

To the Board of Trustees -

The COVID-19 virus has had a significant impact on the College. Everything is a bit more difficult when you don't have face-to-face access to all of the people that it takes to make this College operate. We have had to turn everything "on its head" just to continue classes and services so that employees, including student employees, can keep getting paid, students still graduate, service to the community continues, construction continues and the College's mission continues to be fulfilled.

This will be an abbreviated report, hitting highlights rather than going into detail. This is unfortunate because fewer individuals and departments can receive deserved recognition. Some of you may recall when radio stations played the "Top 40" records. This report will be a version of that concept. Schoolcraft's top hits for 2019-20 are:

1. Passage of the Headlee Override - There are many subparts to this one major accomplishment. The first thing we need to recognize is the total participation of College staff - many of our students, members of the Board of Trustees and obviously the support of our community. The Override was passed by a comfortable margin, and over the next 8+ years, will provide an additional \$10+ million dollars per year to the bottom line. While this happened in 2018 the money only began to arrive in 2019.
 2. Headlee, Part II - Like a bad movie, we were finished with Headlee until a few bureaucrats decided to ignore the will of the voters, and the approved language. They began imposing Headlee reductions on the Headless Override. With the help of our lawyers (Henry Nirenberg, et al), our lobbyists (Bill Bullard, et al), our Board of Trustees (making use of political muscle this time) and all the College administration, we were able to get Wayne, Oakland and Washtenaw Counties to adhere to ballot language. The net result was not large compared to the actual millage dollar amount but over the 10 year period would have meant the loss of \$3-5 million dollars. It was worth the effort.
 3. Reaccreditation of College by HLC - This, again, is a major accomplishment. Accreditation is our "union card;" without it we can't work, without it your credits are of no value, you can't have access to federal financial aid (about \$11 million per year), you would just be dead in the water. While all aspects of the College are judged and each group becomes accountable for their own area (Business for finance, Faculty for teaching quality, Trustees for overall governance), together we looked great. It will be quite some time before we have to endure this again. For the record, all of this past and going forward was coordinated by Dr. Cheryl Hawkins.
 4. Students – Students did well on a number of fronts. There were the usual awards and recognitions. While it is easier to file complaints, there were fewer of them and no "heavy weights" – no sexual assaults or things of that nature. The number of students graduating this year is greater than last year.
 5. Construction and Financing - If you consider the fact that the College was near "warning status" from HLC regarding its financial sustainability in 2018-19, we are now in fantastic shape. Several things came together concurrently. We made partnership deals with St. Joe's, Hawks and Wolves and David Fishman. We passed the Headlee Override. Major construction was started which established an income stream which will carry us for many years into the future. Most of the day to day interactions on these projects was by Dr. Glenn Cerny.
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6. . . . and then came COVID-19. We all wish we could hit a fast forward button and be done with this mess but that's not going to happen. COVID and its collateral impact will be with us for some time. While I cannot say that we were prepared for the pandemic, some of the appropriate solutions were in place. We already had a healthy online program. In any given semester, Schoolcraft had the largest number of online courses of any college in Michigan. Nonetheless, getting nearly everything online took effort. However, Dr. Cheryl Hawkins, Dr. Cheryl Hagen and Mr. Pat Turner worked together in a manner that allowed us to get all but our lab and clinical courses online in less than two weeks. This fact accounts for our relatively small number of student exits and that to the best of our knowledge, acting early and quickly with social distancing resulted in none of our 16 confirmed student COVID cases from College contact. Five of the 16 cases are nursing students and are presumed to have occurred within the hospital clinical setting.

The College formed an Operations Continuity Team (OCT) connecting all of the Cabinet, Chief Steve Kaufman (Campus Police), and Van Nguyen (Marketing and Communications), along with Karla Frentzos and Claudette Lowe (President's Office). For the first few weeks we met every day via Zoom conferencing. We are now on a regular schedule of three meetings per week. Every action taken in regard to COVID-19 is logged. Every reasonable effort is made to keep staff and trustees informed.

This then, is the short version of what happened last fiscal year. Now we come to the part where I retire and you pick a new president. I've enjoyed my stay and I have enjoyed working with a great Board.

May the Force be with You,

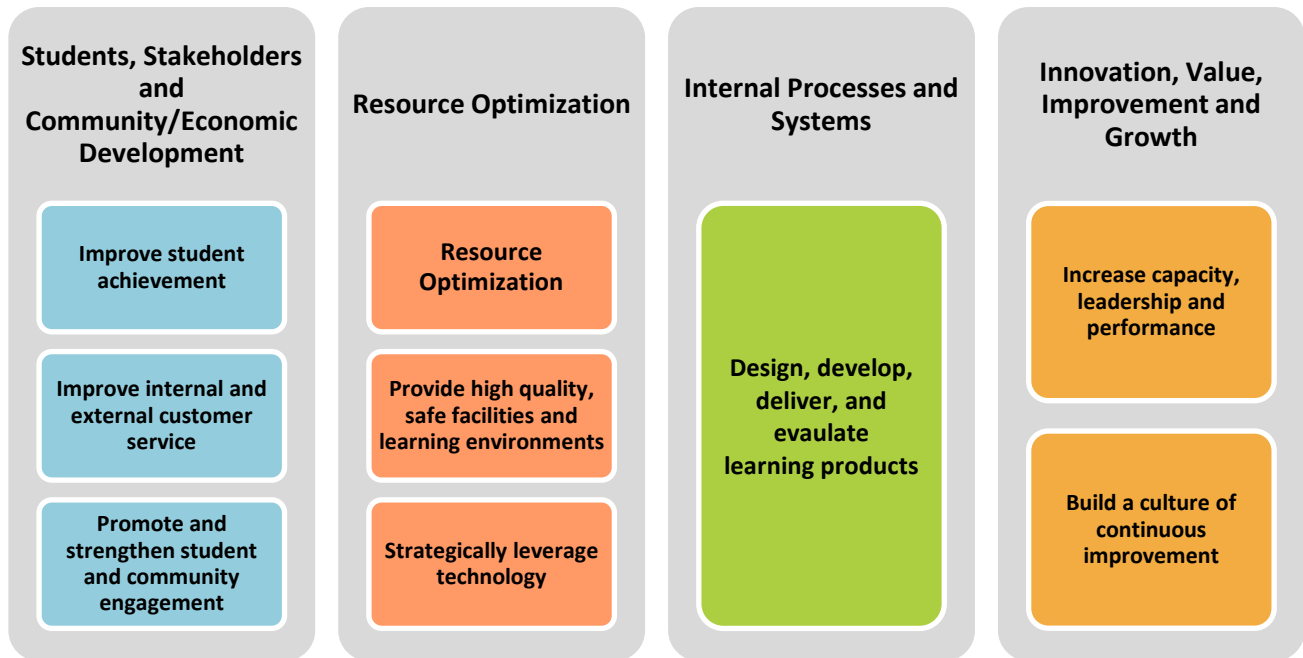


Conway A. Jeffress, Ph.D.
President

Schoolcraft College Strategic Objectives 2019-2020

Schoolcraft College's Mission

Provide a transformational learning experience designed to increase the capacity of individuals and groups to achieve their intellectual, social and economic goals.



Academic Services Focus

Executive Summary

Academic Services aligned their work to the College's 2019-2020 Strategic Framework and the College's Key Performance Indicators. Key accomplishments: assured academic offerings continued during this unforeseen pandemic by successfully transitioning 1250 sections to virtual classrooms so students can continue their education and enroll in subsequent semesters, achieving a ten-year reaffirmation of our HLC accreditation, increased the academic portfolio of offerings, and worked with academic service employees to strengthen their working relationship with their supervisors.

Students, Stakeholders and Community / Economic Development

Academic Services worked collaboratively with faculty and their leadership during this pandemic event to transition 1,250 winter, spring and summer 2020 class offerings to virtual classrooms to assure students could complete their courses and have transfer and occupational course offerings available. Academic Services deployed 60 new and revised stackable programs where students gain the skills and knowledge necessary to move into a career. We participated in the signing of 4 state-wide articulations under the MiTransfer Project for students to seamlessly transfer to universities in the areas of Biology, Business, Criminal Justice, and Psychology. In addition, 8 new transfer courses were developed. To assist those who are not college-ready, a development education task force was established to determine practices and models that could be implemented to improve student retention. Finally, we continued to offer classes where Open Education Resources (OER) were used and from Spring 2019 through -Winter 2020 students saved \$628,916 on textbook costs.

An example of the impact of the College's occupational offerings, the Schoolcraft College Wayne County Regional Police Academy celebrated its 30th anniversary, over 2,700 students have graduated from the program and 2019 graduates garnering placements and offers from 19 law enforcement agencies throughout the tri county area. Finally, Schoolcraft has 20 employers with registered apprenticeship programs offering training in 18 professional-trades occupations. The school now has 50 registered apprentices and 11 pre-apprentices. The Small Business Development Center logged 406 counseling hours, assisted 13 entrepreneurs in starting their businesses and helped clients obtain over \$8 million in capital to start or grow their business. The Procurement Technical Assistance Center served 242 new clients, delivered 1087 counseling hours and clients were awarded over 98 million in government contracts.

Resource Optimization

Academic Services transitioned most of the 2020 spring and summer class offerings, to virtual classrooms allowing registration to occur as scheduled. The first day of registration included, 5562 spring credit hours, 1456 summer credit hours and 4960 for fall were purchased. In collaboration with Facilities Services, timelines were established to minimize any downtime in program offerings, targeting Fall 2020 for the opening of the Manufacturing and Engineering Center and the Elite Sports Center.

Internal Processes and Systems

Academic Services expanded the deployment of online courses during the 2019-2020 academic year resulting in spring 44%, summer 62%, fall 24% and winter was 28% of all the credit hours sold. In response to the Coronavirus pandemic, we engaged over 400 faculty, all Instructional Administrators, and staff, using a triage team approach from Distance Learning and Operations, Curriculum, and Assessment to transform 1087 sections or 94% to alternative modality courses between March 10 to March 17, 2020 to continue to address student learning needs. By invitation we expanded the Alternate Route to Teacher Certification (ARC) program into Macomb County. The program is now working in 138 schools from the one school it started with in 2015. Finally, completely moved the curriculum design and development process to an electronic process to streamline the process, improve tracking, and reduce redundant work of data entry; assuring a quicker turnaround time for deployment of new curricular offerings.

Innovation, Value, Growth and Improvement

Spearheaded and obtained the reaffirmation of our accreditation from the Higher Learning Commission (HLC) through 2029-2030. This process involved submitting a Highlight Report, preparing all College stakeholders for our Continuous Quality Review Visit and facilitating all logistics for the visit. Upon receiving the reaffirmation, the College will be following the guidelines under the HLC Open Pathway. Finally, a celebration was held for all employees to show the College's appreciation for all their hard work in helping achieve this significant outcome.

At a division level, as a follow-up to the HR employee survey, an Academic Services Check-In workshop was held to explore employee perceptions on collaboration, trust, respecting, managing, visioning, communicating, leading, and empowering. Division leadership strengths and weaknesses and were identified and improvement strategies are being implemented.

Student Services Focus

Executive Summary

The areas of responsibility for Student Services include student recruitment and retention, marketing and communications, the VisTaTech center, and fundraising for the College. We have positive results to report in all of these areas, thanks to the teamwork and flexibility of the staff. Along those lines, the division's consistent focus on students and their success enabled an extraordinary and truly admirable response to the crisis caused by the coronavirus.

In the midst of a rapidly-evolving situation, all student services successfully moved to online within one week, which involved developing communications for students, creating guidelines for staff, providing needed equipment, updating the website, and reaching out to all Winter 2020 students to check in on their educational progress. We are also tracking all students who are impacted by coronavirus, offering assistance and support.

In addition, the Foundation established the Art Van scholarship and Distance Learning scholarships, and assisted with chemistry lab kits and computers for students during the COVID-19 crisis. As of this writing, interest in the Distance Learning Scholarship has been particularly gratifying, with \$50,000 in scholarships being awarded within the first two days after the scholarship was announced.

A review of the Strategic Enrollment Management goals from last year clearly demonstrated that we met and/or exceeded all of the metrics. Conversion rates, retention rates, attendance at orientation, enrollment in Student Success classes—all were up, indicating that the tactics and strategies we have employed in the past year are having a positive impact.

Students, Stakeholders and Community / Economic Development

Reality Ready – Thanks to the College's core abilities, which are integrated into courses across the curriculum, we equip our students with intellectual and behavioral skills that result in a well-rounded individual that employers are seeking. This year, we developed a program that takes students to the next level. Reality Ready™ will include workshops, experiential activities, and skill development that will enhance our students' employability. Due to the fact that all face-to-face programs were discontinued, we will postpone the launch until Fall 2020.

Fall to winter retention rates increased from 72% to 74%, primarily due to increasing efforts to reach out to students via text and phone calls. For first-time students, Fall to Fall retention rates increased from 58% to 66%.

Financial Aid maintained a two-week turnaround for the year, while also condensing, correcting, and eliminating forms to streamline financial aid processing.

VisTaTech created an interactive survey to better understand the needs of our customers. The survey has received a 68% response rate as of this writing.

Resource Optimization

The 4DX—Four Disciplines of Execution—practice that we put into place at the end of 2018-19 has been employed throughout this past year, and has resulted in meeting or exceeding the budgeted enrollment

goals for the past four semesters. (Note: The College budgeted for a decline in enrollment, but enrollment declined less than we had expected thanks to 4DX efforts). This initiative combines the synergy of both Student Services and the Academic Services divisions to relentlessly focus on everything we can do to positively impact enrollment. The key takeaway has been how effective it can be to simply communicate—with each other, with students who have withdrawn, with students who are struggling, with students who just want to know that we are thinking about them.

Based on successful fundraising the previous year (where we exceeded the fundraising goal by \$250,000) and on the results of a feasibility study, the Foundation launched Vision 2025, a 5-year, \$10 million dollar campaign.

Internal Processes and Systems

Across the division, staff have been using technology tools for improved communication with students, community, faculty and staff. Examples include multiple text and email messages to continuing, new, and potential students, a monthly communication from Foundation to donors, alumni, prospects, and friends, quarterly e-newsletter, and e-blast communications for foundation events.

Thanks to CRM Recruit, conversion rates went from 42% in 2011 to 58% today. Moreover, 72% of students who complete our entire application for admission actually register. This is a high percentage for a free application process.

The Student Planning software was launched in May 2019 and over 4000 plans were created in the first nine months of implementation.

Financial Aid transitioned to a new ISIR process, which enables the department to download ISIRs on a daily basis rather than weekly, which further streamlines the packaging and processing functions.

Financial Aid maintained strategic and informative text messages to students in regards to financial needs, awarding and registering for classes, and sharing critical information.

Innovation, Value, Growth and Improvement

In January, Student Services began offering monthly SEM-focused training opportunities for all staff in the division. These have been a resounding success, as they serve to not only reinforce the importance of our work, but also build camaraderie and a sense of community. The most recent session invited a variety of students to come and meet with staff, to talk about their challenges as well as the interactions that have been most helpful and/or meaningful. This session really brought it home to our staff that every transaction with a student is an opportunity to change a life and make a difference.

Information Technology Focus

Executive Summary

While the headlines will undoubtedly capture the pandemic of 2019-2020, the mission and spirit of Schoolcraft College endures as a direct result of the collaboration and commitment of all departments to prevail.

Nowhere is this more evident than in the various divisions of the Information Technology Department whose proactive measures to ensure the viability and modernization of the technological infrastructure on campus, have allowed us to continue to serve our community.

The 2020 Refresh Project is well underway. Installations have been completed in buildings across all three locations. These installations will provide students, faculty and staff with significantly improved capabilities: computing, speed, networking, storage, backup, and infrastructure.

Additionally, the College replaced a 10-year old Cisco WiFi solution with a new, modern Extreme Networks/Aerohive solution featuring the latest WiFi 6 capabilities. This decentralized, controller-less solution allows for improved connection speeds, increasing the number of access points by 250% providing solid coverage and connection capacity throughout the buildings on campus.

Virtual server and virtual desktop environments received new, high-tech, all flash storage devices for instant response and access. This is exceptionally relevant in the current climate as Information Technology Support has been consistently providing virtual workstation operations for nearly 1000 concurrent faculty, staff, and students.

Moreover, we were able to convert traditional on-site courses to distance learning classrooms and provide training to faculty in record time. The Media Department has supported this effort by providing video production services for faculty and services alike.

This past school year celebrated the completion of two critical upgrades. During Fall term last year, the IT Department successfully implemented a new Event Management Room Scheduling software package (EMS). The software package replaces a 15-year old, homegrown system, allowing the community to utilize the web to request space and services in our VisTaTech Center.

This year, we worked tirelessly to successfully migrate the Colleague environment's SQL Database; thereby, creating a more robust environment serving the needs of all departments on campus and paving the way to things like real time reporting, analytics, and more.

Our highly successful Nursing Program will benefit from the upgraded B-Line SimCapture environment. Located in the BioTechnology Center, this software automates, tracks, and reports on simulations conducted on our medical mannequins. This invaluable, state-of-the-art resource has attracted interest from outside educational institutions as well.

The various surveys conducted by the Research and Analytics Team, along with my Practicum, has helped the College to assess the cultural climate, keep abreast of best practice, and technology trends. To this end, the Information Technology Department has invested in Next Generation Classroom Technology including interactive SmartBoards; mobile, touch-screen podiums, and screen sharing software.

The IT Department is committed to working collaboratively with others to support common goals; innovation; preserving best practice, and upholding the values of the College and the community we serve.

Executive Summary

In the summer, employees were surveyed to gain insights into the current culture at the College. After completion of the survey, results were shared and considerations were given to those areas in need of attention. Listening sessions were conducted by all areas and plans began to address the feedback.

In October, the Executive Director resigned and a new Vice President and Chief Human Resource Officer was appointed mid-December. Priorities were planned and with the President announcing his retirement in January, top priority was given to succession planning in support of the Board's charge to name a new president. Subsequently, the onset of COVID-19 at beginning of March adjusted the team's focus to identify areas of employee support in immediate need. Human Resources (HR) has played an integral role in implementing the necessary changes to ensure the College's employees have the resources, tools and information required to make the transition to working from home or going on temporary leave if necessary, as well as the resources and information needed to make informed decisions regarding the health and safety of employees and their families.

Students, Stakeholders and Community / Economic Development

Educate internal and external stakeholders about Human Resources (and Schoolcraft) and improve awareness of the services Human Resources provides to College employees through:

- Helping to educate the community, the Vice President and Chief Human Resource Officer presented at events for:
 - The Michigan Library Association (MLA) on Human Resources best practices.
 - Michigan School Business Officials (MSBO) regarding negotiations and accretion.
- Increasing awareness of the College's Employee Assistance Program (EAP) by distributing EAP brochures, cards and pens in common areas across campus, as well as by sharing information about the program via email communications and on the College's website.

Resource Optimization

To support the College and its employees through the COVID-19 situation, Human Resources responded to the need for a modified work environment by understanding which employees were needed to work onsite, providing support for employees who could work from home and offering the necessary assistance to employees who could do neither. For employees who continue to work onsite, HR worked with the Campus Police Department to provide "essential employee" letters and assisted with communications referring employees to the CDC guidelines for staying as healthy and safe as possible. The flexible work arrangements included providing access to Human Resources' staff, forms and processes through electronic, online or virtual methods. Employees who were unable to continue working onsite or from home, depending on the individual situation (e.g., type of position, lack of work, illness) were provided with alternatives in regards to their employee type (i.e., union member, classified, on-call, student worker, etc.). The overall focus was to assure continuity of employment and when needed access to sick leave or other benefits.

Human Resources also provide a new benefit for dial-a-physician access that allows employees and their household members who may be experiencing illness to stay safely in their homes while consulting with a

physician about their symptoms. This service includes a physician's help to determine if there is a need to be treated for COVID-19 symptoms. This benefit will be a regular part of the employee benefits offering.

Internal Processes and Systems

Human Resources implemented process improvements through refocusing and restructuring, including realigning the College's employee Title IX process to conform changing federal and state regulations and ensure the College remains in compliance, and implementing an Employee Relations role to create an input source for employee concerns, to develop and implement employee engagement initiatives, and to collaborate on employee development programs.

Initial steps for moving personnel actions, including promotions and all pay changes, from paper processing to an electronic format were implemented during the COVID19 response and will continue to allow for reduced processing time and increased first pass accuracy on document processing.

Innovation, Value, Growth and Improvement

In support of the initiative to build a culture of continuous improvement, Human Resources hired an external service to conduct an Employee Engagement Survey in July 2019. The purpose of the survey was to give employees an opportunity to provide feedback on how well the College, its divisions and departments, its administrators and their fellow coworkers are doing, as well as how they feel about their jobs. The survey results were reviewed to determine where the College is doing well, areas in need of improvement and to gauge the morale of the employees. The College also wanted to compare the 2019 results to the employee survey that was conducted in 2016 – what changes have occurred, were there improvements, areas that still need improvement, etc. To address areas of concern, as well as to let employees know they are being heard and taken seriously, each division held several staff listening sessions where employees were asked for further feedback and input on possible solutions for improvement.

Human Resources continues to support building a culture of continuous improvement by providing learning opportunities to address workforce needs through granting tuition reimbursements totaling \$40,116 for 15 employees across the executive, administrator, faculty and classified employee groups pursuing advanced degrees.

Human Resources is supporting the College, its leadership, its employees and all other stakeholders through direct succession planning to assure leadership bench strength by managing the Presidential Search process in support of the Board of Trustees' goal to select a new President. This effort includes establishing a project approach to support the search process to:

- Identify a timeline with milestones for completion by August 1.
- Establish a Presidential Search Committee to include all stakeholders:
 - Students, Employees (staff and faculty), Community, K-12 Schools, Business, Board of Trustees, and Schoolcraft Foundation Board of Trustees.
- Gather input from the community, student and employee stakeholders to determine the preferred characteristics and qualities of the College's next President.
- Vet executive search firms through the RFP (Request for Proposal) process and engage the best in class search firm to find, screen and present presidential candidates.
- Support the after appointment efforts to promote success of the new President.

FINANCE AND BUSINESS SERVICES

Partnerships

Strategic partnerships with healthcare providers and major corporations across Southeastern Michigan led to the development of the following new centers.

Health Sciences Center

Construction will begin in spring 2020, with an estimated partial occupancy in fall 2021. This will add 36,600 sq. ft. of space to the current Applied Sciences building, which is being renovated. This center will allow students to experience new, in-demand programs which include medical imaging, sterile processing, surgical technical training, and an expansion of the College's Pharmacy Tech and EMT programs.

In connection with the State approved capital outlay to renovate and enhance the Applied Sciences building, it was necessary for the College to issue bonds to help fund our matching portion. Over a two- month period, the College accomplished a number of tasks working with financial advisors, auditors, bond and tax counsel, as well as analysts from Moody's Investor Services to secure the College's credit rating. College officials provided a significant amount of historical as well as projected financial information to highlight where we came from, steps taken to shore up current and future financial health including the passage of the fall 2018 ballot initiative as well as the whole lot of College formed Development Component Units including the IHA and St. Joe's Livonia Medical Center and the St. Joe's Mercy Elite Sports Center. The College's efforts resulted in Moody's assigning us a rating of Aa1 general obligation limited tax (GOLT) rating. This is the second highest rate that Moody's assigns. To help illustrate how positive this is, the only entity in the State of Michigan that has the highest rating of Aaa is the University of Michigan, and they hold that distinction alone. Apple, Inc. shares the same rating as Schoolcraft of Aa1. The efforts of issuing a bond and receiving such a positive rating is reaffirmation that our financial plans both currently and prospectively are sound.

Manufacturing and Engineering Center (MEC)

Renovation began in November in a new warehouse building adjacent to our current Public Safety Training Complex, with an estimated completion in summer 2020. The future Manufacturing and Engineering Center is a 48,000 sq. ft. facility. All of the skilled trades and manufacturing programs and their operations will be moved from the north end of Applied Sciences to the new facility. Schoolcraft's business partners, including Alpha USA, Magna, NYX, and all others in the local community will be making use of MEC. Currently, many local businesses are partnering with Schoolcraft to have their employees trained at the College to get their training and certificates. This new expansion will lead to more space and resources with which to expand and improve the programs as well as more accurately replicate current practices in skilled trades.

IHA (Integrated Health Associates) and St. Joe's Livonia Medical Center

Construction for the new 124,000 sq. ft. health care facility started in October and is scheduled to open in spring of 2021. The center will bring leading health care providers and services to the campus, create educational opportunities for our students, and enable students to fill needed jobs in the health care industry. The facility will service the surrounding communities as well.

Schoolcraft currently has majors and programs in nursing, pharmacy, health information technology, and medical assisting among the many choices. The College also plans to launch new programs including sterile processing technician, surgical technician, and radiology technician to coincide with the opening of the new medical facility. New laboratories to support these new programs will be included in the Applied Sciences building expansion and renovation project.

A ground-breaking ceremony was held on November 18.

Additionally, a Topping Off Ceremony was held on March 10th where the final steel beam for the center was placed atop of the structure. This milestone is commemorated by painting the beam white and having the steel erection crew, construction team, designers, owners, and other dignitaries sign the beam for posterity.

St. Joe's Mercy Elite Sports Center

As part of the ongoing collaboration between Schoolcraft and Saint Joseph Mercy Health System, construction of the St. Joe's Mercy Elite Sports Center on campus is also underway. The 74,000 sq. ft. multi-purpose space will be the western suburban home of the Michigan Elite Volleyball Academy, and include eight volleyball courts, a running track, soccer training space, and fitness and rehabilitation space. Mercy Elite will be joining the center as well providing physical therapy, strength and conditioning and fitness training for all interested schools, clubs, teams, or individuals. In addition, a state-of-the-art fitness laboratory, classroom space, and faculty offices for Schoolcraft College's Associate Degree program in Movement Science will be sharing the space to help facilitate student success. Estimated completion of the sports center is spring 2020. A ground-breaking ceremony was held on January 27th.

Financials

November 6, 2018 Ballot Initiative

During this past year, we worked with our attorneys and consultants to protect Schoolcraft's operating millage. Wayne, Oakland, and Washtenaw County applied the Headlee Amendment reduction fraction to reduce Schoolcraft's millage. If allowed, that would have decreased our projected revenue by up to \$5 million over the ten-year period.

Schoolcraft's operating millage was increased in 2018 after a successful grass roots campaign and support from our union partners. The new millage included very clear Headlee Amendment opt-out language.

The Equalization Departments for Wayne, Oakland, and Washtenaw County unilaterally determined that we could not opt-out of the Headlee Amendment reduction fraction. We were essentially told to complete the annual form and to apply the reduction, otherwise we would get nothing. We worked with our attorneys to prepare and send a protest letter with our application.

We then invited Wayne County to mediate our interpretation differences. Wayne County's Corporation Counsel attended, but refused to engage in a meaningful way. We then instructed our lawyers to prepare the lawsuit. However, our desired outcome was to work with the counties as our partners and keep this issue out of the courts.

All three counties subsequently adopted their corporation counsel and equalization departments' position and approved Schoolcraft's millage subject to a Headlee reduction.

We then utilized key Trustee and consultant relationships to discuss and educate this issue directly with county commissioners and state representatives. This involved countless meetings, phone calls, and emails.

Ultimately, all three counties unanimously adopted Schoolcraft's interpretation, despite continued adamant opposition from their corporate counsel and equalization departments. We were able to preserve the full millage, including the amounts not collected in 2019, while keeping this issue local, out of the courts, and out of the press.

The first year of tax revenue realization is the current fiscal year 2020. With revenue earned to date, and current projections through June 30, 2020, show that this successful ballot issue will generate approximately \$8.3 million also taking into account property value increases from fiscal year 2019. This additional revenue will greatly enhance the CFI (Component Financial Index) and its underlying ratios for the current year as well as the next 9 fiscal years.

Higher Learning Commission

The HLC's Composite Financial Index (CFI) is a complex formula taking into account all financial aspects of both the College and its Component Units as a whole. It takes into account the Primary Reserve Ratio (PRR), Net Operating Revenue Ratio (NORR), Viability Ratio (VR), and Return on Net Assets Ratio (RONAR), to calculate the CFI. The PRR measures the financial strength of the College by comparing expendable net assets to total expenses; the NORR measures the ability of the College to generate positive net incomes from its revenue streams; the VR is a direct measure of the amount of expendable net assets available to cover the outstanding debt of the College; and the RONAR compares the College's net income with its assets and helps to determine how well the College is generating profit from its assets. All of these ratios are calculated using figures directly from the College's and Foundation's annual audited Financial Reports. The three most recent fiscal years, 2019, 2018, and 2017 have yielded CFI's of 1.08, 0.88, and 2.09, respectively, excluding the effects of GASB 68 and 75. The HLC defines ranges, or zones, of CFI values that indicate whether further review is required. Public institutions with CFI's between 1.1 to 10.0 are considered above the zone, and no additional follow-up is required; public institutions with CFI's between 0 to 1.0 are considered in the zone, and additional follow-up is required in the second or subsequent year by a panel of HLC peer reviewers; public institutions with CFI's between -4.0 to -0.1 are considered below the zone, requiring additional documentation for review by a panel of HLC peer reviewers each year until the CFI is above the zone. Given Schoolcraft reported 1.08 (rounds up to 1.1) for fiscal year 2019, and 2.09 (rounds up to 2.1) for fiscal year 2017, we are effectively considered above the zone with no further follow-up required.

Consolidated Audits

Historically, the College's annual financial audit was just on the books of the College. Today, we now present discretely on the face of our balance sheet and income statement, as well as disclose in the footnotes to the financial statements, the combined results of Schoolcraft Development Authority, SC Development Unit 14, Inc., Seven Delta, LLC, SC Sports Dome, Inc., SC College Dome, LLC, SC Technology Center, Inc., SC Health Sciences, Inc., and SC Health Sciences 2, Inc. These are all separate legal entities that have bank accounts, journal entries, monthly financial reporting, tax filing requirements, and audit requirements through consolidation with the College's report being the majority interest in each entity. The fiscal year 2019 audit was the first with each of these entities consolidated, with full occupancy and operations having commenced other than the IHA and St. Joe's Livonia Medical Center and the Sports Center, which is a significant, ongoing task. Some of these entities are originally recorded on the financial accounting standards basis (FASB) for tax requirements, have different year-ends than the College, and must be carefully converted to governmental accounting standards (GASB) coinciding with our year-end of June 30. This is a very complex task to be done annually, but the College was able to successfully implement and set up a different general ledger system outside of the College's ERP system to handle these accounting and auditing requirements seamlessly. These efforts resulted in an unmodified opinion on our annual audit, which is the highest form of assurance an entity can receive in their audit. Additionally, no findings were noted as a result of the audit, which given the significant amount of additional transactions and highly technical nature of these tasks, is a major accomplishment for the College.

SC Development Unit 14, Inc. (SCD14)

Morgan Stanley Smith Barney Investment Portfolio: In conjunction with the Masco Development, the College entered into a base ground lease with the newly created 2nd Development Authority, SCD14. This was

established as a 501(c)(3) entity to enter into a sub-lease with the newly created 7 Delta, LLC which is a 50/50 partnership with SCD14 and Schostak Brothers & Company. SCD14 was intentionally set up as a 501(c)(3) entity to legally allow for a wider range of investments by housing net income from all development component units of the College. This in turn will allow for greater returns when compared to the College's severely limited investment options. To date, \$3,850,000 has been invested in the portfolio (\$2,300,000 in FY 2016, \$750,000 in FY 2017, \$400,000 in FY 2018, and \$400,000 in FY 2019), with total investment income of \$1,332,277. This is from the inception of the portfolio on January 8, 2016 through February 2020. Over time as the portfolio grows through additional transfers of net income and related earnings, an unrestricted flow of earnings back to the College for capital investment and educational improvements will exist.

Masco

Regarding rent inflows, the Masco building has been finalized, capitalized, and occupancy took place. The building was completed at a total value of \$27,530,000 with Masco Corporation contributing \$5,589,000 of that amount. During the construction and subsequent mortgage repayment phase, the deal will net the College an average of \$25,000 annually. Subsequently, the deal will net the College an average of \$1.3 million annually, beginning in year 16, which is fiscal year 2033.

SC Sports Dome, Inc.

Activity in the Dome has continued to increase as marketing efforts and positive word of mouth has spread. To date, the Dome has generated an additional \$53,415 in rentals during additional times outside of the Wolves-Hawks' time.

St. Joe's Urgent Care

The Urgent Care facility and its related lease went into effect in August 2017. This venture, which has been very successful both with staff and students as well as the community, nets the College an average of \$183,000 annually over the next 10 years.

IHA and St. Joe's Livonia Medical Building

Current projections for the facility under construction show that the component unit would generate average net cash flow per year of \$680,000 after paying back debt service, over the 15-year lease.

Business Services and Risk Management worked with MMRMA (Michigan Municipal Risk Management Authority) by timely reporting property claims resulting in \$75,954 reimbursed back to the College for those claims.

Campus Police

Life Safety/Access Control Cameras: After two years of meeting, testing, and evaluating, a License Plate Recognition (LPR) solution was selected. Next steps will be to expand the camera solution to each campus traffic light entrance.

Additional accomplishments include:

- Changed fire system vendors and led transition over holiday break.
- Began process of moving from ONSSI and Galaxy to Lenel S2 video management system. Currently facilitating setting up a demo.
- Installing MIP500 base radio system for enhanced dispatching capabilities including interoperability. Anticipated completion by end of March 2020.

- Implemented NORA (Need Officer Right Away) when conducting workplace safety emergency messaging trainings.
- Facilitated the acquisition of two new patrol vehicles to replace aging vehicles in our fleet. They will be equipped with mobile laptops, allowing officers to write reports and update activity logs while on patrol instead of in the office.
- Handled a 16% increase of calls for service (CFS) from the previous year. In 2019, there were 21,016 and in 2018 there were 18,013.
- Investigated 40 criminal cases, four of which were referred to Student Services. Five criminal warrants were issued and there were two custodial arrests.
- Conducted a Table Top exercise in May 2019 and an Advanced Table Top exercise in August.