Call to order at 9:08 a.m.

I. Preliminary Matters
   Roll Call
   Board of Regents: Regent Hinds, Regent Deleon Guerrero, Regent Olopai-Taitano
   Legal Counsel: Jesus C. Borja
   NMC Staff & Faculty: President Wright, Chas Algaier, Al Johnson, John Griffin, Kurt Barnes, Jack Sablan, Dean Papadopoulos, Tony Guerrero
   Guests: K. Kurosawa of Nikko Hotel

II. Northern Campus
    The specific discussion for today's meeting is the lease agreement of the current tenants. Regent Deleon Guerrero moved to adopt the lease agreements as a template to use and Regent Furey seconded the motion.

    Discussion:
    - Regent Furey is concerned about the policy on drug-alcohol free workplace especially in regards to the local statute.
    - Regent Deleon Guerrero recommended adding a clause stating this tenant agrees to comply with all NMC policies and procedures and then attach the policies as an addendum.
    - Regent Furey said Board needs to be clear before we negotiate with tenants especially if there is an impact with our federal grants.
    - Legal Counsel Borja stated he is most concerned with the rental. He recollects there is a basic rental, which means your rental is $500 a month or 5 percent of gross. His second concern is is that leases, when drafted, can be very pro-tenant or pro-landlord. The current lease agreement is pro-landlord. His third comment is to replace the word California to CNMI on the lease template.
    - Regent Hinds asked if anyone could answer the issue on alcohol.
    - President Wright said we can address the issue if we determine that La Fiesta I & II are designated as “campus” while La Fiesta III is separate from the campus to accommodate the private vendors.
    - Legal Counsel Borja stated currently there is no law and gave the example that Commonwealth Ports Authority, which is an autonomous government agency – like NMC, leases its property to a restaurant that serves alcohol.
    - Legal Counsel agrees with President Wright’s statement on designating I & II as campus and III as other.
    - President Wright stated that everything we do initially would involve only buildings I & II for the first year to two.
    - Regent Hinds asked how would alcohol sale affect receipt of federal grants?
    - Jeannette Villagomez responded that when grants agreements are signed there is a clause to be a drug and alcohol free campus.
    - Regent Furey stated it doesn’t hurt to communicate with grantors.
    - VP Algaier replied in regards to federal statutes, there are institutions that allow alcohol sale such as UOG Fieldhouse.
    - Regent Deleon Guerrero responded that there are two actions the Board can take. The first is for legal counsel to review local statutes on autonomous government agencies permitting the sale of alcohol and the second is review the implications with federal grants.
    - Regent Deleon Guerrero then referred to page 2 of the agreement section 4.2.3 and is not sure about the rental increase particularly since we are looking at phasing out the tenants. We are not in the to make money off the tenants, but we would like them to continue their business for a while.
Legal Counsel Borja advised that if it's the college intention to renew leases from year to year there is no need for rental increase in the agreement. But if the intention is for tenants to stay longer, then he recommended including a provision of increase. Usually, in lease agreements for 3-5 years there is one rental increase.

President Wright advised that we are looking at a year-to-year lease because our campus will be changing from year to year.

Regent Furey stated in the current lease agreement it is not clear whether or not the leases are for one year. However, there is language to suggest that it is more than one year.

Regent Deleon Guerrero referred to on page 3 regarding property taxes and asked if current tenant pay their own property taxes?

Legal Counsel Borja said none right now; but could be.

Regent Deleon Guerrero said to strikeout.

Regent Deleon Guerrero asked if NMC could provide power and water and it was agreed that water and power are part of the lease agreement.

Regent Deleon Guerrero referred to Item 9 on exploring insurance options and asked if it would be better if we bring in tenants to be included in the insurance package?

Legal Counsel said we should cover insurance. If we don’t we may scare tenants away if we required them to have their own insurance.

David Atalig replied tenants need to have their own insurance for their own property inside.

Regent Deleon Guerrero said we may want to revise our own policy to reflect this new venture. Include property management as part of the facilities management proposed policies.

Regent Deleon Guerrero further stated that Nishigori is most concerned with the ‘meat’ of the lease agreement; what we are looking at is only the skeleton. It is not listed what current tenants are paying and whether there is a security deposit or now. Current tenants want to know how much they’re going to pay.

Regent Deleon Guerrero also said that we should explore out sourcing the property manager issue and it may make it easier for the college.

Regent Hinds recommends property management be included in the lease agreement.

Al Johnson replied it is a good idea to get a professional and then get a percentage of the take.

Regent Deleon Guerrero said that person could also then promote business in the building.

Al Johnson recommended contracting for the first year and learn from that person.

President Wright replied it is a good idea and most institutions out source the operation of the bookstore or cafeteria. It’s not that any different.

Regent Deleon Guerrero replied it could be leased out annually to a property manager and then in turn sub-lease to tenants.

Legal Counsel replied that is another possibility the Board could take.

Regent Olopai-Taitano replied that building III is the most attractive building and from the discussion it appears that the college won’t have use for it.

President Wright stated building III is where all activities are to occur.

VP Algaier replied that we don’t want to think of building III as someone else’s.

David Atalig stated the phases are to occupy I & II and then III and suggested year-to-year leases as the phasing is completed.

Regent Deleon Guerrero replied we are not interested in a 3-year lease.

Regent Hinds asked if the leases are year to year. And the response was Yes.

Al Johnson stated electricity and water is metered and recommends the college continues this.

Regent Hinds asked for recommendations.

David Atalig responded that we need tenants for year one and year two.

Regent Deleon Guerrero asked how are we going to do it in the first year through a property manager via a company or on our own?

Tony Guerrero suggested a comparative analysis be completed on outsourcing and review all the advantages and disadvantages.

Dean Papadopoulos stated there are more advantages with a property manager but if we sublease we have less control.
Regent Deleon Guerrero suggested Eric Plinske to assist and Tony Guerrero replied yes.
Legal Counsel Borja suggested that David also to talk to tenants and ask them to stay for one year.
Regent Deleon Guerrero said current leases include a lot of other things such as marketing and that is something that can be deleted from the lease agreement.

The actions were then summarized:
1. Legal Counsel is directed to review the current lease agreement and find a commonality to use as a template for all leases. David Atalig will give the basics to legal counsel.
2. Ramifications are to be explored. Legal counsel explores the local statute and administration explores the federal grants.
3. Request SBDC via legal counsel on how to manage property and this is due for review at the next fiscal committee meeting.

Regent Hinds asked who is going to communicate with the current tenants? Regent Deleon Guerrero said he will and he’ll inform them we’d like to maintain the current lease agreement.

There was a question for legal counsel on the probate? No one was aware of the update.

III. Executive Session
Executive session was entered into at 10:10 a.m.

IV. Reconvening of Executive Session
Chair Hinds reported that personnel matters were discussed. No action taken.

V. Adjournment
It was moved and seconded. Meeting adjourned at 10:29 a.m.