

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

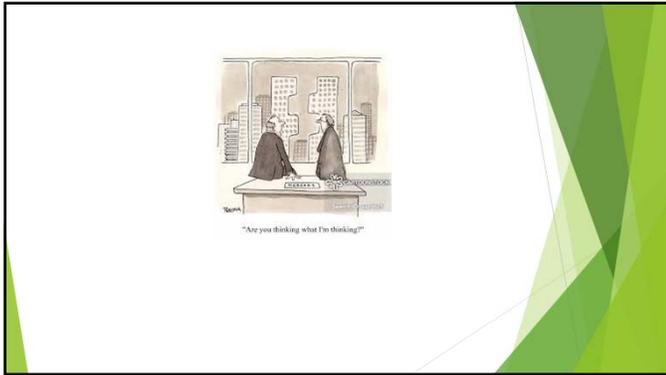
- ▶ Meeting in SACSCOC offices in January 2013
- ▶ Sent list of questions in advance
- ▶ ECS Meeting in SACSCOC offices in February 2013

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
- ▶ Faculty retention
- ▶ Student 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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