Preparing for a Successful Merger

Learning Outcomes

- Describe elements of an institution to examine prior to engaging in merger process
- Describe communication plans
- Describe action plans for integrating data and systems
- Describe involvement by the board of trustees
Events that led to conversations about a possible merger

- Emmanuel Christian Seminary Board of Trustees learns in April 2012 that financial conditions have continued to deteriorate during the 2011-12 fiscal year and that audit for 2012 will include a going concern.
- Institution had cash flow issues and had borrowed heavily from their endowment to support operations over the past four years.
- In June 2012, the Emmanuel board of trustees authorizes its President to contact the President at Milligan College.

Due Diligence Process

- Establish task force
- Request documents
- Task force reviews documents

Items Requested

- Results of 5 year SACSCOC review
- Any actions taken by SACSCOC as it related to financial audits and reports
- Enrollment breakdown by program for past 5 years
- Course listing for past 3 years
- Budget to actual results for most recently completed year
Items requested, continued

- 3 to 5 years of giving information
- 3 to 5 years of audit reports
- Outstanding pledges and payment history
- Documentation of outstanding bequests
- Documentation about annuity obligations

Items requested, continued

- Payroll and benefit expense
- Recent property appraisals
- Information about condition, size and problems with facilities and infrastructure

Due diligence continues

- In Oct. 2012, President reviewed opportunities and threats in moving forward with merger discussions with the Board of Trustees
- Looked at benefits and opportunities that were unique to our situation
- Reviewed some of the possible issues with moving forward
- Board approved motion to continue in due diligence process and to prepare a non-binding letter of intent for acquisition
Engagement with SACSCOC

- Meeting in SACSCOC offices in January 2013
- Sent list of questions in advance
- ECS Meeting in SACSCOC offices in February 2013

Engagement with ATS

- Initial conversations began in 2013
- Filed Petition for Change of Ownership or Governing Control
  November 1, 2014

Due diligence completed

- Due diligence committee recommended moving forward with a Management Agreement in March 2013
- Transition team would be established to begin its work in July 2013
  - Team consisted of 3 administrative leaders from Seminary and 5 from the administrative team at Milligan
  - Meet monthly
  - VP for Business and Finance met with Emmanuel cabinet weekly
  - VP for Business and Finance met with COO weekly
Management Agreement

- July 1, 2013
- Emmanuel appoints Milligan to provide advisory and consultative services
- Emmanuel will pay a fee for these services
- Operate under management agreement for two years

Areas addressed in management agreement

- Admissions
- Student Services
- Information Technology
- Business and Finance
- Institutional effectiveness and research - added in year 2
Communication Plan

- Students
- Faculty
- Board of Trustees
- Donors

Communications with Regulatory Bodies

- US Department of Education
- Tennessee Higher Education Commission
- Tennessee Attorney General’s Office
- Tennessee Secretary of State

Integrating data and systems

- Systems to consider
  - LMS
  - Student information system
  - Donor information system
  - Transcript storage and issuance going forward
  - One network from which to operate
Post - merger

- Enrollment has improved from around 100 to 144
- Lots of continued donor support but with some erosion
- Student retention
- Faculty retention
- Integrated systems and created savings
- Increased needs on maintenance and housekeeping services due to the addition of several new buildings

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