APPROVED MINUTES
for
THE REGULAR MEETING
of the
BOARD OF REGENTS
on
SEPTEMBER 24, 25, 27, & NOVEMBER 24, 1997

PEOPLE PRESENT

Board Members

Board members: Justin S. Manglona (Interim Chairman), Manuel A. Sablan, Helen H. Abayare and Marian Aldan-Pierce were present. Also present: Juan T. Guerrero (nominee), and Felicidad T. Ogumoro (nominee).

Others

The following staff, faculty, and visitors were also present: President Agnes McPhetres; Administrative Vice President Tee Abraham; Academic Vice President Jack Sablan; Comptroller Harris Lawrence; Dean of Arts and Sciences Dr. Barbara Moir; Legal Counsel Ken Govendo; Richard Hofschneider; Malinda Matson; Perry Jeter; Kohne Ramon; Vince Merfalen; Dean Antonio Santos; Dr. Jack Tenorio; Margarita Tudela; William Piland; Dean George Pangelinan; Lisa Hacskaylo; Dean Tony Guerrero; Roger Madriaga; Dirk Sharer; Ed Zehr; Rose Ada; Jack Peters; David Burger; Jack Angello; representatives of the Print media and TV media (Saipan Cable TV and Marianas Cable Vision). Allen Cameron was present as recorder.

CALL TO ORDER & ROLL CALL

At 9:30 a.m. Chairman Justin Manglona called the meeting to order in the Board of Regents conference room on the As Terlaje campus of the College, and asked the President to call the roll. As all four members of the Board and the two nominees named above answered “Present,” the President announced that a quorum was present for the conduct of business.

I. A. Review and Approval of Agenda. (Tab 1)

#1 ACTION: It was moved, seconded and approved unanimously to adopt for discussion the agenda as presented.

I. B. Review and Approval of Minutes. (Tab 2).

1. Regular and Special Meetings: June 25, August 5, and 25, 1997
2. Fiscal Committee: July 16, 1997  
3. Program Committee: July 24, 1997

Regent Sablan, referring to the minutes of the June 25 meeting, page 4, item 2, lines 4 and 5, asked for an explanation of the phrase, “…. Professional programs will need an additional $700,000 plus.” President McPhetres responded that the $700,000 plus figure is covered by the current supplemental budget appropriation in that amount, which the House has passed and has gone on to the Senate.

Mr. Guerrero stated that to his thinking the College should not expend funds that has not been appropriated and thereby create a deficit. President McPhetres responded that the Board of Regents had approved the budget for 1997 which was submitted to the executive branch. The Board of Regents met with the Governor and the Governor made a commitment to cover $1.5 million, which, because some positions were not filled, was cut back by $700,000 plus.

Regent Sablan suggested that the above commitment was in order since the College was operating under a “continuing resolution”.

#2 ACTION: It was moved, seconded and approved unanimously to adopt the minutes of the three Regular/Special full Board meetings, one Finance Committee and one Program Committee meeting, as listed above.

II. A. Chairman’s Report. Proposed Board members (Tab 3). Interim Chairman Justin Manglona welcomes the two nominees to the Board of Regents, Juan T. Guerrero and Felicidad T. Ogumoro.

#3 ACTION: It was moved, seconded and approved by a majority of the current four members, exclusive of two nominees, to invite the two new Board nominees to participate fully in the proceedings of the Board of Regents.

II. B. Financial Statements/College audit (Tab 4). Comptroller Harris Lawrence accompanied by David Burger of Burger & Comer, Certified Public Accountants, indicated that the audits for FY95 and FY96 will shortly be completed and an opinion submitted. Mr. Lawrence stated that the College has some short-term securities in government bonds. President McPhetres stated that the College Foundation Board could achieve a higher return on its investments if given wider authorization by the Legislature. Hawaiian Trust manages the investments at present.

Mr. Guerrero requested the comptroller to explain the meaning of “restricted” and “unrestricted” funds. Mr. Lawrence stated that “restricted” funds are those set aside to be used for its intended special purposes, such as those from
federal grants, funds from P. L. 5-32, etc. The “unrestricted” funds are from sources generated by the College, such as those in the Operations Budget, which are totally under the control of the Board of Regents. Mr. Guerrero asked why are there negative balance showing on some Federal Grants. Mr. Lawrence responded that it is because the funds requested from the Federal government has not been transferred at the time the financial statement was made. He added that ultimately all Federal Grants will “break even.”

The Comptroller stated that the College has not posted the estimated “equity” of about $16 million on its properties according to an appraisal done in 1991. The figure has not been entered as part of the financial statement. Mr. Guerrero inquired whether the property appraisal was approved by the Board of Regents. The President answered affirmatively. She said that in 1991 the Board requested that the College’s property be appraised.

Regent Sablan asked whether the College will have a shortfall for fiscal year 1997. Mr. Lawrence stated that there would be no shortfall for this year under operation. In regards to personnel, the College anticipated some shortfall. This has been projected since the beginning of the fiscal year. Because the initial submission of the administration to the Legislature cut considerably the budget of the College. For that reason, the Board met with the Governor very early during the fiscal year to request for additional funding. The Governor assured the Board for an additional 1.5 million to be included in the supplemental budget request.

Regent Sablan expressed some concern on the budget for payroll. In response, Mr. Lawrence explained that the government and the College do not budget payroll according to classifications or individual departments, but NMC personnel as a whole.

Mr. Guerrero, asked how are the different programs of the College budgeted. The President responded that “x” amount of dollars are allocated to each program and that the Dean of the Unit are the expenditure authority. Their budget is based on priority needs and level of revenue that the College generated. Once the budget is finalized within the College it is then brought to the Board for review and approval. Funds can only be spent after the Board authorized expenditure.

Mr. Guerrero asked why is the College providing additional fringe benefits to Land Grant personnel. Mr. Lawrence stated it is because federal regulations for Land Grant allow only 6% in fringe benefits. The remainder of fringe benefits has to be funded locally. However, any funds provided by the local government or the College are counted as matching (dollar to dollar match).

Since there are a lot of questions on budget process and interpretation of the financial statements, Mr. Lawrence suggested that if the Board could set
aside a half day for in-service, he would be very pleased to explain to the Board in detail the accounting and budgeting system. It will make it easier for the Board to understand.

President McPhetres then ask Mr. Lawrence to introduce the auditor and provide an update on the status of the College audit. Mr. Lawrence introduced Mr. Burger and stated that this fiscal year 1996 audit will have a "certified audit opinions". The audit will be completed within a month.

Regent Sablan suggested that the College should have at least a $2 million "buffer zone" considering that the College will be projecting expenditure of about $14 million in program costs with an eventual goal of financial independence.

Mr. Guerrero asked that the Board address the unresolved issues from previous audits. He asked that a report be prepared on the unresolved issues for the next meeting. President McPhetres reminded the members that the College has already responded to those issues. The government agencies involved (both local and federal) have been provided with responses of all question costs and that the College has acted and made every effort to improve. The College financial system has been computerized, the staff are trained, and currently, the Business Office have two capable CPAs. There exists a check and balance system within the Business Office. However, President McPhetres stated that there is still a lot of room for improvements.

At this point, Chairman Manglona suggested that the group take a five-minute recess.

II. C. Board of Trustee Conference reports:

II. C. 1. Regent Sablan spoke of his visits to the University of California and to Pepperdine University. He spoke of NMC graduates encountering a problem having their credits transferred to a four-year college, apparently mainly because NMC was inadvertently omitted from a listing in an accrediting agency’s publication.

II. C. 2. Ed Zehr, Faculty Senate President, spoke of his participation in a recent eastern Colorado conference sponsored by the Association of Community College Trustees. Principal topics of the conference were program evaluation and college organization. For the convenience of the members he has placed printed materials from the conference in the cabinet in the Board of Regents Conference room. He expressed regret that no member of the Board of Regents could attend the conference. Ms. Ogumoro
expressed appreciation for the informational materials from the conference provided by Mr. Zehr.

III. A. President McPhetres introduced the following three program presentations:

III. A. 1. Radio Station (separate folder). Malinda Matson, Director of Information and Technology Services, Perry Jeter, a Federal Communications Commission (FCC) licensee and KRNM radio station director. She presented the Regents with a brief historical background, beginning five years ago when a petition was filed for a student-run radio station. The FCC suggested a National Public Radio affiliation. A grant of $371,000 was received from the federal government. Ms. Matson outlined the mission for KRNM as (1) high quality news from a deeper perspective than commercial stations, (2) training and internship education of aspirants to work in the private sector of radio, and (3) promotion of College programs and the airing of discussion of current CNMI issues.

Ms. Matson indicated that the financial support of the station and its programs should be forthcoming from business and personal membership drives twice a year and a campaign among CMNI businesses to underwrite programs. She indicated that a financial planning manager would come on board in November. On October 25 KRNM would begin 24-hour programming. BBC news may be heard at 12 Noon, 5 and 11 p.m. A transmitter in Brewster, Washington, provides live or taped programs. Presently KRNM broadcasts on 1,000 watts. It is hoped that once a translator is located atop Mt. Tagpachau, the station’s power will increase to 5,000 watts and will reach Tinian and perhaps even Rota.

In response to a question of Regent Aldan-Pierce, Ms. Matson said that goal of the two membership drives, October ’97 and April ’98, would be $105,000. Underwriting specific programs would be on a continual basis. Regent Aldan-Pierce noted that the Corporation of Public Broadcasting requires the production of local programs for 20-40% of the broadcast time. NPR provides a grant of $40,000 to stations just starting up. Ms. Matson said that an Advisory Board, similar to that of the Red Cross, would be set up composed of volunteers who are familiar to ways of raising funds locally.

Mr. Guerrero cautioned that we should make sure that Saipan’s KRNM is successful before reaching out to Tinian and Rota. Regent Sablan asked if KRNM, could be privatized eventually. According to Regent Sablan, public radio is not a high priority of the College. He asks that the College should test this out very carefully and make sure that the station will become financially self-supporting. Ms. Matson referred to the success story of KPRG on Guam.
It received $200,000 from the Guam Legislature for the first two years of its operation, $100,000 for the third year. KPRG asked the legislature for only $50,000 for its fourth year.

Ms. Matson responded that the radio station will not only be providing instructions and on-the-job training to NMC students but can also reach those students who cannot attend traditional College courses on campus. KPRG can offer enrichment courses at home to housewives, handicapped, sick people, etc. It really is another means of distance education. It could also be use as a means of the College’s public relation program. Regent Sablan again asked whether the station is targeting the Chamorro-Carolinian community. Ms. Matson responded affirmatively, noting that many in the Chamorro-Carolinian community are not served by commercial broadcasters. Regent Sablan suggested that since the College has many mandated educational programs with a higher priority than public radio, KRNM should be privatized.

President McPhetres noted that about eight years ago the Board of Regents approved a grant for humanities. Such grant established the CNMI Humanity Council. Now, a non-profit corporation and is operating on its own receiving grants from the Federal Government for programs in the CNMI. She suggested that the College will make a study on this issue.

President McPhetres said someone had to bring the public radio to the CNMI, and the College did it for the benefit of the community. Regent Sablan responded that his priority was not the local community but the college-age student.

Regent Sablan suggested that the marketing manager should be offered more incentive in order for marketing to succeed. The person should be offered attractive salary and possibly a bonus at the end of the year. Ms. Matson noted that the goal is self-sufficiency, hopefully in five years.

Mr. Guerrero expressed his preference of engaging a marketing manager for local news programs and Chamorro and Carolinian language programs. He did not see why we have to wait for five years if we can achieve financial independence in one year. He also asked what responsibilities the Board of Regents assumed in authorizing the station and obtaining the license.

President McPhetres stated that, even though there is an Advisory Board, this does minimize the full authority of the Board of Regents over the station. In essence, the Board of Regents is using members of the community to ensure that their responsibility is carried out more efficiently through broader representation via the members of the advisory committee.
III. A. 2. Academic Advising and Counseling Program (separate folder).

George Pangelinan, Dean of Student Affairs, gave a brief introduction to the program whose purpose is to provide accurate academic information to student advisors, especially new advisors, through the office of the Academic Advising. Mr. Pangelinan explained the importance of the program which will hopefully reduce drop-outs and facilitate graduate transfers to four-year institutions. Such a program was strongly recommended by the 1996 Re-affirmation of Accreditation visiting team.

Ms. Lisa Hacskaylo has worked for the past seven years at NMC in academic advising. She noted that the Self-Study, preparatory to the 1996 re-affirmation of accreditation, recommended that the Academic Advising program have three components: (1) a Freshman mentoring program; (2) an advising program for ongoing students; and (3) a transfer-student advising program. Ms Hacskaylo reported the College has produced an Advisor’s handbook on all three aspects, mainly for the benefit of new faculty.

Mr. Guerrero asked what happens to students who do not qualify for EN 101. Dean Pangelinan responded that they are referred to the developmental English programs and to the Learning Skills Center. Mr. Guerrero noted that he would like the College to monitor the progress of graduates of Marianas High School (MHS). President McPhetres replied that the College is presently revising an MOU with the Public School System which would rejuvenate the 2+2 program with MHS.

Regent Abayare asked about the academic advising of Tinian and Rota students. Dean Pangelinan responded that it is done through the two campus program coordinators. Mr. Riley, Director of the Learning Skills Center, said that in addition to the Test of English as a Foreign Language (TOEFL), students must pass an English grammar test, a writing test and submit an acceptable original essay.

There was further discussion on students who do not pass the English and mathematics placement tests, the costs of the tests, how foreigners qualify for a student visa, credits needed for graduation, and the status of independent study. Answering a question about minimum class size, President McPhetres noted that 10 students are required for a class taught by an adjunct faculty instructor, at least six for one taught by a full-time instructor. If the class has less than four students, it can go forward through the Continuing Education division and still earn college credits.

III. A. 3. Business Development Center (BDC) (separate folder). President McPhetres introduced Jack Peters, the Director of the Business Development Center. Mr. Peters listed the new grants under consideration and he spoke of the graduate student internship program. He said that when federal funding expires, then local funding takes over, specifically through P. L. 10-66, which
has authorizes funding for the Center. Mr. Peters stated that in the meantime the College has picked up three BDC salaries.

Mr. Peters stated that the goal of the BDC is to provide free technical assistance to local entrepreneurs. A new focus is businesses owned by women. BDC helps with applications for loans from banks, the Commonwealth Development Authority (CDA) and the U. S. Department of Agriculture. BDC helps with packaging the loan through a feasibility study, an appraisal and an environmental impact statement. Regent Sablan remarked there was a special need for feasibility studies for projects on Rota and Tinian.

Mr. Guerrero asked about helping local people establish themselves as entrepreneurs in relation to Tinian’s Casino project. Mr. Peters said the BDC could assist them. He then asked for the Regents’ support in obtaining legislative appropriations to implement P. L. 10-66.

Mr. Guerrero questioned Mr. Peters on criteria used to select tenants for the Business Development Center incubator program. Mr. Peters said that the BDC’s Advisory Board, a community-based group, not the Director, makes those decisions.

III. C. Business & Tourism Learning Center (Tab 7). President McPhetres requested that this item of business, listed as III. C. (Tab 7) on the agenda, be considered at this time since Tony Guerrero, Dean of the Professional Programs Unit, was present and prepared to proceed.

Dean Guerrero provided a brief historical background. In 1993 the College requested a combined federal and Marianas Visitors Bureau grants for the feasibility study on the Business and Tourism Learning Center. This was completed in 1995 by Washington State University (WSU). The firm, Architects of Hawaii, was entrusted with providing the architectural and engineering plans, which are still on display here in this Conference Room. The location of the Learning Center is to be on the knoll at the northeastern corner of the campus. He said that phase 1 would be the Hotel School and phase 2 the Learning Resource Center.

Regent Aldan-Pierce reminded the Board that every year of delay in a construction project raises the cost 1-2%. President McPhetres mentioned that the College plans to raise $2 million through the sale of bricks to be used on the walkway to the Hotel School and other fund raising activities, the rest can either be obtained through appropriation or through a bond issue.

Dean Guerrero explained that the Hotel School would feature ten rooms, funded, furnished and decorated by each of ten hotels (hopefully) in the CNMI. In response to a question of Regent Sablan, Dean Guerrero stated that the
Legislative leadership has assured the College of its support and that last February the Marianas Visitors Bureau pledged $250,000 for construction and/or for A & E. Ms. Ogumuro noted the need of a formal body to oversee the project.

Mr. Guerrero expressed the opinion that the CNMI’s major contributors to economic development were the garment industry, tourism, the service industries, among which he would include telecommunications, the computer industry, and some specific light industries, All offer a promise of real support for this project.

Ms. Ogumuro expressed the thought that the College should look at its priorities one more time, this time in conjunction with the local business community. Regent Sablan inquired about the status of the College’s Master Plan. President introduced Mr. Dirk Shirer who was recently hired to be the Institutional Planner who will be reviewing the existing “2020 Master Plan”. Mr. Shirer and the personnel in the Planning and Research Office will be primarily responsible for updating the plan. The College community will also be very involved through a Planning Council who will be setting up the process for the update of the College’s strategic and operational plan. She said it would take some time to update and to set up the process for the strategic master plan because, for the past three years we have not been able to bring on board the type of person we required.

Regent Sablan again declared his conviction that with one eye on our mission and the other on our limited resources we need to be sure of our priorities.

Every program, he said, should be thoroughly justified because of the expected downturn in the economic environment. One of the goals, Regent Sablan insisted on was to make NMC to be as good a community college as any community college in the United States.

Mr. Guerrero wanted to know where the graduates of the College were and how they were progressing, so that the Board could evaluate NMC’s programs. Were they employed by the government or in private sector or continuing their education? Ms. Ogumuro asked that we again take a look at the College’s mission statement. Regent Aldan-Pierce asked if, before the Hotel School A & E was done, we had relied on the expertise of the hotel industry. President McPhetres responded that we worked with an Advisory Council (representing hotels and travel industry) in the planning, and also engaged Washington State University to do the feasibility study which became the basis of the A&E.

Recess: 3:00 p.m. There was consensus among the members to recess until tomorrow, Thursday, September 25. at 10:30 a.m.
THE MINUTES
for
THE REGULAR MEETING
of the
BOARD OF REGENTS
on
SEPTEMBER 25, 1997
(Continuation of Regular Meeting of Sept. 24)

PEOPLE PRESENT

Board Members

Board members: Justin S. Manglona (Interim Chairman), Manuel A. Sablan, Helen H. Abayare and Marian Aldan-Pierce were present. Also present: Juan T. Guerrero (nominee), and Felicidad T. Ogumoro (nominee).

Others

President Agnes McPhetres, Tee Abraham, Ken Govendo, Richard Hofschneider, Malinda Matson, Roger Madriaga, Barbara Moir, Dirk Sharer, David Burger, Vince Merfalen, and Ed Zehr. Representing the print media was Gerr Cayabyab. Allen Cameron was present as recorder.

Chairman Manglona called the meeting to order at 10:30 a.m. following its recess.

III. A. Accreditation: School of Education. (Tab 5). President McPhetres introduced the topic by stating that NMC’s proposal was breaking new ground for the Western Association of Schools and Colleges (WASC). Our aim is to become a four-year college with a School of Education, while retaining our present two-year program as a community college. It would mean, she stated, working with two accrediting commissions, the one for senior colleges, and the second for community and junior colleges. Therefore, we would be doing a joint self-study and asking for joint accreditation. The senior commission would be concerned only with the School of Education. President McPhetres and the Chairman of the Board of Regents will be attending a meeting with the WASC accrediting commission in Hawaii in January and will be presenting the College’s Reorganization Plan for approval.

III. B. Student Center. (Tab 6). President McPhetres briefed the membership on the status of the Student Center in Bldg. J. It will be complete
in two months. It still needs furniture and computers. Students were involved at every step of the planning. The center would be ready for occupancy in the spring.

On a related point, Regent Sablan inquired about the status of the Multi-Purpose Gym. President McPhetres stated that phase 1 will include a basketball court, showers and lavatories. Phase 2 will provide areas for martial arts, aerobics, and racquetball, as well as an adjacent parking lot. Half of the cost would be defrayed by block grant, and (hopefully) half by legislative appropriation. Responding to Mr. Guerrero, President McPhetres said that tuition and fees would cover the costs of maintenance and upkeep.

III. D. Higher Education Amendment of 1997. (Tab 8) President McPhetres indicated that this Higher Education legislation addresses the need for a four-year college, gives a lasting legislative commitment to the four-year institution, empowers the Board of Regents to negotiate loans and bonds, and to invest the endowment fund in a portfolio assuring an adequate financial return.

To answer questions of Regent Abyare, Regent Sablan and Mr. Guerrero on whether or not this constitutes a substantive change for the College, President McPhetres said “Yes, it does.” As a precedent for this move, she cited the University of Hawaii, which over the years, under one Board of Regents, has developed into two universities, Manoa and Hilo, and eight community colleges, each institution carrying its own appropriate accreditation.

Referring to the distinction between legislative authorization or mandate, e.g. P.L. 5-32 and 10-66, and the actual appropriation or enabling legislation, Attorney Ken Govendo said that he held an opinion which differed from that of the Attorney General, namely, that authorization should always be accompanied by a continuing appropriation, and not be one for which an appropriation has to be made each year.

Mr. Guerrero proposed using the same flexible language as the law establishing the Marianas Visitors Bureau. He suggested that we should seek the enactment of a law which would allow the College in the Act, for instance, to add a Business College which is a clear future need. Regent Sablan suggested that an amendment be added which would include nursing and accounting as well.

President McPhetres said that the College would amend Tab 8 and resubmit it to the Board with the proposed changes.
III. E. Contracts (FY96 & 97). (Tab 9). Comptroller Lawrence responded to the questions of Regent Aldan-Pierce as to the identity of some of the items under “Contracts over $5,000.” He added that the radio station and distance education were financed through grants. He also stated that the College is following the federal procurement policy.

Mr. Guerrero cautioned about some local manpower agents. He suggested making sure of wage compliance by inquiries and checking with the Department of Labor. He suggested that a good rule of thumb was to figure wages to be paid by the manpower company at twice the legal minimum wage at least. This would assure coverage of all business costs over and above wages.

Mr. Guerrero recommended a breakdown in the financial report by categories and use of a numbering system reflecting such a breakdown.

President McPhetres assured that the College will provide the Board an updated report on contractual services on every monthly Board meeting.

III. F. MOU with PSS. (Tab 10). President McPhetres reported that an MOU was recently signed with PSS for a 2+2 program for qualified Marianas High school junior and seniors. This will be a program for both advanced placement students and for others mainly interested in pursuing a technical career. Mr. Guerrero recalled that in California advanced placement programs require that candidates be honor students.

Returning to the subject of the financial report, Regent Sablan asked if the members of the Board of Regents were insured. Comptroller Lawrence replied “No,” adding that every time the College has sought insurance, even if just on general campus liability, even from Lloyd’s of London, it has been turned down. President McPhetres said that perhaps coverage could be sought through one of the American college organizations.

III. G. Trip Report. (Tab 11). President McPhetres presented her own report on travel to a meeting of the Institute of Medicine Committee in Washington, D.C. and her meeting with officials of the University of Washington, Hawaii Pacific University and the University of Phoenix.

IV. Old Business.
IV. A. Housing (Tab 14). Chairman Manglona, provided a report of the recommendations of the Program Committee. This new housing policy will apply to any new employee hired after the beginning of FY98. Vince Merfalen mentioned that procedures to implement this policy will follow in due course. An amendment was introduced by the present membership to remove the words, “three-year,” from line 7 of Human Resources Policy 4141.

#4 ACTION: It was moved, seconded and unanimously approved to adopt NMC Board Policy, Human Resources, 4141, entitled “Housing Benefits,” as amended.

IV. B. Relocation Allowance. (Tab 15). Regent Guerrero expressed a problem he had with the policy should an employee resign in the middle of his contract. For his part, Regent Sablan suggested splitting up the allowance to take care of those coming from a greater distance. He also expressed a need for consistency with the policy of PSS and other CNMI agencies. He suggested attaching to the $10,000 figure the words, “for housing and transportation for one month.”

President McPhetres proposed that the committee rework this policy before it is presented again to the Board. No vote was taken.

IV. C. Intellectual Property Rights. (Tab 16). President McPhetres stated that the only change to this existing Board policy 4070 was to add the word, “art works” or “artist” where appropriate.

#5 ACTION: It was moved, seconded and unanimously voted to adopt Board Policy 4070 as amended.

IV. D. NMC Net Acceptable Use Policy. (Tab 17). Malinda Matson explained the guidelines proposed. Should cases of abuse arise, she said, access would be restricted.

#6 ACTION: It was moved, seconded and unanimously voted to adopt Board Policy on NMCnet Usage as presented.

IV. E. Types of Appointments. (Tab 18). President McPhetres noted that this item was being presented to the Board so that Section E, “‘Acting’ Appointment,” and Section F, “Intermittent Appointment,” could be appropriately employed by the College in hiring adjunct instructors.
In subsequent discussion Regent Aldan-Pierce requested a copy of the complete employment policies in force at present. Regent Sablan recommended on Section E that the employee’s contract be amended so that after 90 days one in an “acting” position should be compensated as if he/she were permanent. Vince Merfalen of NMC Human Resources Office stated it was not necessary so to amend the contract, since the College uses the “personnel action” form, not the “contract” form, to alert payroll.

President McPhetres said that an internal audit was done in preparation for this item and the auditors proposed making the distinction between “limited term” (meaning “short term”) and “intermittent” (meaning “only as need arises”).

**#7 ACTION:** It was moved, seconded, and unanimously approved to adopt as Board Policy Human Resources 4010.

**IV. F. College Organization. (Tab 19).** President McPhetres reported that the preparation of the reorganization plan was extensive. It involved meetings with approximately 90% of the College personnel and establishing a special task force to produce the Tab 19 document. She explained that in the plan group functions are systematically “clustered” so as to provide support for both the baccalaureate and the community college system.

Mr. Guerrero expressed hesitancy about the plan since it imposed on the College’s already limited resources additional executives and their higher salaries. President McPhetres estimated that the total fiscal impact of the changes would be approximately $43,000 since the new positions would be filled through promotion of present personnel.

Vise President Abraham stated that all present Deans and other personnel may very well qualify for and make application to fill one or other of the two vacant positions, Vice President for Instruction and Provost of the School of Education.

Responding to a request of Ms. Ogumuro regarding salaries, President McPhetres referred to the Classification Plan, Board Policy, Human Resources 4070, which is provided in the separate folder under New Business, IV B. Ms. Ogumuro said that from the chart it was not clear to her that there were to be two colleges.

Mr. Guerrero said he needed more time to consider the plan to satisfy the fiduciary responsibility he felt as a Board member. He added that there was a need of more checks and balances in addition to those evident on the first page of the plan.
Regent Sablan said that he thought the College should put more of its resources into instructors and employees rather than senior executives. He asked that the College use its semi-autonomy and follow the private sector which prefers maximizing primary services to creating upper-level positions.

President McPhetres responded that the College organization as presented addresses the issues related to WASC requirement for implementing a four and two year colleges in a single campus. She is very well aware of the accreditation requirements involving governance and administration of the institution. She said much research and consultation has gone into this organizational plan at hand.

**Action #8:** At the suggestion of Chairman Manglona the College Organization (Tab 19) was tabled to allow more time for its consideration.

**Recess:** 2:40 p.m. There was consensus among the members to recess until Saturday, September 27. At 10:00 a.m.
THE MINUTES
for
THE REGULAR MEETING
of the
BOARD OF REGENTS
on
SEPTEMBER 27, 1997
(Continuation of Regular Meeting of Sept. 24)

PEOPLE PRESENT

Board Members
Board members: Justin S. Manglona (Interim Chairman), Manuel A. Sablan, Helen H. Abayare and Marian Aldan-Pierce were present. Also present: Juan T. Guerrero (nominee), and Felicidad T. Ogumoro (nominee).

Others
President Agnes McPhetres, Tee Abraham, Barbara Moir, Tony Guerrero, Ken Govendo, Richard Hofschneider, Scott Tan, Harris Lawrence. Jack Peters, Roy Fua, Lisa Hacskaylo, Jim Ellis, Ed Zehr, Kohne Ramon, Vince Merfalen, Ed Klingbergs, Rosamond Rice, Malinda Matson, Roger Madriaga, and Dirk Sharer. Allen Cameron was present as recorder.

Chairman Manglona called the meeting to order at 10:00 a.m. following its recess.

II. A. Proposed Board members. (Tab 3) President McPhetres introduced a written legal opinion of the Attorney General under date of September 26, 1997 which stated that the Governor’s appointees to the Board of Regents do not need the approval of the Senate. In the CNMI Constitution, which takes precedence over acts of the legislature, Regents do not require Senate approval. The two-page letter was distributed to the membership.

IV. F. College Organization. (Tab 19) (Discussion Resumed) Chairman Manglona proposed resumption of the topic of the College Organization. He stated that he was Chair of the July 24th Program Committee which had approved the original chart and recommended it to the full Board. President McPhetres indicated that after some questioning only two changes were made: (1) Accounting was appropriately placed under the Comptroller, and (2) Continuing Education was placed under the Vice President for Support Services.

The following questions were raised by Regent Sablan:
(1) Was there a need for Director and Deputy Director positions for the smaller divisions or departments, say with only 6-7 members?
(2) Did the various advisory boards had any involvement with funding?
(3) What was the relationship of Auxiliary Services to the Board of Regents?
(4) Was the new Reclassification plan included in FY98 budget? In answer to the last question, Vice President Abraham responded in the negative, since the budget was submitted in March 1997 long before the Reclassification Plan which was first proposed this past summer.

To help answer the above questions, President McPhetres said she would provide the Board with copies of the “all others” budget so that they may review the contents.

Ms. Ogumuro asked how many vacant FTE positions there were at the College at present. Regent Aldan-Pierce responded that there were 25. Regent Sablan asked why did not the College recruit for these 25 positions. President McPhetres answered that the College realizing that there would be a shortfall in personnel funding, we lapsed those vacant positions as long as we could, so that the deficit could be reduced. The President state that she made a decision to wait for the Supplemental appropriation before filling all the vacant positions. It does not mean that such positions are not needed, consequently, she added, some people at the College are doing the jobs of two or three people.

Mr. Guerrero suggested that the problem may also be with a committee of the Legislature. Attorney Govendo stated that the Legislature often times follows the lead of the CNMI Planning and Budget Office. Ms. Ogumuro expressed the hope that the Board would be at the next budget hearing. She said the PSS Board of Education (BOE) experienced the same problem when she was on the BOE.

Returning to the issue on the Reorganization again, Mr. Guerrero asked that the two subcommittees, the Program Committee and the Finance Committee, be listed under the Board of Regents on page 1 of the College Reorganization chart.

On the question of advisory boards, President McPhetres stated that the College encourages community participation through its all-volunteer advisory committees. Mr. Guerrero asked for a list of all boards and their members.

**#9 ACTION:** It was moved, seconded, and unanimously to approve the College Organization Chart as presented.

**IV.G. Appointment of College Personnel. (Tab 20).** Regarding the subject of College personnel appointment, Attorney Govendo referred to the Western Association of Schools and Colleges Accreditation Standards handbook which
indicates the functions of a Board of Regents or Trustees. The same information may be found in the NMC Board Policy under Board Operations 1005 which says members of the Board “as a unit set the goals and general directions of the College.” However, the Board leaves the day-to-day management of College operations to its chief executive officer.

At this point Mr. Guerrero distributed to the members a Xeroxed proposal which reads as follows:

“Important control elements which the Board of Regents should be concerned with to ensure fiscal accountability and prudent management of limited resources to maximize the delivery of NMC services.

“1. Effective immediately, all contracts shall be for a term of one year to be consistent with CNMI government policy, legislative appropriation and level of funding.

“2. The Board shall reorganize and implement two key committees, finance and personnel, composing of at least three Regents. These committees should review and recommend action on all contracts and personnel matters. NMC management should assist with the reviews and recommendations, but should not be making final decisions for the Board.

“3. The Finance Committee should be charged with the responsibility of implementing an approved accounting manual and operations manual as the Board deems necessary to ensure controlled fiscal management.

“4. The Board should require every scheduled board meeting to include in the Board’s Agenda the previous month’s detailed financial expenditure reports.

“5. The Board should immediately request for legal clarification and authority in the creation of advisory boards and committees by NMC. It should be determined what role, legal duties and authority these sub-boards and committees have. It is important to note that it is not authorized by the law for the Board to delegate its duties and responsibilities to its subordinates or management.” No action was take by the Board on the recommendation of Mr. Guerrero.

Regent Sablan then reiterated his suggestion that the Board meet monthly rather than quarterly, say on the first Monday of each month. President McPhetres said that she had no difficulty with this. She added, as previously mentioned, that if the Board wants to on a monthly basis or sign off on all contracts and all personnel actions, the Board needs only to change the present Board Operations policies.
Mr. Guerrero and Regent Sablan stated their intention to set down on paper their suggested amendments to current Board Policy. Chairman Manglona reminded the members that present policy stands until changes are made. Mr. Guerrero said that he will provide a written draft of his proposals, since he, for one was not ready to delegate his fiduciary responsibilities to any one at the College. Ms. Ogumuro asked that Mr. Guerrero provide the Board copies of his draft proposal prior to the next meeting.

Recess: 12:00 p.m. There was consensus among the members to recess until Monday, October 6. at 10:00 a.m.

MINUTES
for
THE REGULAR MEETING
of the
BOARD OF REGENTS
on
20
PEOPLE PRESENT

Board Members

Board members: Justin S. Manglona (Interim Chairman), Manuel A. Sablan, Helen H. Abayare, Vicente N. Santos, John I. Schwarz, and Teresa I. Taitano were present.

Others
President Agnes McPhetres, Jack Sablan, Bob Scruggs, Al Johnson, Barbara Moir, Harris Lawrence, Roy Fua, Ed Zehr, Kohne Ramon, Vince Merfalen, Roger Madriaga, David Atalig, Apple Wuttayagon, and Becky Hemphill, Staff reporters from the Marianas Variety and the Saipan Tribune, and a video team from Saipan Cable TV were also present. Allen Cameron was present as recorder.

Chairman Manglona called the meeting to order at 10:05 a.m. as the fourth session following recesses of the previous three sessions of September 24, 25 and 27.

IV. G. Appointment of College Personnel. Chairman Manglona asked President McPhetres to resume discussion on this item of Old Business from September 27. President McPhetres indicated that under Tab 20 would be found the proposed Board of Regents - Board Policy - Board Operations 1005, beginning with: II. DUTIES AND POWERS of the Board of Regents (Tab 20). The President mentioned that sections B., C., and D. were in bold print on the amended Board Policy 1005, page 1 of 2, to highlight additional duties of the Board of Regents.

Referring to the new section B, Regent Sablan stated that he would like the confirmation powers of the Board to extend to the level of Deans and Directors of Programs, and not be limited to senior executives (Vice Presidents and Provost). He asked for an executive session of the Board to discuss the matter further. He cited as his reason the need for the Board to exercise control over the budget, salaries and appointments. President McPhetres responded that in actuality the Board already does this when it approves the budget each year and that Regent Santos was involved in past searches for senior executive candidates.

Regent Santos reminded the Board that this is being done through the budget process. He expressed opposition to the Board being involved in the appointment of other personnel at the College. He recalled that at the October retreat on Rota Dr. David Wolf, the Executive Director for the Accrediting
Commission, emphasized the importance of the Board’s involvement in the appointment of the President and confirmation of the Vice Presidents only. Regent Santos said that that the Board approves the classification and salaries of College employees, therefore, the Board should not be involved in the administration and personnel process. Otherwise, he said, the Board will end up being too involved in the day-to-day details of running the College. The budget is the key to the Board’s involvement. Regent Schwarz agreed with Regent Santos’ position.

Regent Sablan expressed his wish that “ungraded” positions be confirmed by the Board, citing that by statute the Board has fiduciary responsibility. President McPhetres reminded the Board that all salaries of un-graded positions were approved by the Regents.

IV. H. Signing of Contracts. The President then moved to consideration of the Professional Services Contract, Board Policy 4419 and Administrative Procedure 4419 (closely associated with the amended section C of the Board Policy 1005 above).

#10 ACTION: It was moved, seconded and unanimously approved to postpone decision on Tabs 20 and 21. (Please check p.6, parag.7,#18 Action, for the reversal of this action).

V. A. New Business: Discussion then moved on to “New Business” - FY98 Consolidated Budget (College revenue).

President McPhetres asked the Board to direct their questions on the budget to Roger Madriaga, Director of Planning, Budget and CIP. Regents Schwarz, Santos and Sablan complimented the Budget Director and his staff on the clarity of the FY98 Budget package.

The College is asking the CNMI Legislature General Funds for $7,932,150 for personnel and $3,908,880 for Human Resources/Business Development programs (through P.L. 10-66, which was formerly P.L. 5-32). Regent Manglona suggested that the Board of Regents’ budget should be under General Funds. President McPhetres said that under College general operations, we are requesting personnel and fringe benefits only.

Regent Sablan said that the annual budget package as presented is quite impressive when viewed as an annual expenditure plan for NMC, that it details out how much monetary resources are projected for the fiscal year and for what departments and programs those resources will be expended. Regent Sablan stated that he would like to see the formulation of the annual budget to be “mission-driven”; where allocations of budgetary resources for the fiscal year are keyed to answering underlying policy questions:
(a) What are the missions (goals) of NMC?
(b) Does the annual budget in review clearly show that the proposed budgetary resource allocations are keyed to the missions of NMC?
(c) To what extent has NMC moved towards achieving its missions?
(d) How does NMC measure up to the objectives and targets it has set out for itself to accomplish in the previous budget year?
(e) Were there any significant variances between what were budgeted and what were actually expended during the previous budget year?
(f) What was the financial position of NMC at the end of the previous budget year?

Regent Sablan said that for the Budget Director to formulate an annual budget package with answers to these mission-driven questions, he will need an articulated statement of NMC missions from the Board as well as Board direction with respect to funding priorities.

The College projects expenses of $2,231,060 from tuition receipts. Another $2,654,758 will be expended from various Federal Program funds received. President McPhetres said that when federal program funding is exhausted, the College has to make a decision if such a program should continue or not. For example, when Title III funding ended (which funded the nursing program), the Board felt that the nursing program must continue. The Total cost for Special Project and MOUs is $796,000. The grand total for Fiscal Year 1998 expenditure is $17,523,249.

The FY98 Consolidated Budget (College revenue) was amended as follows: at the suggestion of Regent Schwarz, the College would add
(1) $1.5 million for the Business/Tourism Learning Center (B TLC) through P.L. 10-66 CIP funds,
(2) $720,000 for utilities,
(3) $400,00 for NMC’s past contributions to the Retirement Fund,
(4) $150,000 to repair damage done by Typhoon Keith, especially re-doing the roofs of Bldg. A and K, and
(5) $1 million for the second phase of the Multipurpose Gym.

An additional amendment was proposed by Regent Sablan to also include the impact of NMC Reclassification Plan, since it has not been included under the “continuing resolution.”

Regent Abayare identified some misprints which were corrected. President McPhetres indicated that the CIP budget had been raised to be consistent with our previous submission.

#11 ACTION: It was moved, seconded and unanimously approved to accept the NMC FY98 Consolidated Budget, as amended.
#12 ACTION: It was moved by Regent Sablan, seconded and unanimously approved to request Allen Cameron to serve as Special Assistant for Board of Regents Affairs.

President McPhetres announced that Ken Govendo, Esq., the NMC former Legal Counsel, would like to devote more time to private practice, and will not be renewing his contract with the College. The President explained her plan to engage a legal counsel from the Attorney General’s office who would also teach classes.

#13 ACTION: It was moved, seconded and unanimously approved to support the President in her present plans to engage legal counsel.

The Board recessed for lunch at 11:30 a.m.

When the Board reassembled at 2:30 p.m., they were presented a video documentary, entitled “Circle of Stories,” prepared by Cheryl Treiber, Drama Instructor. The program was based on dramatic performances in April 1966. The video was completed in September 1997. Assisting in the project were the NMC Continuing Education Dept., CNMI Archives, the Office of Aging, Marianas Cable Vision, and the Council for Arts and Culture. It was funded in part by the CNMI Humanities Council.

V. B. New Business: Classification Discussion then moved on to V. B. Classification Plan. There was consensus to refer the issue to the appropriate Committee.

V. C. New Business: Class size for Rota/Tinian President McPhetres indicated that ten (10) was the normal minimum enrollment required for as scheduled class to go forward. She felt that by implementing the same policy on Rota and Tinian, students on the two islands would be considerably disadvantaged. At times certain classes on the neighbor islands can generate an enrollment of six or less. Regent Sablan remarked that we need a policy on this, based on the effective cost per student. He expressed regret that there was not enough enrollment, for example, for carpentry or vocational trades classes. Chairman Manglona proposed involving the Tinian and Rota Legislature delegations and referring this matter to the Board of Regents Program Committee.

Regent Sablan also questioned why NMC offers developmental courses in English and mathematics since they are not degree-oriented courses, and for which he felt NMC bears no responsibility. President McPhetres remarked that this situation is not unique to NMC. Other community colleges are also providing remedial classes to their students.
Regent Sablan asked if any request had been made to the College for a training program for casino personnel on Tinian. President McPhetres said the College has been having an on-going discussion with casino people, but that the latter was mainly interested in offering their staff as instructors rather than funding a program to be taught by the college faculty.

**#15 ACTION:** There was informal agreement to refer the matter of minimum enrollment for Rota and Tinian to the Board of Regents Program Committee.

**V. D. New Business: Board Meeting Schedule.** President McPhetres recalled from previous sessions of this meeting at the end of September that there was a move toward scheduling regular meetings of the Board more frequently than quarterly.

Regent Schwarz expressed preference for the current system of meetings, namely, quarterly of the Board as a whole, but monthly meetings of Program and Fiscal Committees. The President said she was led by the September proposals to budget for monthly regular Board meetings. Chairman Manglona made the formal proposal for the whole Board to meet monthly. When Regent Schwarz asked if the Distance Education network be used for the meetings, the President said that it would reach only Tinian, but not Rota. She also mentioned that the Board may want to amend its by-laws to include the new monthly schedule.

**#16 ACTION:** It was moved, seconded and approved unanimously to hold Board of Regents meetings monthly beginning in January 1998. Members of the Program and Fiscal Committee would meet as often as necessary with their meetings being open to all other Board members who wish to attend.

**VI. Miscellaneous:**

1. In response to a question raised regarding “courtesy resignations” normally required of Governor appointees at the start of a new administration, President McPhetres said that the Accrediting Commission for Community and Junior Colleges of the Western Association of Schools and Colleges requires that the institutions they accredit be independent of political change of administration. President McPhetres also pointed out that the Law governing the College prohibits the Board to tender their resignation because of political change.

2. The question of authorized signatures for College checks was raised. The signature plate containing the signature of President McPhetres and the former Board Chairman will continue to be used. Others who are authorized are Regents Justin Manglona, Manuel Sablan, John Schwarz and College senior executives Tee Abraham and Jack Sablan.
3. Other issues that require the Board’s attention in the future are the following: (1) the Board’s review of financial assistance to NMC students; (2) considering Tinian and Rota students as “off-island” students for purposes of financial assistance; (3) The amended Financial Aid MOU needs to be addressed. The President said that these issues could wait until the new administration take office in January.

4. President McPhetres announced that she had been invited to make a presentation at a Federal Economic Development Administration (EDA) January meeting in Hawaii. She asked the Board for its authorization to accept these invitations.

**#17 ACTION:** It was moved, seconded and approved unanimously to authorize the President to accept the EDA invitations.

5. President McPhetres reported that the Senior Accrediting Commission of the Western Association of Schools and Colleges would be having a meeting in Hawaii in January. The President and Chairman of the Board have been invited at that time to present their status report on where NMC stands in the process of establishing a four-year program in a two-year college.

6. Bob Scruggs, Director of Administrative Services, and Al Johnson, Program Manager, were invited by the Board to discuss the Occupational Safety and Health Administration (OSHA) program and OSHA in general. Mr. Scruggs stated that the College made the decision not to provide any further workshops once OSHA funding was exhausted. In answer to other questions, he stated that OSHA is not a certifying agency, but an enforcement agency. Inspectors need only be persons competent and, for one’s own protection, bonded to approve a safe and healthy employment environment.

**#18 ACTION:** It was moved, seconded and approved unanimously to amend Board Policy: Board Operations 1005 with amendment to Section B thereof. Section B shall read to the effect that (a) senior executive appointments shall be confirmed by the Board and that (b) although Board confirmation will not be required for Dean or Director appointments, the Board shall participate in the personal interview process for such appointments and shall designate a Board member for such participation.

7. President McPhetres announced she had received a letter of resignation from Regent Juan T. Guerrero. Mr. Guerrero said he wishes thereby to allow the incoming administration to appoint a Regent of its choice in his place.

8. **Next Board Meeting:** Monday, December 29, 1997, 10:00 a.m.

9. **Proposed agenda for next meeting:**
A. Election of the Board of Regents officers
B. Designation of a Board member to participate in the personal interviewing process for appointments to Dean and Director positions
C. Report by NMC Comptroller on NMC financial position at September 30, 1997 and on the status of the NMC audits

Adjournment: 4:10 p.m. of November 24, 1997.