are significant parts of the region's economy, eco-structure and quality of life. Since 2001, the Great Lakes Culinary Institute has emphasized the relationship between the hospitality industry and local agribusiness by a special focus on local foods, and by serving as a regional leader modeling recycling and reprocessing of food waste. This year, NMC has begun the redevelopment of specialty programming within its associate degree program in Applied Plant Science, a program delivered in conjunction with the Institute of Agricultural Technology of Michigan State University's College of Agriculture, Natural Resources and Recreation. Distinctive of this partnership is a new staff specialist position jointly funded by both institutions to provide continuity between the specialty courses (MSU) and the field experiences and general education courses (NMC). In 2016, a joint research project partnering NMC UAS, Leelanau County Horticulture research station, and private growers supporting a student-based

application for early diagnosis of Cherry Leaf Spot. In 2020-2021 we will be conducting a regional needs assessment for a new joint certificate with MSU Institute of Agricultural Technology (IAT) in Food Production & Safety, and are currently a beta-test site for IAT's mobile food preparation lab.

Science and Mathematics Curriculum On-line

Since fiscal year 2005, NMC has offered the Associate in Science and Arts Degree in the online format. This was made possible by putting our high-demand Physics and Chemistry courses in the online hybrid format. Students take their didactic coursework online and visit the campus on alternating weekends or one evening per week to complete their laboratory work in our state-of-the-art facility, the Health and Science Building. More importantly, our five most popular Biology courses, including the year-long BIO 227-228, are all offered entirely online including the laboratory portion of the courses. Most of the courses in Mathematics have been put online, including MTH 08, MTH 23, MTH 111, MTH 120, MTH 121, MTH 122, MTH 131, and MTH 241. In addition, some of our science lab classes are now offered entirely online. These include CHM 101, ENV 103, PHY 105 and BIO 227.

Construction Technology

During the 2009-2010 academic year, NMC received authorization to offer four new level I certificates and one AAS degree in Construction Trades. These certificates include HVAC/R installation and service, Electrical, Plumbing and Carpentry. For students that complete any one of these four certificates, we have developed appropriate construction trades courses to customize their degree requirements for the remainder of the trades courses and infuse the required general education courses to achieve the sixty four credits required to complete an AAS degree. Students in this program have the option to include a specialization in renewable energy with options in residential and light commercial solar PV, solar thermal, wind installation, including both net-metered and independent installations. A certificate in Programmable Logic Controls (PLC) has been developed and available to students Fall 2014 and services construction and engineering technology students.

Engineering Technology

In 2011, a new associate degree in Engineering Technology provides students with a broad-based curriculum across all areas of technical education, preparing the graduates for emerging job markets and highly technical fields. The program is designed to allow students to focus on areas of interest or specialize in one of seven technical specializations: Biomedical Technician, Computer Technology, Electronics, Engineering Technology, Marine Technology, Robotics & Automation, and Unmanned Aerial Systems. Partnering with Leica Geosystems, an AAS degree in Surveying was added in 2019 to serve the growing demand for surveying technicians in the region.

Engineering technology education focuses primarily on the applied aspects of science and engineering aimed at preparing graduates for practice in that portion of the technological spectrum closest to product improvement, manufacturing, robotics, unmanned systems, and engineering operational functions.

Parson-Stulen Building

In 2015 Northwestern Michigan College was awarded a \$2.8MM grant from the State of Michigan in support of the Community College Skilled trades Program Fund (CCSTEP). \$2.1 MM dollars from the grant was used to purchase equipment and renovate facilities in support of the College's Engineering Technology, Marine Technology and Computer Technology programs. This included an advanced electronics lab and marine technology, 60,000 gallon indoor test tank, state of the art remote operated vehicles, three unmanned aerial platforms and flight simulators.

Aero-Park Laboratories

In 2011, NMC opened the Aero-Park Laboratories (APL) building at the Aero-Park Campus as a companion facility housing laboratories for construction technology, renewable energy, engineering technology and welding. APL is a 29,600 sq. ft. facility which allows a variety of configurations to accommodate large group lectures as well as individualized student space or small team project areas. The facility is LEED certified and equipped to support a high level of instructional technology requirements and welding facilities.

Audio Technology

An associate program in applied audio technology /technician was approved in July 2012 to meet the needs of students entering the recording, editing, and live music engineering specializations of the music industry. At the core of the degree program are Logic-Pro certifications offered through Apple, Inc. NMC's program has certified instructors, and is certified by Apple, Inc. as a Logic-Pro training center.

Commitment Scholarship Program

The NMC Commitment Scholarship Program was developed to encourage academically promising students with financial need to successfully complete high school and enter college. The program began in 1993, and has included over 1,000 first-generation college students from 19 participating high schools. Each fall, 40-50 new students are inducted from the region to engage in activities that support successful educational attainment. The students, in partnership with the parents and high schools, commit to regular participation in the program activities, demonstration of good citizenship, and completion of high school with a minimum of a 2.5 grade point average.

NMC Math Center

The Math Center is a drop-in tutoring resource to help students with all NMC math classes, from Pre-Algebra through Calculus III and Differential Equations. Math Center employees are tutors and instructors who are equipped to help students with homework and general math skills. Students come to the Math Center with specific questions about class lectures or assignments, or to work with classmates. Many students complete homework assignments in the Math Center so they can review their answers with Math Center employees and receive tutoring as needed.

NMC Writing and Reading Center

The NMC Writing and Reading Center is a unique service dedicated to helping students become better and more confident readers and writers. Students can, at no charge, receive assistance from the Center at all stages of the writing process and have their work reviewed by a trained and

experienced reader. They can also receive guidance in critical reading strategies. Since employers demand solid communication skills, the NMC Writing and Reading Center helps students prepare for their futures by showing them what it takes to become effective readers and writers. The best students at NMC often wind up working as Writing and Reading Center readers, allowing them to share their knowledge and experience with others, while continuing the rich tradition of service for which the NMC Writing and Reading Center is known.

On-Campus Residence Life Opportunities

The Residence Hall Living/Learning program at NMC is one of six residence hall programs offered at the community college level in Michigan. Students and professional staff provide peer social programs, educational seminars, and community service opportunities. The Residence Halls are alcohol/drug free zones except for designated suites in North Hall where all residents are over 21 and agree to special restrictions. Affordable housing is limited in the Traverse City area which is reflected in our growth in the number of students living in the halls and apartments in the past several years. Having reached capacity in three consecutive years, the college opened a new residence Hall in August of 2017 expanding overall capacity to 362. There are also 36 apartments on NMC's main campus which are consistently full with a waiting list.

Extended Educational Services

Providing opportunities for lifelong learning is the mission of Extended Educational Services. Extended Educational Services (EES) offers over 700 continuing education and *non-credit* courses for all ages. Continuing Education Certificate programs available include: Northern Naturalist Program, Mobile Marketing Certificate, Small Business Entrepreneur Certificate, Certified Nurse Assistant, Home Health Aide. Of note is the *College for Kids* catalog and the *Life Academy* catalog for learners over 50.

University Center

The mission of NMC's University Center is to facilitate the delivery of high quality programs and course offerings beyond the associate degree level to northwest Michigan as deemed desirable by the citizens of the region. The University Center is a unique partnership between Northwestern Michigan College and six participating universities. NMC offers associate's degrees in over 50 liberal arts, health, business, and technical programs. The partnering universities offer all courses required for the completion of the final two years of selected bachelor degree programs, complete master's programs in selected areas, post-bachelor's and graduate certificates, specialized endorsements, and two professional doctorates. University Center partners include: Central Michigan University, Davenport University, Ferris State University, Grand Valley State University, Michigan State University, and Western Michigan University.

Global Endorsement

Beginning in the fall of 2014, the college developed a cross-curricular endorsement for students who complete a variety of curricular and extra-curricular experiences that are recorded on an official college transcript. In part funded by the NMC Global Opportunity Fund, students take coursework, attend the college's Window on the World Week, Passport Student Lecture Series, and International Affairs Forum, participate in international virtual internships and even travel to

international educational sites to receive credit towards this endorsement. This effort is part of the college's strategic direction to "Ensure that NMC learners are prepared for success in a global society and economy."

Dennos Museum Center

The Dennos Museum Center at Northwestern Michigan College is the region's premier cultural center offering programming in the visual and performing arts to the citizens of northwestern Michigan and tourists from the state and nation. Changing exhibitions are selected to provide a variety of experiences for our visitors with the added goal of offering thought-provoking and course related programming for students and instructors as part of the academic program whenever possible. The museum holds the College's art collection which now consists of approximately 2,600 catalogued works of art, 1,600 of which comprise the College's major collection of Inuit art, currently the largest and most historically complete collection in the United States. The museum also features a "hands on" interactive Discovery gallery for children and their families. The museum's 367 seat Milliken auditorium offers an array of lectures, theater and performances year round. The auditorium provides performance space for NMC students and Music Department performing groups, and presentation space for college events. The museum, which opened in 1991, is owned and operated by Northwestern Michigan College. Ground breaking for an addition to the museum occurred in August 2016. The expansion opened to the public in January 2018, adding 14,545 square feet to the facility. It includes five new galleries, a classroom and additional storage and support space. The addition allows our academic programs to better integrate their course outcomes with the museum's permanent art collection which is now exhibited in the new galleries. The classroom provides space for instruction connected to collections, exhibitions and performances.

Joseph H. Rogers Observatory

The primary function of Northwestern Michigan College's Joseph H. Rogers Observatory is to serve as the laboratory facility for NMC astronomy students. It also provides educational opportunities for the community. The 1,500 square foot building, with two observing domes, stands as an example of this area's commitment to education. Constructed completely with donated funds, the Observatory houses astronomical equipment utilized for both education and research. The Observatory hosts Open Houses for the general public throughout the year with over 5,000 visitors annually. The Joseph H. Rogers Observatory is one of fifteen sites in the National Network of Project ASTRO™, a K-12 science education outreach program, and one of three sites chosen to host Family ASTRO™.

Great Lakes Professional Development Center

The Great Lakes Campus is also home to the Great Lakes Professional Development Center, called the Hagerty Center. The Center provides a flexible, technology-equipped space to accommodate seminars, classes, and specialized training in support of all NMC programs. The site also serves as a venue for professional development seminars for regional, national, and international businesses. This enables NMC to increase its role in bringing new learning opportunities and new visitors to the region, thus providing economic growth and quality of life improvements. It also promotes further integration of programs within NMC, and enables NMC programs to draw on resources from outside the area to augment its own program offerings.

Childcare Center

In the summer of 2014, NMC partnered with Munson Healthcare to open a childcare center at the Oleson Center on NMC's main campus. NMC is a member of the 5 to One Initiative of the Great Start Traverse Bay Collaborative which has been working to create a comprehensive regional system for early childhood development programs. Munson Healthcare and Traverse Bay Area Intermediate School District (TBAISD) have also been included in these discussions and have been aware of our on-going concerns for NMC students as it relates to children's educational services. By partnering with Head Start and GSRP students who qualify are able to access free quality preschool services. June 1, 2018 the program moved to the 2nd floor of the physical education building and added another classroom. This allows for a capacity of 64 children.

Key factors in this arrangement are two grant opportunities that provide a source of funding to pay for daycare services. The two grants awarded by the State of Michigan and available through TBAISD are the Great Start Readiness Program and Headstart. For students that do not qualify for one of these programs the hourly rate is \$3.50. Munson allows families to call one week in advance to schedule time.

Articulation Agreements and Partnerships

NMC has articulation agreements with other academic institutions to accept and award credit for classes taken. These agreements outline credits that can be transferred to NMC from other institutions or credits that can be transferred from NMC to other institutions. Below are links to copies of those agreements listed by academic institution. The main page for each NMC academic program also includes links to the articulation agreements for that program.

Charlevoix Emmet ISD

- Aviation »
- Construction Technology »
- Engineering Technology »
- Welding Technology »

Davenport University

- Accounting, Accounting Fraud Investigation, Aviation, Business Administration, Computer Information Technology, Construction Technology, Dental Assistant, Engineering Technology, Freshwater Studies, Manufacturing Technology, Maritime - Power Plant Facilities Operator, Nursing, and Visual Communications »

Davis Aerospace Tech/Detroit Public Schools

- Aviation »

Elk Rapids Schools

- Computer Information Technology - Developer »

Ferris State University

- Accounting »

Mid Michigan Community College

- Physical Therapist Assistant »

North Central Michigan Community College

- Dental Assistant »

Northwood University

- Business »

Petoskey High School

- Culinary »

Robert B. Miller High School

- General »

Saint Claire County Community College

- Maritime - Deck Officer and Engineering Officer »

Savannah College of Art and Design

- Visual Communications »

Siena Heights University

- Automotive Service Technology, Engineering Technology, Manufacturing Technology and Renewable Energy Technology »

TBA Career Tech Center

- Aviation »
 - Business Administration /
Business Administration Professional Track »
 - Computer Information Systems »
 - Computer Information Technology »
 - Criminal Justice »
 - Digital Animation and Game Design »
 - Early Childhood Education »
 - Information Security and Intelligence »
 - Nursing »
- Gaylord High School
- Culinary Arts »
- Genesee Career Tech Center
- Aviation »
- Grand Valley State University
- Nursing »
- Head Start
- Early Childhood Education »
- Heartlands Institute of Technology
- Culinary Arts »
- Howell High School
- Aviation »
- Kalamazoo RESA Consortium
- Aviation »
- Kaplan University
- Accounting »
 - Business Administration »
 - Computer Information Technology »
- Kent Career Tech Center
- Aviation »
 - Culinary »
 - Engineering »
- Kettering University
- Business Administration »
 - Chemistry »
 - Computer Science »
 - Engineering »
 - Mathematics »
 - Physics »
- Lake Superior State University
- Accounting »
 - Biology »
 - Engineering »
 - Freshwater Studies »
 - Geology »
 - Mathematics »
- Accounting »
 - Automotive Technology »
 - Business Administration
 - General »
 - Information Technology »
 - Web Programming »
 - Child Development »
 - Computer Information Technology
 - Developer »
 - General »
 - Infrastructure »
 - Office Applications Specialist »
 - Support Specialist »
 - Web Developer »
 - Construction Technology
 - Carpentry Technology »
 - Electrical Technology »
 - Facilities Maintenance »
 - Culinary »
 - Drafting & Design Tech »
 - Education »
 - Engineering »
 - Engineering/Manufacturing and Industrial Technology »
 - Law Enforcement »
 - Visual Communications »
 - Welding & Fabrication »
- Traverse City Area Public Schools
- Accounting / Business Administration »
 - English »
- Traverse City Central High School
- Computer Information Tech Developer »
- Traverse City St. Francis High School
- Computer Information Technology - Developer »
- University of Hertfordshire
- HERTFORDSHIRE UNITED KINGDOM
- Aviation »
- University of Liverpool
- LIVERPOOL, UNITED KINGDOM
- Aviation »
- University of Phoenix
- General »

- Robotics Engineering »
- Life University
- Chiropractic »
- London Metropolitan University
- Aviation »
- Michigan Technological University
- Engineering »

University of West England

BRISTOL, UNITED KINGDOM

- Aviation »
- West Michigan Aviation Academy
- Aviation »
- Wexford-Misaukee Career Tech Center
- Automotive Technology »
 - Computer Information Tech - Infrastructure »
 - Construction Technology »
 - Engineering Technology »
 - Manufacturing Technology »
 - Welding Technology »

II-C. Identify other initiatives which may impact facilities usage.

In the next five-year period, the College expects to significantly expand health occupations related programming. Continued growth in this area will require investment in additional simulation and teaching facilities. As the College continues AQIP projects designed to increase persistence and credential completion, it is adding instructional support activities that have an impact on experiential and supplemental instructional space. Finally, the College is embedding within the curriculum a multi-disciplinary approach to learning that is desired by employers. These initiatives require large interactive space that can be reconfigured for multiple uses. The college's new West Hall Innovation Center will help to accommodate this demand. Future renovation projects include the need to create a One-Stop Student Service Center in an existing building and some improvements to accommodate the expanding needs of the Audio Technology program.

NMC has embarked on a strategy of programmatic partnerships and recruiting in the international marketplace. It is expected that these efforts will draw in excess of 500 domestic and international students to our region requiring additional housing and instructional spaces. The current climate of the pandemic has hindered the growth in this area. The College still has a goal to expand both domestic and international enrollment. The goal helps to diversify our student body allowing for a richer experience for all students.

The current priorities for facilities planning are aimed at using the self-assessment to guide establishment of flexible learning spaces. These efforts include:

- Major maintenance work required, or anticipated, on existing buildings.
- Increased flexible, technologically advanced classroom space.
- Energy, or other operational, savings.

Section 2, Appendix B provides an Executive Summary for NMC's Campus Master Plan.

II-D. Demonstrate economic development impact of current/future programs.

According to a 2017 study by the economic modeling firm EMSI, NMC creates a significant

positive impact on the business community and generates a return on investment to its major stakeholder groups – students, taxpayers, and society.

- 287.4 million in added income, approximately equal to 3.6% of the GRP of the NMC Service Area, which is nearly as large as the entire Wholesale Trade Industry in the region
- NMC impacts 5,766 jobs or one out of every 22 jobs in the NMC Service Area
- Average annual rate of return for NMC students is 9.6% compared to the 10-year average of 6.9% return to the U.S. stock market
- 2.9 benefit-cost ratio. Every \$1 in costs returns \$2.09 in benefits-an average annual return on investments for taxpayers is 10.5%

NMC serves more than 50,000 learners each year. Those with an associate degree in Northern Michigan benefit in important ways.

- Average earnings for those with an Associate Degree earn \$31,800 per year versus \$23,300 per year for those with a High School Diploma
- Lower unemployment. Associate degree holders experienced less than 6% unemployment compared to over 12% for those with less than a high school diploma

Some specific examples of NMC initiatives directed at regional economic improvement are highlighted below.

Technical Workforce and Career Development

NMC's Parson-Stulen Building houses a range of credit and non-credit programs that directly support training for key skills of high value to the region. Each major program area facilitates employer feedback through program Advisory Boards. In addition, faculty and staff participate in state, regional, and national organizations, and are directly engaged in research to help with development of appropriate programs and courses.

In collaboration with other workforce agencies and organizations, NMC has been able to respond to the need for incumbent worker training directly in the workplace, and in areas customized to employer needs. In addition, the technical workforce areas have prepared programs that can be quickly delivered to area communities where there is an identified need to prepare individuals for a specific labor pool.

Marine Center

Northwestern Michigan College provides comprehensive professional and workforce development geospatial applications training solutions for the marine, surveying and remote sensing industries. Emphasis is placed on collecting and processing accurate, usable data on the natural and constructed world around us. Expert instructors utilize current industry standard equipment, including autonomous and remotely operated data collection systems that operate on

land, in the air and in the marine environment. The program uses state-of-the-art equipment and facilities and offers both private and custom corporate training ideal for groups or organizations with specific training and development needs.

Michigan New Jobs Training Program

Since authorization in 2009, NMC has been an active participant in the use of this economic development tool for community colleges. To date, NMC has developed contracts representing close to \$7,400,000 in associated training, with over 1000 jobs in sectors including advanced manufacturing, value-added agriculture (food processors, distribution and retail), healthcare, insurance and construction.

Great Lakes Maritime Academy

The Great Lakes Maritime Academy (GLMA) cadets continue to enjoy strong employment opportunities. This is due to the age of the workforce on the Great Lakes which has resulted in numerous vacancies due to retirements. Due to COVID-19, and the subsequent 40% reduction of cargo being carried, we cannot state that employment was 100% in 2020.

During the fall semester recruiters from vessel operators and maritime unions visit the Academy weekly. Additionally, each cadet will complete three internships, two of which are normally on commercial vessels. However, due to COVID many cadets will complete at least two internships onboard the training ship. Internships onboard commercial vessels expose the cadets to different options, and allow the vessel operators to see the quality of the cadets first hand. The average age of the 2020 incoming class is 23, 7% are female, and 10% are veterans.

Great Lakes Water Studies Institute

GLWSI officially launched NMC's third Bachelors of Science in Maritime Technology major in the area of Marine Technology. This program is unique to the United States and one of a handful of applied bachelor's programs world-wide. Specific training emphasis includes remotely operated vehicles and marine platforms, marine acoustics and sonar, marine data processing and project management. Multiple industry collaborations allow graduates a broad range of career opportunities. The Great Lakes Water Studies Institute also offers professional development opportunities in sonar training for industry and government partners who travel from around the world to participate in these training programs. Since 2015, ROV training at NMC is certified through the Association of Diving Contractors International (ADCI).

The Great Lakes Campus site includes a water analysis laboratory for student experiments/labs, qualified environmental research organizations and university partners. The GLWSI is involved in multiple Great Lakes research projects with university and government partners and also collaborates globally with multiple institutions in areas of water and the marine environment.

Tourism and Hospitality Industries

Tourism and the hospitality industry are among the largest economic sectors in NMC's five

county service area. The Great Lakes Culinary Institute directly supports that sector. There is a significant shortage of skilled professionals in this area. The Culinary Institute's ability to expand the programs that it offers is important to the area's economy.

Agribusiness

Agriculture and viticulture are significant parts of the region's economy, eco-structure and quality of life. NMC has developed a successful and long-standing partnership with Michigan State University's Institute of Agricultural Technology (IAT) to provide a series of technical specialties within NMC's associate of applied plant science. Students may select areas in applied horticulture, turf management, nursery management, and viticulture. In 2013, NMC and MSU's Institute of Agricultural Technology established a shared position, in collaboration with MSU's Department of Horticulture, as an innovative approach toward collaboration in employer outreach, student recruitment, and internship development. In 2014, this shared approach has expanded NMC's capacity to provide specialized programming related to precision agriculture.

Health Care

The health industry is of critical importance to the citizens of the region and is characterized by having the largest regional employer, Munson Healthcare. NMC's Health Occupation programs are critical suppliers to this industry, especially in the preparation of associate degree nurses.

A successful strategy has been the development of the Health Education Institute, a partnership between Munson Healthcare and NMC that supports the coordination of community learning resources, delivers continuing professional development to staff, and identifies areas for future collaboration in the preparation of health care professionals.

HEI has completed an extensive internal assessment of program impact with the recommendation to continue and expand the relationship as a shared approach to improving efficiency in professional development for staff, career program planning in the nursing program and related allied health areas.

Most recently, NMC has partnered with Munson Medical Center to offer Associate of Applied Science Degrees in both Paramedic and Surgical Technology.

III. Staffing and Enrollment

The following section responds to questions related to staffing and enrollment trends for Northwestern Michigan College.

III-A. Describe current full and part-time student enrollment levels and define how the programs are accessed by the student.

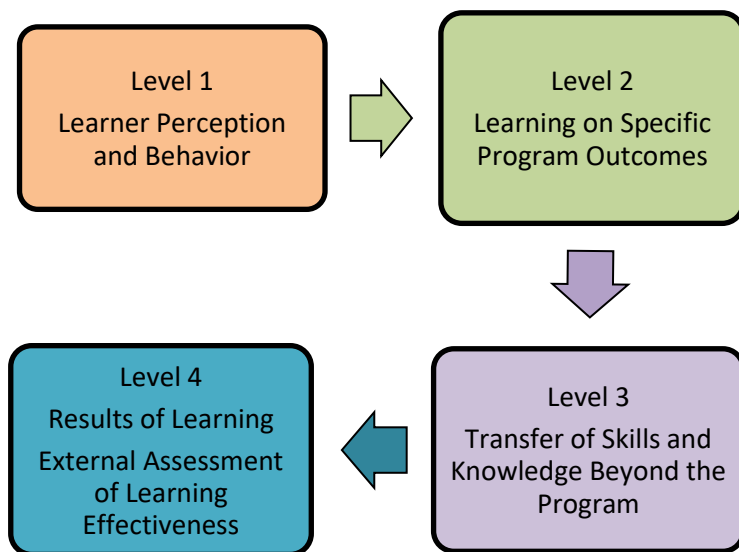
Statistics on student enrollment are provided in two enrollment reports attached as Appendix III-A shows full and part-time student counts by CIP program classification.

NMC uses multiple measures for student assessment of programs. NMC's annual program review process is the way in which we ensure that our programs and courses are up to date and effective. The premise of the program review is an annual evaluation of quantitative metrics and

qualitative reflection on the prior year's activities. From this, goals for the program are set and action plans identified for the coming year. The program review documents and institutional metrics are made available to the college community on the intranet site.

The metrics tracked in program review are categorized in four phases of evaluation: Learner Perception and Behavior, Learning of Program Outcomes, Skill Transfer, and Results (Figure 1.1). For Level One, Learner Perception and Behavior, the college measures learner assessment of the quality of the course instruction and of the course itself, and learner satisfaction with the program as a whole. Enrollment tracking and participation of non-traditional students in the program are measured. For Level Two, Learning and Program Outcomes, the program areas track course completion rates, enrollee success rates, completer success rates, graduation rates, student retention or transfer rates, and non-traditional student completion rates. For Level Three, Skill Transfer, NMC assesses student success on industry tests, such as licensure, and student placement in employment. Finally for Level Four, Results, program managers query their industry advisory groups for feedback on the curriculum, equipment, graduates, and program administration. NMC has college targets or state baselines to measure progress for improvement. When any of these measures fall short of the college targets or state baselines, the program establishes goals and activities designed to improve its performance in these areas. Program areas create action plans to address deficiencies as part of the institutional annual planning and budgeting process.

Figure 1.1. Outcome Framework for Academic Program Review



(Source: Kirkpatrick, D.L. 1994. *Evaluating Training Programs: The Four Levels*. San Francisco, CA: Berrett-Koehler.

III-B. Projected enrollment pattern next 5 years

Enrollment experienced an expected increase from 2009-2011, peaking in the 2010-2011 academic year. This increase was primarily due to the economic factors in the state and region related to unemployment. As in all Michigan community colleges, the pattern of increased enrollment paralleled the regional impact of an increased unemployment rate and conversely the decrease in the unemployment rate paralleled the decrease in enrollment. Though enrollment has now reached a level previously held prior to the downturn, census data indicates that the traditional age student population (18-20) will continue to decline through 2023. The current pandemic is also contributing to a decline in enrollment. We anticipate declining enrollment due to this demographic shift taking place and continued reductions in unemployment. We continue to promote the strong academic foundation that Northwestern Michigan College provides students as they complete select bachelor's degrees offered by NMC and their associate degrees for transfer to 4-year colleges and universities, while also highlighting the cost benefit and value students and families realize by attending a community college. Enrollment remains very strong in a number of programs (i.e. aviation, maritime). In addition, we are promoting two additional Bachelor of Science degrees in Maritime Technology; Marine Technology and Power Systems. As the State focuses on economic growth, new and enhanced job skills and transfer education will remain as key objectives. The largest potential for increases in enrollment growth will be through dual enrollment, early college, and concurrent enrollment and recruitment efforts related to specific programs. NMC is well positioned to offer courses and programs which will capture this audience. NMC continues to expand existing and new relationships with colleges and universities in other countries such as China, Costa Rica, South Africa and UK for the purpose of program expansion and student exchange opportunities.

III-C. Evaluation of Enrollment History

Research shows that enrollment at community colleges during an economic downturn follows the rate of unemployment. If the unemployment rate increases, enrollment increases as the population returns to college to seek education for new career opportunities or access training to increase skills to raise their potential for subsequent employment. This pattern occurred at NMC during the surge of enrollment from Fall 2009 through Spring 2011 when the college saw record enrollments. Prior to this time enrollment and contact hours rose modestly each year from 2005 through 2008. Enrollment numbers have returned to levels similar to those before the enrollment increases. In addition, we continue to observe the trend of strong enrollment of early college, concurrent enrollment and dual enrollment students as a clear reflection of our efforts to provide options for high school students to complete college credit or specific programs. NMC currently has early college partnerships with Traverse City Area Public Schools and the Traverse Bay Intermediate School district in addition to an enhanced dual enrollment agreement with Grand Traverse Academy. High school students have significantly increased their participation in acquisition of college credit over the past six years, though most recently, the high school population has decreased slightly.

High School Student Enrollment Comparison

<u>% of total enrollment</u>	<u>% increase over previous year</u>	
Year		
Fall 2010 – 149	4.3	
Fall 2011 – 181	5.0	.7
Fall 2012 – 287	7.7	2.7
Fall 2013 – 324	9.1	1.4
Fall 2014 – 501	11.2	2.1
Fall 2015 – 485	11.4	.2
Fall 2016 – 521	12.5	1.1
Fall 2017 – 510	12.9	.4
Fall 2018 – 483	13.0	.1
Fall 2019 – 447	12.5	-.5

To strategically support these efforts NMC has participated in the Michigan College Access Network (MCAN), Local College Access Network (LCAN) and with individual schools (ICAN). We collaborate with these organizations providing presentations and face to face support for students and their parents/guardians in order to assist them as they complete college applications, the Free Application for Federal Student Aid (FAFSA) and college scholarship applications.

Section III, Appendix D and E provides 2015 through 2019 enrollment reports.

III-D. Provide instructional staff/student and administrative staff/student ratios

NMC has a standing practice of evaluating all position vacancies for opportunities to distribute work differently, assess the relevance of a service level, and to identify areas in which partnerships may provide options for joint appointments or other creative approaches to the management of personnel costs.

NMC and Michigan State University's Institute of Agricultural Technology (IAT) developed an MOU to share equally in a replacement position serving NMC's Applied Plant Science degree program, which uses IAT's specialty agriculture certificates. This has allowed funding for a full-time position.

Based on fall student, faculty and staff headcount the ratio of student to staff is as follows for the last five years.

Year	Fall Student headcount	Fulltime Faculty & Adjunct headcount	Ratio of Student to Faculty
Fall 2015	4,268	273	16:1
Fall 2016	4,167	264	16:1
Fall 2017	3,956	235	17:1
Fall 2018	3,726	254	15:1
Fall 2019	3,581	226	16:1

Year	Fall Student headcount	Fulltime Admin. & Professional headcount	Ratio of Student to Staff
Fall 2015	4,268	120	36:1
Fall 2016	4,167	123	34:1
Fall 2017	3,956	118	33:1
Fall 2018	3,726	118	32:1
Fall 2019	3,581	111	32:1

Based on the structure at NMC some administrative positions include teaching as part of their responsibilities.

Section III, Appendix F provides the annual number of faculty and staff employees for the past five years.

III-E. Projected staffing needs based on projected enrollment

NMC has approached a number of staffing questions through the development of a multi-year project-based approach toward Talent recruitment, development, retention, and succession. The “Talent” projects have produced new employee orientation programs, the NMC Leadership Institute, multiple professional development modules ranging from compliance training, supervisor training, and including wellness initiatives and self-directed learning opportunities related to workplace improvement.

The College is committed to aligning its workforce to support its strategic direction and to establish a values-based framework to provide sustainable and competitive compensation. During fiscal year 2018 we offered an early separation incentive to faculty and staff at the top of their pay scale. This gave us an opportunity to restructure the organization. The college was able to reduce 12 positions with this incentive program. The program was one strategy in reducing salary costs.

III-F. Identify current average class size and projected class size needs

NMC has implemented a Section Management initiative, effective Fall 2001, targeted at improving class size efficiency. Appendix III-F contains class size goals and guidelines, and shows a four-year trend in class size averages. Class sizes are driven primarily by pedagogical factors related to the subject matter being taught.

III – G. Appendix G provides a Course Efficiency report.

Section IV FACILITY ASSESSMENT

In 2012 NMC contracted for a campus master plan. The plan assessed building and plant requirements to meet future needs. These items have been prioritized within the executive summary of the campus master plan. The college has a contract with Sodexo for management services within that contract Sodexo provides facility assessment that helps to prioritize deferred

maintenance projects. A full assessment was done in fiscal year 2018 and the college is using the report to prioritize deferred maintenance projects. Section V – Appendix O.

IV-A. Summary description of each facility

A summary of building's ages, and square footage is included as Section IV – Appendix H.

IV-B. Building and classroom utilization rates.

Appendices IV-I provides information on the utilization, functionality and allocation of organizational facilities. In 2003, NMC began the implementation of a Room Scheduling software system. In 2005, the College began scheduling academic classes through R25. All events and classes are scheduled through the system. This has allowed the College to review individual building utilization and make changes in heating and cooling and custodial duties.

IV-C. Mandated facility standards

NMC's programs fully comply with all applicable laws and safety standards.

IV-D. Functionality of existing structures -

Appendix IV-J summarizes functionality of existing structures.

IV-E. Replacement value of existing facilities

Appendices IV-K provides data on appraised values of NMC facilities. The replacement value of buildings is assessed at \$222,864,200. The most recent insurance appraisal was performed in the fall of 2019.

IV-F. Utility System Condition

Each item identified in the NMC Capital Improvement Plan is listed in a construction category (i.e. electrical, mechanical, plumbing, etc.) Of the 7.7 million of Capital Improvement Projects, 7.5 percent of the capital outlay needs were identified as 6 percent Electrical Projects, 24 percent as Mechanical (HVAC), and 9 percent as Plumbing.

As part of our annual deferred maintenance budget we have allocated at least 30% of the annual budget to projects in this category.

Table 5 Campus Utilities

Utility	Comment
Electric	Traverse City Light and Power (Traverse City Campuses). Sufficient city capacity appears to be available to meet projected college needs.
Water	Traverse City and Garfield Township provide water.
Sewage	City of Traverse City and Garfield Township.
Storm Sewers	Limited access to Traverse City storm sewers is available. The Front Street campus is equipped with numerous dry wells into which storm water drains. A large storm water retention system was recently added on the main campus.
Natural Gas	Campus heating systems are natural gas. Adequate capacities currently exist.

IV-G. Facility Infrastructure Condition (i.e. roads, bridges, parking lots)

The majority of lots, roads and walks on and off Main Campus are in good shape. An annual schedule for the repair/replacement of sidewalks and the repair/seal/replacement of lots and roads has been prepared and incorporated in the Capital and Operational budgets as applicable.

The University Center currently has one driveway. A secondary means of egress for vehicles was recommended in the 2012 campus master plan. A second means of egress would be able to be used in a case of emergency or downed trees and/or power lines.

Section IV-L shows a map of the Front Street (Main) campus.

IV-H. Adequacy of existing utilities and infrastructure systems

Based on our current and five year projections NMC utilities and infrastructure systems are sufficient. As a means to reduce utility costs NMC continues to investigate ways to provide alternative energy solutions to our campus. The college board authorized geothermal for the West Hall Innovation Building. The intention is to use the data from this building as a starting point for an overall campus alternative energy project. Parking was at capacity in 2009 but based on current and projected trends the campus master plan shows we have sufficient systems to meet the needs for the next five years. We work closely with our public transportation agency (BATA) in an effort to both encourage and promote public transportation as a means of reducing the need for additional parking.

IV-I. Energy Audit

NMC contracted for an energy audit in 2010 and worked with Honeywell in 2015 to review energy inefficiencies. These two reports are used to prioritize project that will return overall energy savings to the institution. During the annual deferred maintenance budget we target several projects each year to address recommendations from the two audits.

The college has been implementing the lighting recommendations from the energy audit. The estimated annual savings from the campus wide projects is over \$40,000 per year. Other projects included water conservation and low flow aerators and variable frequency drivers in some of our buildings. The College also takes full advantage of Traverse City Light and Powers rebate program. This program has enabled us to complete several lighting projects across campus. All projects are evaluated for energy savings. As roofs are replaced additional insulation is included in the project. Other areas of savings are insulated glass overhead doors in our power house, replacement of old boiler and cooling towers to more energy efficient units. Section IV, Appendix M. provides an energy audit.

The college will be using a geothermal system for our recent construction project. This will be used to gather data that could benefit an overall campus renewable energy project.

IV-J. Land owned by the institution

Section IV - Appendix N. lists College properties. Under current assumptions for future growth, there is existing capacity for future development on land owned by the college.

IV-K. State Building Authority Leases

Table 6 outlines the statistics on the three NMC buildings that are obligated to the State Building Authority.

Table 6

Building Description	Primary Use	Date of Retirement
Health & Science Building (Integrated Science & Tech Learning Center)	Classrooms	2042
Great Lakes Campus (West Bay)	Specialized classrooms and conferencing facility	2043

V. IMPLEMENTATION PLAN

V-A. Prioritize major capital projects requested from the State, including a brief description and estimated costs.

NMC received authorization from the state for the West Hall Renovation and Expansion as the major capital project requested for State funding. The project upgrades existing facilities and includes an addition to the current building. The purpose of the project is to provide a multi-disciplinary student learning and simulation center on our Front Street Campus. The project responds to the need for flexible multipurpose classrooms that use a range of technology. NMC has a virtual ribbon cutting ceremony for this building on September 18, 2020.

Estimated cost: \$14,499,400

We have identified the renovation of the Osterlin Building for our major capital project – The Student Learning Support Services Renovation Project. This area would be renovated and remodeled to provide our students a one stop student service hub. The project would provide a holistic approach to student services.

Estimated cost: \$6,000,000

V-B. If applicable provide an estimate relative to the institutions current deferred maintenance backlog. Define the impact of addressing deferred maintenance and structural repairs, including programmatic impact, immediately versus over the next five years.

Northwestern Michigan College recognizes the importance of addressing deferred maintenance repairs. Beginning in 2009 the College began providing funding through our annual budget to address deferred maintenance backlog. Each year the college evaluates its facilities based on the APPA standards. The Board of Trustees has set an overall benchmark of good for its buildings.

The capital improvement identified approximately \$9.4 MM in deferred maintenance required over the next five years. Funding for identified items has been included in the College's fiscal year 2021 plant fund budget. Addressing deferred maintenance is critical for the college to carry out its mission of providing a state of the art quality program to its students. During this extraordinary time the College has placed a hold on major projects. This is temporary as we assess the impact of the pandemic on the overall budget. We will prioritize capital projects as State Appropriations and Tuition revenue become clear.

V-C. Status of on-going projects financed with State Building Authority

Northwestern Michigan College hosted a ribbon cutting ceremony on September 18, 2020.

V-D. Identify to the extent possible a rate of return on planned expenditures.

The college evaluates each major building project to determine a rate of return. This is accomplished by a reduction in operating costs such as utility savings along with any staffing reductions that could be attributed to the redesign of a facility.

V-E. Where applicable consider alternatives to new infrastructure such as distance learning.

Although the college believes that distance learning plays a key role in program delivery, there is still a role in facilities. The proposed building projects enhance current learning by engaging students and faculty in an interactive learning environment.

V-F. Identify maintenance schedule for major maintenance items in excess of \$1 million for fiscal year 2018-2022. Currently, there are no identified maintenance item over \$1 million.

V-G. Identify the amount of non-routine maintenance the institution has budgeted for in its current fiscal year and relevant source of financing.

In fiscal year 2018 Northwestern Michigan College developed a comprehensive Facility Capital Improvement Plan (FCAP) that is reviewed and updated annually. We compile and review data on each building annually to determine the physical needs of the individual facilities. The twenty-eight (28) structures contained in the Capital Improvement Plan represent approximately 862,632 square feet of space contained in facilities. The College includes deferred maintenance of over \$1,000,000 a year in its annual budget. NMC has established a benchmark that overall facilities rating will remain at a rating of good. During this extraordinary time, the College has placed a hold on major projects. This is temporary as we assess the impact of the pandemic on the overall budget. We will prioritize capital projects as State Appropriations and Tuition revenue become clear. A summary of our deferred maintenance is in Section V.

Board Policy A-100.00

Board of Trustees Process

Board of Trustees Bylaws

1. Meetings.

- a. Place of Meetings. Any or all [meetings of the Board of Trustees](#) shall be held at Northwestern Michigan College unless otherwise designated by the Board of Trustees.
- b. Open and Closed Meetings. All meetings—annual, regular, special, emergency—shall be open to the public with the exception of those items exempt from public discussion or disclosure by state or federal statute. A 2/3 roll call vote of members elected or appointed and serving is required to call a closed session, except for closed sessions permitted under section 8(a), (b), (c), (g), (i), and (j) of the Open Meetings Act, MCL 15.267. Upon completion of business in the closed session, the Board will adjourn into public session.
- c. Annual Meeting.
 - i. Date and purpose. The annual meeting of the Board of Trustees shall be held each year on the first meeting date in January, one of the purposes of which shall be the election of the officers.
 - ii. Notice of annual meeting. At least seven (7) days prior to the date fixed by Section 1.c.i. of these Bylaws for the holding of the annual meeting of the Trustees, written notice of the time, place and purposes of such meeting shall be delivered, as hereinafter provided, to each Trustee entitled to vote at such meeting.
 - iii. Delayed Annual Meeting. If, for any reason, the annual meeting of the Board of Trustees shall not be held on the day hereinbefore designated, such meeting may be called and held as a special meeting, and the same proceedings may be conducted thereat as at an annual meeting, provided that the notice of such meeting be not less than a seven-day notice.
 - iv. Order of Business. The order of business at the annual meeting of the Board of Trustees shall be as follows:
 1. roll call
 2. reading notice and proof of mailing
 3. approval of minutes of preceding annual meeting
 4. report of Secretary
 5. report of Treasurer
 6. election of officers
 7. transaction of other agenda items
 8. adjournment

provided that, in the absence of any objection, the presiding officer may vary the order of business at his or her discretion.

- d. Regular Meetings. Regular meetings of the Board of Trustees shall be held not less frequently than one in each month at such time and place as the Board of Trustees shall determine. No monthly notice of regular meetings of the Board shall be required. Regular meeting dates for the year must be publicly posted within ten (10) days after the annual January meeting for the following twelve (12) months stating the time and place of meetings. If the schedule of regular meetings is changed, the new dates, times and places must be posted within three (3) days after the meeting at which the change is made.

If a regular meeting is rescheduled, a public notice stating the rescheduled date, time, and place of the meeting must be posted at least eighteen (18) hours prior to the meeting and must be accessible to the public for the full notice period.

- e. Special Meetings and Committee Meetings. A special meeting of the Board of Trustees or Committee Meeting may be called at any time by the Chairperson of the Board of Trustees, Chairman of the convening Committee or by a majority of the Board of Trustees. The ~~Executive Assistant~~Chief of Staff to the President and Board of Trustees shall prepare and forward to each trustee electronic or written notice of the time, place and purpose of such special meeting not less than eighteen (18) hours before the meeting. Such notice may be signed by stamped, typewritten, or printed signature of the ~~Executive Assistant~~Chief of Staff to the President and Board of Trustees. The requirement of 18 hours advanced notice does not apply to special meetings of subcommittees.

When a special meeting is called, a public notice stating the date, time, and place of the meeting must be posted at least eighteen (18) hours prior to the meeting.

- f. Emergency Meetings. The Board of Trustees may meet in emergency session without complying with the notice requirements when it is necessary to deal with a severe and imminent threat to the health, safety, or welfare of the public when 2/3 majority of members elected and serving of the Board members decide that delay would be detrimental to efforts to lessen or respond to the threat.

- g. Board Notice

Notice for regular meetings of the Board is considered served by Board setting the time and place of regular meetings at the Board of Trustees' Annual Meeting.

Notice for all special meetings and committee meetings shall be prepared and sent to each trustee electronically by the ~~Executive Assistant~~Chief of Staff to the President and Board of Trustees, indicating the time, place and purpose of such meetings, not less than eighteen (18) hours before the meeting.

- h. Public Notices of Meetings.

Public notices must contain:

- i. "NORTHWESTERN MICHIGAN COLLEGE Board of Trustees"
- ii. 1701 East Front Street,
Traverse City, Michigan 49686
(231) 995-1010
- iii. The time of the meeting

- iv. The date of the meeting
- v. The place of the meeting
- vi. "Official minutes of Board meetings are available in the President's Office and on the NMC website at nmc.edu/about/board-of-trustees/minutes/ and are available for public inspection."
- vii. "If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the meeting or hearing, please contact the ~~Executive Assistant~~Chief of Staff to the President and Board of Trustees at (231) 995-1010 at least one week prior to the meeting or as soon as possible."

All notices must be posted on the Board of Trustees bulletin board in the Preston N. Tanis building as well as on the Board of Trustees web page at nmc.edu/about/board-of-trustees/materials-minutes.html and be made accessible by a prominent and conspicuous link that clearly describes its purpose for public notification on NMC's homepage, nmc.edu.

- i. *Public Input.* At all public meetings of the Board of Trustees, the Chairperson shall honor the right of the public to address a public body. Every open meeting agenda will provide for public participation.

Each person wishing to address the Board during public comment must be present and shall provide their name, address, city, phone, and issue to be addressed on a form provided prior to the meeting. The topic addressed should be related to business within the jurisdiction of the Board. Forms will be collected and given to the Board Chair prior to the call for order.

Comments will be limited to three minutes in length per speaker.

- 2. **Quorum.** Presence in person of a majority of Trustees shall constitute a quorum at any meeting of the members. Participation in meetings by telephone or other interactive media is allowed for information purposes only. Trustees joining a meeting in this manner may not vote. Trustee electronic participation does not count for constitution of a quorum.

3. **Board of Trustees.**

- a. *Number and Qualifications.* The Northwestern Michigan College district shall be directed and governed by a Board of Trustees, consisting of seven (7) members. Each member shall possess the qualifications of general electors within the College district.
- b. *Selection.* Board of Trustees members shall be selected as provided in Section 389 of Act 331 of the Public Acts of 1966 of the State of Michigan:

"The community college district shall be directed and governed by a Board of Trustees, consisting of seven (7) members elected at large in the proposed community college district on a non-partisan basis . . ."
- c. *Term of Office.* The Trustees shall serve for six (6) years or until their successors have been appointed. Regular terms of office shall commence on January 1 following the next general state election.
- d. *Vacancies.* Whenever a vacancy in the Board of Trustees occurs, "the remaining trustees shall fill each vacancy by appointment. If a vacancy is not filled within 30 days after the vacancy occurs, or if a majority of trustee seats become vacant, "the intermediate school

board for that school [community college] district shall fill each vacancy by appointment. An individual appointed under this subsection serves until a successor is elected and qualified. If a vacancy occurs more than 90 days before a regular election, an election shall be held at that regular school election to fill that office for the remainder of the office's unexpired term, if any. This subsection applies regardless of whether an individual is appointed under subsection (1) to fill the vacancy." (Michigan Legislative Act 302, Public Acts of 2003, Chapter XIV, Sec. 311, effective March 30, 2004).

- e. *Power to Elect Officers.* The Trustees shall elect a Chairperson of the Board of Trustees, a Vice Chairperson, a Secretary, and a Treasurer.
 - f. *Power to Appoint Other Officers and Agents.* The Board of Trustees shall have power to appoint such other officers and agents as the Board may deem necessary for transaction of the business of the Board.
 - g. *Removal of Officers and Agents.* Any officer or agency may be removed by the Board of Trustees whenever in the judgment of the Board the business interest of the Board will be served thereby.
 - h. *Power to Fill Vacancies.* The Board shall have power to fill any vacancy in any office occurring for any reason whatsoever. The office of a trustee becomes vacant immediately, regardless of declaration by an officer or acceptance by the board or 1 or more of its members, upon any of the following events:
 - i. The death of the trustee.
 - ii. The trustee being adjudicated insane or being found to be a legally incapacitated individual by the court of competent jurisdiction.
 - iii. The trustee's resignation.
 - iv. The trustee's removal from office.
 - v. The trustee's conviction for a felony.
 - vi. The trustee's election or appointment being declared void by a competent tribunal.
 - vii. The trustee's neglect or failure to file the acceptance of office, to take the oath of office, or to give or renew an official bond required by law.
 - viii. The trustee ceasing to possess the legal qualifications for holding office.
 - ix. The trustee moving his or her residence from the community college district.
 - i. *Delegation of Powers.* For any reason deemed sufficient by the Board of Trustees, whether occasioned by absence or otherwise, the Board may delegate all or any of the powers and duties of any officer to any other officer or director, but no officer or director shall execute, acknowledge, or verify any instrument in more than one capacity.
 - j. *Power to Require Bonds.* The Board of Trustees may require any officer or agent to file with the Board a satisfactory bond conditioned for faithful performance of his or her duties.
 - k. *Compensation.* The compensation of agents may be fixed by the Board.
4. **Officers.**
- a. *Chairperson.* The Chairperson of the Board of Trustees shall be selected by the members of the Board. The Chairperson shall preside over all meetings of the Board of Trustees. The Chairperson shall ensure that the Board's Bylaws and established rules are followed and that

the Board and its standing or ad hoc committees are fulfilling their stated responsibilities. The Chairperson shall represent the Board as appropriate in various public relations functions. An individual may not serve more than three (3) consecutive years as Chairperson. In times of unique challenge to the Board, the Chair may be elected for up to two (2) additional consecutive one-year terms by a vote of no less than five of the seven members of the Board.

- b. *Vice Chairperson.* A Vice Chairperson shall be chosen by the membership of the Board. The Vice Chairperson shall perform the duties and exercise the powers of the Chairperson during the absence or disability of the Chairperson.
 - c. *Secretary.* The Secretary shall be chosen from the membership of the Board. The Secretary shall, by affixing his or her signature, attest to the accuracy of the Board meeting minutes and shall ensure that the Board's records are maintained in an appropriate manner. The Secretary shall authorize all notices required by statute, bylaw or resolution. The Secretary shall perform such other duties as may be delegated by the Board of Trustees. The ~~President Chairperson~~ or the ~~President's Chairperson's~~ designee shall serve as Assistant Secretary to assist the Secretary in the performance of his or her duties.
 - d. *Treasurer.* The Board of Trustees shall elect a Treasurer of the Board from its membership who will perform duties in connection with the finances of the College as may be required by the Board. The Board may direct the President to designate a chief financial officer as custodian of the funds who shall report to the President and maintain full and accurate accounts and fiscal procedures.
5. **Fiscal Year.** The College's fiscal year shall begin on the first day of July and end on the thirtieth day of June.
6. **Execution of Instruments**
- a. *Checks, Etc.* All checks, drafts, and orders for payment of money shall be signed in the name of the Board and shall be countersigned by such officers or agents as the Board of Trustees shall from time to time designate for that purpose.
 - b. *Contracts, Conveyances, Etc.* When the execution of any contract, conveyance, or other instrument has been authorized without specification of the executing officers, the Chairperson or Vice Chairperson and the Secretary may execute the same in the name and on behalf of this Board. The Board of Trustees shall have power to designate the officers and agents who shall have authority to execute any instrument in behalf of this Board.
7. **Power of Board to Borrow Money.** The Board of Trustees shall have full power and authority to borrow money whenever, in the discretion of the Board, the exercise of said power is required in the general interest of the College, and in such case the Board of Trustees may authorize the proper officers to make, execute, and deliver in the name and on behalf of the Board of Trustees such notes, bonds, and other evidence of indebtedness as said Board shall deem proper, and said Board shall have full power to mortgage the property of the College, or any part thereof, as security for such indebtedness.
- The power to borrow money shall require the approval of a majority of the Board of Trustees.
8. **Committees.** Special committees of the Board of Trustees shall be appointed by the Board Chair as deemed necessary.

9. Temporary Amendment or Suspension of Bylaws and Policies. The Board may, upon a majority vote, and where compelling reasons exist, temporarily adopt, amend, repeal, or suspend a Bylaw or policy contained herein, provided that the temporary amendment, adoption, repeal, or suspension, does not conflict with any applicable law. Any resolution temporarily adopting, amending, repealing or suspending a Bylaw or policy under this provision shall contain an express provision that such amendment, adoption, repeal or suspension shall expire automatically at the next public meeting of the Board, unless the Board, by further resolution, shall formally adopt the amendment, adoption, repeal, or suspension, in final form, or shall, by further resolution, continue the temporary amendment, adoption, repeal or suspension until the next public meeting of the Board under the same conditions.

9-10. Amendment of Bylaws and Policies. Bylaws and policies may be amended, altered, changed, added to, or repealed by affirmative vote of a majority of the Board of Trustees. The process to amend, alter, change, or repeal shall be proposed at a regular or special meeting of the Board and adopted at a subsequent regular meeting provided that the proposed amendment, alteration, change, addition, or repeal be reduced to writing and each Trustee be notified of said proposal at least seven (7) days prior to the next regular meeting. ~~**Amendment of Bylaws.** These bylaws may be amended, altered, changed, added to, or repealed by the affirmative vote of a majority of the Trustees. The process to amend, alter, change, or repeal shall be proposed at a regular or special meeting of the Board and adopted at a subsequent regular meeting provided that the proposed amendment, alteration, change, addition, or repeal be reduced to writing and each Trustee be notified of said proposal at least seven days prior to the next regular meeting.~~

If any provision(s) of this policy or set of bylaws conflicts with laws applicable to Northwestern Michigan College, including the Community College Act of 1966, the Freedom of Information Act, or the Open Meetings Act, as each may be amended from time to time, such laws shall control and supersede such provision(s).

Adopted by the Northwestern Michigan College Board of Trustees October 23, 1995

Revised April 28, 1997

Revised January 27, 2003

Revised February 24, 2003

Revised October 24, 2005

Revised November 19, 2007

Revised July 26, 2010

Revised May 18, 2015

Revised December 19, 2016

Revised January 14, 2019

Revised July 22, 2019

Board Policy A-107.00

Board of Trustees Process

Board Attendance at Civic and College Events

1. It is recognized that in their role of owner-trustee, it is important for members of the NMC board of trustees to attend civic events on behalf of the College or to attend College events. The purposes of such attendance include:
 - a. To provide visibility for the College in situations where the presence and support of the College's leadership is important.
 - b. To demonstrate College support for civic efforts which benefit the community as a whole.
 - c. To demonstrate board support for College activities.
 - d. To establish important contacts with potential significant donors to the College.
2. It is understood that when attendance at said events entails a fee, charge, or contribution to the sponsoring organization, the College will serve as sponsor of the board members and their spouse or guest attending. At the same time, it is important for the board to maintain the public trust in ensuring appropriate expenditure of public funds. To that end, taxpayer dollars will not be used to sponsor board attendance at such events. Furthermore, board members and their spouse or guest shall be the guests of the College at all College-sponsored events.
3. Events excluded from College sponsorship include:
 - ~~a. The NMC barbecue,~~
 - ~~b-a.~~ Those which are politically partisan in nature,
 - ~~c-b.~~ Those which lend support to one side or the other of a controversial or divisive community issue, or
 - ~~d-c.~~ Those which are primarily sporting events.

If any provision(s) of this policy or set of bylaws conflicts with laws applicable to Northwestern Michigan College, including the Community College Act of 1966, the Freedom of Information Act, or the Open Meetings Act, as each may be amended from time to time, such laws shall control and supersede such provision(s).

Adopted by the Northwestern Michigan College Board of Trustees January 22, 1996

Revised October 27, 1997

Reviewed without revision December 19, 2005

Reviewed without changes July 27, 2015

Board Policy A-108.00

Board of Trustees Process

Board of Trustees Electronic Communications

The Board of Trustees (“Board”), and each of its sub-committees, is committed to complying with all applicable laws while executing its duties, including Michigan’s Open Meetings Act (“OMA”), Freedom of Information Act (“FOIA”), and Historical Commission Act (“HCA”). This policy is designed to provide an overview of the Board’s obligations under these laws as they might apply to electronic communications, which include but are not limited to emails, text messages, instant messages, blogs, and social media messages, whether created or used within or outside of Northwestern Michigan College’s information technology infrastructure. Each member of the Board is assigned a Northwestern Michigan College (“NMC” or “College”) email address, which he/she may use only for College-related business and communications. Use of a College email account for any other purpose is prohibited. The President and staff may develop and publish further guidelines as may be necessary to administer this policy effectively, and for the appropriate retention and disposal of electronic communications according to the College Record and Retention Schedule and the HCA.

Open Meetings Act: The OMA, with limited enumerated exceptions, requires the Board and its sub-committees to conduct meetings in a manner that is open to the public. According to the OMA, a “meeting” means the convening of the Board or its sub-committees at which a quorum is present for the purpose of deliberating toward or rendering a decision on a public policy. All deliberations and decisions of the Board and its sub-committees shall take place at a meeting open to the public. Neither the Board nor its sub-committees may circumvent these requirements by deliberating toward or rendering a decision on a public policy by exchanging or using electronic communications.

Freedom of Information Act: The FOIA, with enumerated exemptions, requires NMC and the Board to make available for copy or inspection by the public “public records,” which means writings prepared, owned, used, in the possession of, or retained by NMC or the Board in the performance of an official function, from the time it is created. This requirement applies equally to electronic communications prepared, owned, used, in the possession of, or retained by members of the Board or its sub-committees as part of their official functions, whether the electronic communications are created, received, or used within or outside of the College’s information technology infrastructure.

Historical Commission Act: Pursuant to the HCA, the College maintains a College Record and Retention Schedule (“Schedule”), which details which College records, including Board records, must be retained by the College and for how long. The Schedule applies equally to electronic communications of the members of the Board and its sub-committees, whether the electronic communications are created, received, or used within or outside of the College’s information technology infrastructure. Each member of the Board and its sub-committees shall familiarize

him/her-self with the Schedule, its application, and requirements. A member of the Board or any of its sub-committees who, in the performance of a College function, creates, receives, or uses an electronic communication outside of the College's information technology infrastructure shall immediately provide a copy of the electronic communication to the ~~Executive Assistant for~~Chief of Staff to the President and Board of Trustees for keeping and retention in accordance with the Schedule and the HCA.

Any and all questions related to the administration of this policy should be directed to ~~Executive Assistant for~~Chief of Staff to the President and Board of Trustees.

If any provision(s) of this policy or set of bylaws conflicts with laws applicable to Northwestern Michigan College, including the Community College Act of 1966, the Freedom of Information Act, or the Open Meetings Act, as each may be amended from time to time, such laws shall control and supersede such provision(s).

Adopted by the Northwestern Michigan College Board of Trustees March 23, 2015

Board Policy A-101.00

Board of Trustees Process

Board of Trustees Responsibilities

The primary responsibility of the board is to represent the public in determining and demanding appropriate organizational performance. To distinguish the board's own unique responsibilities from the responsibilities of the faculty and staff, the board will concentrate its efforts on the following job "products":

1. Serve as the link between the College and the public.
2. Adopt written governing policies which, at the broadest levels, address:
 - a. Board of Trustees Policies: Specification of how the board conceives, carries out and monitors its own task.
 - b. Board-President Relationship Policies: How authority is delegated from the board to the president; the president's role authority and accountability; how the president's performance will be monitored.
 - c. Ends: What organizational products, impacts, benefits and outcomes will be achieved for what recipients at what cost.
 - d. Parameters: Constraints on presidential authority which establish the prudence and ethics boundaries within which all staff activity and decisions must take place.
3. Select, employ and delegate the appropriate powers and authority to the president of the College.
4. Monitor and assure the president's performance in achieving the College's Ends and Parameters.
5. Participate in appropriate professional development and training to ensure effective and competent service as a community college trustee.

If any provision(s) of this policy or set of bylaws conflicts with laws applicable to Northwestern Michigan College, including the Community College Act of 1966, the Freedom of Information Act, or the Open Meetings Act, as each may be amended from time to time, such laws shall control and supersede such provision(s).

Adopted by the Northwestern Michigan College Board of Trustees October 23, 1995

Reviewed without revision December 21, 2015

Reviewed without revision

Board Policy A-106.03**Board of Trustees Process****Policy Amendment and Additions**

Board policies may be amended, altered, added, or repealed by the affirmative vote of a majority of the Trustees.

A recommendation to amend, alter, or repeal a policy, or to add a new policy, shall be proposed at a regular or special meeting of the Board of Trustees on a first-reading basis and adopted at a subsequent regular meeting. The proposed amendment, alteration, repeal or new policy shall be submitted in writing to each Trustee.

If any provision(s) of this policy or set of bylaws conflicts with laws applicable to Northwestern Michigan College, including the Community College Act of 1966, the Freedom of Information Act, or the Open Meetings Act, as each may be amended from time to time, such laws shall control and supersede such provision(s).

Adopted by the Northwestern Michigan College Board of Trustees on April 3, 2006

Reviewed without revision May 18, 2015

[Reviewed without revision](#)

**Northwestern Michigan College Resolution
Support for Community College Bachelor of Science in Nursing**

A regular meeting of the Board of Trustees of Northwestern Michigan College was held on October 26, 2020, at 5:30 p.m.

The meeting was called to order by Chair Chris M. Bott.

Trustees present:

Trustees absent:

The following preamble and resolution were offered by Trustee _____ and supported by Trustee _____.

Whereas Michigan's 28 community colleges were set up to meet the education and talent development needs of the communities they serve; and

Whereas the Michigan College Act of 1966 as amended sets forth that the board of trustees may establish education programs that meet the education and talent development needs of their respective communities; and

Whereas such programs include dual-enrollment and baccalaureate programs that are meeting the needs of the communities we serve; and

Whereas to meet the needs of the maritime community, in 2012 Northwestern Michigan College worked with the legislature to be the first community college in Michigan to offer a Bachelor of Science in Maritime Technology degree; and

Whereas Northwestern Michigan College seeks to once again work with a community partner, Munson Healthcare, our regional healthcare system, to meet the need for more bachelor prepared nurses; and

Whereas Munson Healthcare has identified the need to increase the number of accessible and affordable options for nurses seeking to obtain a Bachelor of Science in Nursing degree; and

Whereas clinical research has shown that bachelor prepared nurses provide for better patient outcomes with the University of Pennsylvania School of Nursing Center for Health Outcomes and Policy Research finding that a 10% increase in the proportion of nurses with bachelor degrees was associated with a 7% decrease in patient deaths; and

Whereas Northwestern Michigan College is committed to fulfilling its role as the community's college and meeting the need of our regional healthcare provider to fill their talent and outcome driven needs; and

Whereas just as with expanding access to post-secondary education through dual-enrollment programs in 1996 and 2000 and bachelor degree programs as they did in 2012, the Michigan Legislature is once again positioned to assist community colleges in fulfilling their role as a community-driven institution;

NOW, THEREFORE, BE IT RESOLVED that the Board of Trustees of Northwestern Michigan College strongly supports Senate Bill 1055 which would allow a community college to establish a nursing education program that grants Bachelor of Science in Nursing degrees and further authorizes its President to express formal support for Senate Bill 1055 or any other legislation that allows a community college to meet the community need for more bachelor prepared nurses consistent with this Resolution.

Ayes:

Nays:

Resolution declared adopted.

Chris M. Bott, Chair, Board of Trustees

The undersigned, duly qualified and acting Chairperson of the Board of Trustees of Northwestern Michigan College, 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 October 26, 2020, 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, Public Acts of Michigan, 1976, as amended).

Chris M. Bott, Chair, Board of Trustees



MEMO
President's Office

To: Chris M. Bott, Chair
Board of Trustees

From: Nick Nissley, President

Date: October 1, 2020

Subject: Closed Session Request

Pursuant to the provisions of the Michigan Open Meetings Act (ACT 267, 15.268, Subsection 8[a]), I am hereby requesting that the 2020 Board's evaluation of my performance be conducted in closed session.