

**HENRY FORD COLLEGE
OFFICE OF THE PRESIDENT**

BOARD REPORT

SUBJECT: Fiscal Year 2020 Mid-Year Budget Adjustment

Mid-year budget adjustments are required for the initial FY2020 adopted budget in order to adjust revenue and expenses based upon actual activity for the first six months of the fiscal year.

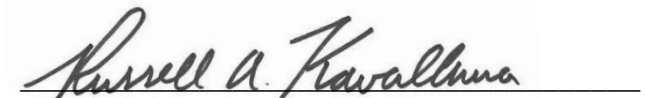
Total revenue from tuition and fees is recommended to be increased by \$2.2 million to reflect that enrollment for the fall and winter experienced a two percent increase, and there is an improvement in the investment earnings of \$400,000 for a total net revenue increase of \$2.6 million. The budget was built with an assumption of a three percent decline in enrollment.

Expenses have been reviewed and increases for the various categories total \$190,000. The largest single item is a \$500,000 decrease in Adjunct Instruction due to section consolidation. Additionally, budgeted compensation was decreased by \$450,000 reflecting savings from several open positions. Some expense increases are related to upgrades made to the ITS rates and increases for capital improvements and classroom furniture/technology. Also, a \$1.7 million transfer for the technical building and IEMP projects has been included as a plant fund transfer.

With the recommended adjustments, the initial net surplus of \$83,000 is adjusted to a revised surplus of \$793,000.



John S. Satkowski, JD
Vice President of Financial Services



Russell A. Kavalhuna, JD
President

**HENRY FORD COLLEGE
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CONTRACT AWARD

SUBJECT: External Legal Services
Request for Proposals #20177

The College administration authorized a Request for Proposals (RFP) to select experienced and qualified law firms to provide external legal counsel to the President, the General Counsel and Vice President of Legal Services, the Vice President of Financial, Facilities, and Auxiliary Services, or other Board Officers and the Board of Trustees as needed. The President is directly responsible to the Board for ensuring that all aspects of the College operation comply with federal and state laws and regulations as well as Board contracts, agreements and policies. To help fulfill this obligation, the President may occasionally need to use outside counsel to obtain legal advice or assistance. In some instances, either special expertise is necessary or timing dictates that outside legal counsel be engaged. Outside counsel is commonly used to; represent the College in court proceedings; determine litigation strategies and legal arguments; act as trial counsel in court proceedings, depositions, and appeals; take depositions (ask questions of fact witnesses and expert witnesses) and defend depositions (make objections and otherwise defend faculty, staff and College expert witnesses who are being deposed by plaintiff's counsel); and act as the College's representative in mediations and settlement discussions.

To be selected, a law firm must demonstrate that the firm and the principal(s) assigned to the College's account have successfully completed services for other higher education institutions that are similar in size and complexity to the College and have knowledge and experience with state and federal laws related to community colleges, higher education, and public school districts. The firm must be capable of delivering a variety of legal services, including: municipal bond services, real estate, construction and maintenance liability, vendor actions, elections and lobbying, labor and employment law, political subdivisions and their governing statutes, business law and contracts, personal injury, charitable foundations and gifts, student issues, and general matters as required.

The College invited proposals under RFP #20177. The College's evaluation team reviewed and rated each proposal using a points-earned matrix based on qualitative and cost factors. The five highest scoring firms moved to the next stage of the selection process: reference checks. The client references received a rating and that score was added to the sub-total for the qualitative and cost scores. The table below shows the point values assigned to the evaluation criteria.

| Criteria | Points |
|--|---------------|
| Depth and quality of experience | 30 |
| Demonstrated efficiency in providing services | 10 |
| Qualifications of personnel assigned | 30 |
| Financial stability and general background of firm | 10 |
| Compliance with the RFP specifications | 10 |
| Overall quality and completeness of response | 10 |
| Cost and reasonableness of rates proposed | 30 |
| Results of reference checks | 20 |
| Total | 150 |

The proposal and reference ratings for each firm appear below.

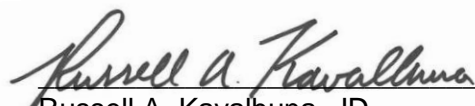
| Firm Name | Qualitative | Cost | Qualitative + Cost | Reference Checks | Total Points |
|---------------------------------------|-------------|------|--------------------|------------------|--------------|
| Beier Howlett | 72 | 29 | 101 | | 101 |
| Bodman | 66 | 16 | 81 | | 81 |
| Butzel Long | 80 | 25 | 105 | 17 | 122 |
| Clark Hill | 83 | 24 | 107 | 17 | 124 |
| Cummings McClorey Davis & Acho | 80 | 27 | 107 | 19 | 126 |
| Dickinson Wright | 79 | 26 | 105 | 18 | 123 |
| Dykema Gossett | 80 | 24 | 104 | 14 | 117 |
| McDonald Hopkins | 61 | 19 | 80 | | 80 |
| Miller Canfield Paddock and Stone | 73 | 20 | 93 | | 93 |
| Plunkett Cooney | 69 | 24 | 93 | | 93 |
| Warner Norcross & Judd | 78 | 17 | 95 | | 95 |
| Honigman | | | | | No Reply |
| Ogletree Deakins Nash Smoak & Stewart | | | | | No Reply |
| Pear Sperling Eggan & Daniels | | | | | No Reply |
| Varnum | | | | | No Reply |

Based on the combined scores for qualitative factors, cost factors, and reference checks, the four highest scoring firms moved to the final stage in the selection process: on-site presentations. The evaluation team interviewed the representatives from each firm and evaluated the relative strengths that each firm would bring to the College. The team unanimously agreed on a pool of three firms for use as outside legal counsel. Each firm provides expertise in special areas of the law that will support and supplement the services provided by in-house counsel.

RECOMMENDATION:

The College administration recommends the appointment of Clark Hill, Cummings McClorey Davis & Acho, and Dickinson Wright to provide external legal services for Henry Ford College as needed, in accordance with the specifications of RFP #20177. The President retains the right to use attorneys and firms not selected in this process if needed to serve the best interests of the College.


 John S. Satkowski, JD
 Vice President of Financial Services


 Russell A. Kavalhuna, JD
 President

**HENRY FORD COLLEGE
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BID AWARD

SUBJECT: Front-End Tractor Loader
Sealed Bid #20630

The Director of Facilities Services requests a contract for the purchase of one (1) 2020 Kubota M5-091 Front-End Tractor Loader to replace a 1995 Ford/New Holland 545D Tractor Loader. The existing, 25-year-old tractor is well beyond useful life. Availability of replacement parts is limited. Some parts are no longer manufactured and are handmade by the College's mechanic when possible. Major components including axle, frame and cab supports have rusted out and been welded back into place. If the repaired areas fail, there is no longer enough solid metal on the tractor to fix a broken weld.

Facilities Services uses the loader frequently throughout the year – in the winter for pushing and dumping snow and scraping ice off sidewalks and parking lots; year-round for recycling, hauling materials and dumping trash and debris. Due to this type of usage, with frequent dumping of debris into open-top dumpsters, the College requires a front-end tractor loader with an 84" wide, high capacity bucket and a straight (non-articulating) frame. To ensure that bidders offered tractors only from high quality, reputable and proven manufacturers, the College allowed bids for the following approved brands: Case IH, Caterpillar, John Deere, Kubota, New Holland, and Volvo. Other requirements included an enclosed cab with a heater and roll-over protection system (ROPS), a diesel engine that meets the EPA Tier4 emission regulations (clean diesel), four-wheel drive, R4 industrial tires for use on pavement, and a servicing dealership located within 100 miles of the College. The bid specification included the trade-in of the following surplus equipment to offset the cost of the new loader: a 1995 Ford New Holland 545D Loader, a 2005 MC28 New Holland Tractor with plow, and a 1999 CM274 New Holland Tractor with plow.

The College invited bid submissions under Sealed Bid #20630. The bid responses appear below.

| <u>Bidder</u> | <u>Base Bid</u> | <u>Trade-In</u> | <u>Net Total</u> |
|------------------------|-----------------|-----------------|------------------|
| Carleton Equipment | \$56,523.79 | \$10,500.00 | \$46,023.79 |
| Alta Equipment | | | No Reply |
| Bader & Sons | | | No Reply |
| D & G Equipment | | | No Reply |
| Ina Store | | | No Reply |
| Leckler's | | | No Reply |
| Michigan CAT | | | No Reply |
| Munn Tractor Sales | | | No Reply |
| Richmond New Holland | | | No Reply |
| Sell's Equipment | | | No Reply |
| Southeastern Equipment | | | No Reply |
| Weingartz | | | No Reply |

Additional Notes on the Bid Process:

1. Prior to issuing the bid, the Purchasing and Facilities Services departments worked jointly to develop a bid specification that satisfied both the using department's needs for equipment functionality, performance and long-term operational efficiency and the institution's requirements for a fair, open, competitive and transparent bid process.
2. In order to keep the specification as unrestrictive as possible, it included only a few absolute requirements and those were common features available in most manufacturers' product lines (i.e., enclosed ROPS cab, high capacity bucket, diesel engine, four-wheel drive, R4 tires). Other specifications were listed either as a preference (but not a requirement), a minimum value or a range of acceptable values which gave bidders a relatively wide range of models to offer.
3. Prior to issuing the bid, Purchasing identified 11 potential dealers in the local area that sell and service at least one of the six approved manufacturers. Some dealers distribute tractors from more than one manufacturer; so, at least two dealers for each manufacturer received the bid. In addition, an ad was published in the Dearborn Press & Guide and the Dearborn Times-Herald newspapers and websites on Sunday, December 15, 2019. The ad resulted in a request for specifications from one additional firm to bring the total number of bidders to 12.
4. The College belongs to eight cooperative purchasing organizations (CPO) that issue group contracts on behalf of their members. Three of those CPOs have contracts for tractors with one or more of the preferred manufacturers. Purchasing identified those contract numbers on the bid specification and included the CPO representatives and manufacturer representatives on the solicitation.
5. Purchasing sent the bid on December 11, 2019 to the pre-identified dealers and the CPO and manufacturer representatives – a total of 25 recipients. Bid responses were due on January 8, 2020. Bidders had four weeks to prepare their proposals.
6. Dealers had the opportunity to submit questions and requests for clarification and to inspect the three existing tractors available for trade-in. Purchasing responded to every inquiry and request, sending the same information to all bidders. Dealers were sent 12 pictures of the trade-in tractors and three firms made visits to campus to make in-person inspections.
7. Given the efforts made to develop a relatively open bid specification and large pool of qualified bidders, Purchasing and Facilities Services expected to receive multiple bid proposals.
8. After receiving one bid, Purchasing followed up with several dealers, especially those who had contacted the College during the process, to determine what prevented them from submitting a response. The reasons included both business and personal issues.
 - a. Firm A did not have a tractor available that they thought would fit our exact needs; so, they did not submit a response.
 - b. The representative from Firm B had personal issues arise that prevented him from finishing the quote – he apologized and regretted missing the opportunity.
 - c. At Firm C, the owner neither followed through on the bid nor forwarded the College's emails to anyone else at the company.

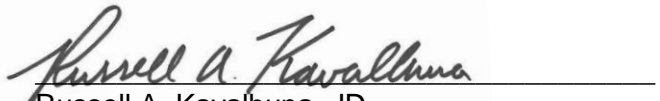
- d. Firm D did not respond because they do not often deal with used equipment and did not have a good outlet for disposing the trade-ins.
 - e. Other general market conditions were a factor. The tractor specified on the bid is a very popular size and type. Consequently, there is a limited supply and dealers can make greater profit margins on sales to private accounts than to lower margin public and governmental accounts.
 - f. The fact that the College is eligible for discounted pricing on nine different cooperative contracts leads to a mixed result – the final cost of the equipment is advantageous but the number of suppliers willing to bid decreases if they can sell at a greater profit to other customers.
9. Purchasing and Facilities Services reviewed the bid from Carleton Equipment for a 2020 Kubota M5-091 Tractor with a LA 1854 Loader. The base bid cost is over \$10,000 lower than the tractor's list price – a discount of over 15%. The trade-in amount of \$10,500 for the College's old equipment is over \$4,000 higher than the estimated value. The net cost of the purchase is \$4,000 below budget and the tractor exceeds the bid specifications.

RECOMMENDATION:

The College administration recommends a contract award to Carleton Equipment Company, Inc. for \$46,023.79 for a Kubota M5-091 Front-End Tractor Loader requested by Facilities Services, in accordance with the specifications of Sealed Bid #20630.



John S. Satkowski, JD
Vice President of Financial Services



Russell A. Kavalhuna, JD
President

**HENRY FORD COLLEGE
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BOARD REPORT

SUBJECT: Financial Institution Designations and Practices Resolution

Designation of Depositories

RESOLVED, that Bank of America, Comerica Bank, Fifth Third Bank, UBS, JP Morgan Chase, PNC Bank, and Michigan Liquid Asset Fund Plus be and they are hereby designated as depositories of this corporation.

BE IT FURTHER RESOLVED, that anyone or more of the persons authorized hereby to withdraw funds deposited hereunder be and they are hereby authorized to enter into, in behalf of this corporation, with Bank of America, Comerica Bank, Fifth Third Bank, UBS, JP Morgan Chase, PNC Bank, and Michigan Liquid Asset Fund Plus, the contract set forth in the specimen signature cards provided by said organizations for use with respect to any account or accounts of this corporation provided for hereunder.

BE IT FURTHER RESOLVED, that funds of this corporation deposited in said Bank of America, Comerica Bank, Fifth Third Bank, UBS, JP Morgan Chase, PNC Bank, and Michigan Liquid Asset Fund Plus, may be withdrawn upon checks, drafts, notes, orders and receipts of this corporation, when executed by Roxanne McDonald, Treasurer, whose signature shall be duly certified to said banks, and that no check, draft, note or other order drawn on said bank shall be valid unless so executed, and that no person shall sign and countersign the same instrument.

BE IT FURTHER RESOLVED, that Bank of America, Comerica Bank, Fifth Third Bank, UBS, JP Morgan Chase, PNC Bank, and Michigan Liquid Asset Fund Plus, are hereby authorized and directed to honor and pay any drafts, checks, notes or orders so drawn, whether such drafts, checks, notes or orders payable to the order of any persons signing or countersigning said drafts, checks, notes or orders, or any such persons in their individual capacities or not, and whether such drafts, checks, notes or orders deposited to the individual credit of the person so signing or countersigning said drafts, checks, notes or orders or to the credit of any other persons or not. These resolutions shall continue as set forth in the certificates, contained in specimen signature cards delivered to say banks for use with respect to any account or accounts provided for hereunder or in any similar certificate subsequently executed, until written notice to the contrary is duly served on said banks.

Establishing Depository Maximum Amounts

That, WHEREAS, there may not be and may hereafter come from time to time into the hands of Roxanne McDonald, Treasurer of the Board of Trustees of Henry Ford College, certain public monies belonging to said Henry Ford College; and

WHEREAS, under Section 2 of Act No. 40 of the Public Acts of Michigan of 1932 (1st Ex. Sess.), this Board of Trustees is required to provide by resolution for the deposit of all public monies, including tax monies, coming into the hands of said Treasurer, in one or more banks or trust companies to be designated therein, and in such proportion and manner as may be therein provided,

NOW, THEREFORE, BE IT RESOLVED, that said Roxanne McDonald, Treasurer, is hereby directed to deposit all public monies, including tax monies, coming into his/her hands as Treasurer in the following financial institutions, and in the amounts not to exceed the amount set opposite the name of the said financial institution.

| Financial Institution: | Maximum Amount: |
|--|------------------|
| BANK OF AMERICA | \$150,000,000.00 |
| COMERICA BANK ² | \$175,000,000.00 |
| FIFTH THIRD BANK | \$150,000,000.00 |
| UBS | \$150,000,000.00 |
| JP MORGAN CHASE ¹ | \$175,000,000.00 |
| PNC BANK | \$150,000,000.00 |
| MICHIGAN LIQUID ASSET FUND PLUS (MILAF+) | \$ 25,000,000.00 |

¹ Primary Bank

² Secondary Bank

Investment Practices

(NOTE: The following is copied from the Community College Act of 1966)

389.142 Investment of funds; restrictions; commingling prohibited; disposition of earnings; limitation on investment or deposit of additional funds; "eligible collateral" defined.

Sec. 142. (1) The Treasurer of a community college district, if authorized by resolution of the board of trustees, may invest debt retirement funds, building and site funds, building and site sinking funds, or general funds of the district as provided in subsection (3). The investment shall be restricted to the following:

- A. Bonds, bills, or notes of the United States, or of an agency or instrumentality of the United States, or obligations of this state.
 - B. Negotiable certificates of deposit, saving accounts, or other interest-earning deposit accounts of a financial institution. As used in this section, "financial institution" means a state or nationally chartered bank or a state or federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office located in this state under the laws of this state or the United States.
 - C. Bankers' acceptances that are issued by a bank that is a member of the federal deposit insurance corporation.
 - D. Commercial paper that is supported by an irrevocable letter of credit issued by a bank that is a member of the federal deposit insurance corporation.
 - E. Commercial paper of corporations rated prime by at least 1 of the standard rating services.
 - F. Mutual funds, trusts, or investment pools composed entirely of instruments that are eligible collateral.
 - G. Repurchase agreements against eligible collateral, the market value of which must be maintained during the life of the agreements at levels equal to or greater than the amounts advanced. An undivided interest in the instruments pledged for these agreements must be granted to the community college.
 - H. Investment pools, as authorized by the surplus funds investment pool act, 1982 PA 367, MCL 129.111 to 129.118, composed entirely of instruments that are legal for direct investment by a community college.
2. Money in the funds of a community college district shall not be commingled for the purpose of making an investment authorized by this section, and all earnings on an investment shall become a part of the funds for which the investment was made.

3. Notwithstanding subsection (1), additional funds of a community college district shall not be invested or deposited in a financial institution that is not eligible to be a depository of surplus funds belonging to this state under section 6 of 1855 PA 105, MCL 21.146.
4. As used in this section, "eligible collateral" means all securities which otherwise would qualify for outright purchase under this act.

History: 1966, Act 331, Eff. Oct. 1, 1966;—Am. 1976, Act 401, Imd. Eff. Jan. 5, 1977;—Am. 1979, Act 78, Imd. Eff. Aug. 1, 1979;—Am. 1984, Act 299, Imd. Eff. Dec. 21, 1984;—Am. 1997, Act 23, Imd. Eff. June 12, 1997.

If in the course of an investment, physical securities are received by the College; they shall be safe kept at the financial institution having the particular fund from which the obligation was purchased.

Safekeeping of investment securities, at other than College depositories, shall require third party verification of College transactions with brokers or dealers by their respective banking depository for customer accounts, upon request of the College or its authorized representative.

Safekeeping of securities by issuers is acceptable if purchased directly by the College and prompt written confirmation of each transaction is received by the College.

The following personnel are authorized to conduct investment transactions on behalf of the College:

Roxanne McDonald, Treasurer
John Satkowski, Vice President of Financial Services
David Cunningham, Director of Financial Services


Resolution for Facsimile Signature

RESOLVED, that Bank of America, Comerica Bank, Fifth Third Bank, UBS, JP Morgan Chase, PNC Bank, and Michigan Liquid Asset Fund Plus, all being designated as depositories of Henry Ford College, be and they are hereby requested, authorized and directed to honor checks, drafts, or other orders for the payment of money drawn in the name of Henry Ford College, when bearing or purporting to bear the facsimile signature of Roxanne McDonald, Treasurer of the Henry Ford College, or the manual signature of same.

BE IT FURTHER RESOLVED, that Bank of America, Comerica Bank, Fifth Third Bank, UBS, JP Morgan Chase, PNC Bank, and Michigan Liquid Asset Fund Plus, shall be entitled to honor and charge the appropriate account for such checks, drafts and other orders regardless of by whom or by what means any actual or purported facsimile signature may have been affixed thereto if the same resembles the facsimile specimen duly certified to or filed with said bank.



John S. Satkowski, JD
Vice President of Financial Services



Russell A. Kavalhuna, JD
President