Call to Order at 3:05 P.M.

I. Preliminary Matters

Roll Call

Board of Regents: Regent Hinds, Regent Olopai-Taitano, Regent Furey, Regent Wyatt, Regent Deleon Guerrero

Legal Counsel: Jesus C. Borja

NMC Staff and Faculty: President Wright, Kurt Barnes, Jeannette Villagomez, Jack Sablan, Dean Papadopoulos, Raaj Kurapati, Eric Plinske, Debbie Diaz, Al Johnson, Tony DL Guerrero, Chas Algaier, JinAm Seo and Reina Camacho as recorder.

Adoption of Agenda

Agenda was adopted with the following changes:

- Under Item VII Resolutions, Items A and B are will be referred to committees for further discussion
- Add Items A and B under Item VII Resolutions La Fiesta Bank Account and International Student Account.
- Under Old Business, Items B and C be removed as there are no updates and Item D will now be Item B.

Adoption of Minutes

Minutes for Regular Meeting held on November 26, 2003 was adopted with the following change:

- On page 1, under Miscellaneous, change the word 'idea' with 'date.'

Minutes for Special Meeting held on December 18, 2003 – was adopted without changes.

For record the Regent Furey did not attend the December meeting and therefore abstained from voting on the December meeting minutes.

II. Miscellaneous

The Board received a letter of appointment for Ms. Elaine Orilla, for Rota Regent representative. Regent Hinds asked when the actual confirmation will take place. Regent Deleon Guerrero said there is no definite word.

Regent Hinds gave an acknowledgement and special appreciation to all in the NMC family for great job on the Friday night event. Thank you.

III. Public Input

None.

IV. Reports

A. Standing Committees

Program = Regent Furey reported.

- The committee received a presentation for approval on creating a department for film, television, audiovisual. The committee agreed to table discussion for further discussion with the Fiscal Legislative committee.
- Student Development Policy – no action, still under review.
Northern Marianas College Board of Regents
Regular Meeting Minutes (Adopted)
Friday, January 30th, 2004 3 p.m.
Board of Regents Conference Room, As Terlaje, Saipan Campus

Postsecondary Education = Regent Furey reported.
MOTION: Regent Furey motioned to ask the Board Chair to activate a review team and to follow procedure to address student complaint from Saipan University. This means that the Board Chair will appoint a Chair for a Review Team. Regent Olopai-Taitano seconded the motion. Motion Carried. Review team is activated.

Regent Furey stated for the record Pacific International University does not exist. There has been no communication from representatives or consultants. Regent Furey recommends the Board Chair send a letter to Pacific International University of the cease and desist.

Personnel Committee = Regent Olopai-Taitano reported.
- HRO is continuing its major activities, such as appointments, continue review of HR policy; ongoing vacancy / recruitments. The Personnel Committee recommends that the Board be informed on how vacancy positions are announced.
- Regent Olopai-Taitano recommended to the committee to recognize Martin Luther King, Jr. not so much as to impose on legislators, but to observe the day.
- President Wright said in the discussion held, NMC could consider ways in which we can celebrate MLK and have the Board consider holding events as a recognition with ultimately the goal conveyed to legislators is that it needs observance.
- Chas Algaier said we need to consider instructional hours when making MLK a holiday.
- President Wright said this is an issue in that it is much more difficult in getting more instruction hours for fall as compared to spring. In the spring there is not much difficulty.

Fiscal Legislative Committee - Regent Deleon Guerrero reported.
Regent Deleon Guerrero said there are three things to pay attention to but do not require action today.
- PELL reimbursement status – NMC has contracted out the processing and review to Dept. of Education to a firm who has success in getting colleges back on disbursement versus reimbursement.
- Cash flow situation – the cash balance is very low primarily due to the delayed reimbursement of PELL grants as well as the operating expenses of La Fiesta.
- Budget Proposal– no action today but will meet as a committee late next week and call for special meeting to act and recommend the FY 2005 Budget for approval for submittal to OMB.

Regent Hinds referred to the WASC letter addressed to President Wright regarding the ‘warning’ status. Regent Hinds asked President Wright to include this matter in his report.

B. President - President Wright reported.
WASC Midterm Report - this is the first significant problem since he arrived. The report was not accepted. NMC is placed on warning status and we are required to submit a revised Progress Report with completed audits by April 1. We attempted to structure our report in a factual table format. The best way to interpret this is in how the Commissioners raised a ‘what is going on at NMC’ question and we failed to give them a ‘what is going on’ answer in narrative format.

Discussion
- Regent Deleon Guerrero said it seems that every time we hear from WASC, it is not good news and the college tells us we are on top of it but then we get another letter that it is worse.
- President Wright said it is not getting worse. A warning says that you are not responding in the way we want you to respond to. A warning means, you haven’t answered our question.
• Regent Deleon Guerrero read "a warning is issued when the Commission finds that an institution has pursued a course of action that deviates from the Commission's eligibility criteria, standards of accreditation or policies to an extent that raises concern regarding the ability of the institution to meet accreditation standards."

• Regent Deleon Guerrero asked if the Board could have a teleconference to determine what WASC really wants. Regent Hinds said she agrees and has drafted a letter to be given to Barbara Beno upon Board approval.

• Regent Hinds said we should make an effort to understand the situation because ultimately without accreditation our students are not being served.

• President Wright suggested waiting for the visitors to come out. Regent Deleon Guerrero said we should want to continue with the conference call with Barbara Beno immediately. Regent Furey agreed.

• Chas Algaier shared that he sent email to Barbara Beno. He takes full responsibility, as he was the overall chair of the report. We followed the format from the past, and it turns out we need to be more descriptive.

• Regent Hinds said she is also concerned with the substantive change.

• Chas Algaier said a substantive change must be filed when there is a major change such as adding programs. The opening of a new campus is one of those that must be requested through WASC. Since we are proposing to bring in international students over the course of the years, this is also a substantive change, as it is a change in the intended clientele.

• Regent Hinds said that NMC must submit the report sufficiently in advance before the change is initiated. As the new facility is to be opened in Jan 2005, this will make it in time for the fall meeting of WASC.

• Regent Wyatt asked how long did we know that we needed this report? President Wright said that verbal informed Barbara Beno during his visit June. The substantive change is a formal update.

• Regent Deleon Guerrero asked what if WASC does not approve. Chas Algaier said we can not use the new campus. Regent Deleon Guerrero asked what is the standard practice. President Wright said WASC will not approve the report until NMC does x, y, and z.

• President Wright said the financial consideration is separate and the financial situation will be worse if we don't follow through with gateway. We are already on a path where we're losing accreditation. We did not and continue to not have the alternative of doing nothing.

• Regent Hinds said in light of the fact that we purchased a building and we did not submit a report, what are we going to do? Why was substantive change report not yet done? Regent Deleon Guerrero said that we have to have the building first then, then can approve or disapprove it. They cannot approve something that has not been done. President Wright said it is a process. In some cases, institutions don't get approval until one year into the change to determine if is being done as reported.

• Regent Deleon Guerrero said that the report says a visit will be done within six months of the start of the project. In our case, it is Gateway.

Visioning Conference - the first tangible result of the visioning conference is the job fair. It is slated for the first week of April. There will be a follow up within 4 months.

Early registration - ongoing.

President Wright said he would like to call attention to two items on today’s paper; 1) Article on economics of education. We are talking of the effect on earnings. This article, like others, overstates the case. Getting higher education is not only valuable in social terms and motivation for self improve and for just plain dollars and cents. However, the one thing they overlook is the self selection issue. Those who seek higher education are probably better off or would have
been better off than those who did not get any. We are learning what the impact is of those if they had not gotten any higher education, currently it is not clear. For example, a person with a Harvard education or one who went to community college. The person who went to Harvard has an advantage even without higher education because they have the financial resources. However, for someone who goes to a community college does not always. Sorting out what the incremental effect is not clear. 2) report by Western Inter-State on Higher Education. President Wright said he had earlier sent to the Board information on the education commission on future trends in higher education. This article talks about a significant increase in Hispanics. This accounts for significant growth. Almost all states who reduce funding of public colleges are realizing fewer seats. This is highly significant to us, because if public colleges have less space available and less money available, they will focus on their own people and less for international students. They are going to be less inclined to serve international students. NMC, then, can gain from this.

**Budget Shortfall** - President Wright said he was not aware of budget shortfall and assured the Board we will have budget balanced at the end of year. The reason for the budget shortfall is largely due to La Fiesta management and we are looking elsewhere in the budget to see what we can do.

**Discussion**
- Regent Furey asked for a report by next week at the joint Fiscal-Legislative and Program Committee meeting at 2 p.m. on Thursday, Feb 5th after the working gateway meeting.
- Regent Olopai-Taitano asked to recall the time of raising salary. Regent Olopai-Taitano said we also agreed to address the raises of faculty. Let’s not forget those who have not been raised. Why are you not addressing what we’ve decided? We need to be able to convince our legislators and the community what are our needs.
- President Wright said that we are considering the faculty salary raises and the Board has made this their number one priority and we have a long-term solution but gateway is also an immediate cost.
- Regent Hinds is deeply concerned about current purchase of new campus without having money. Start up cash to fund current operations and we need to come up with plan, preferably soon. Raaj Kurapati said the biggest expense is the fuel and we’ve considered various options to address i.e. buying from CUC, but Mobil Oil does not approve. Another option is to transfer the generators to CUC. Raaj Kurapati said by the meeting next week he will have something in concrete and should there be resolution with CUC it will be in our favor.
- Regent Deleon Guerrero said it is not like we’re doing nothing. The meeting with CUC will be them purchasing the fuel for us and this will alleviate financial concerns.

**C. Faculty Senate** - Regent Wyatt reported.
Refer to report (attached).
- Faculty does not feel they are being informed, i.e. what goes on with the leadership team. Part of the reason is faculty is not involved enough. Granted, there are many committees, however, faculty still needs to be more active. The other part is information is not being released. A major consideration is the lack of central organization. There is no one in charge of gathering information to disseminate.
- The faculty office space is a concern. It has been increased by a square foot, but faculty want more.

**Discussion**
- Regent Deleon Guerrero asked what is the standard at community colleges. Regent Deleon Guerrero said a comparison to a jail cell is not a reasonable comparison.
• Al Johnson said he asked the architect what is the standard and they said it is comparable to a commercial office.
• President Wright said that decisions are being made and they are not in the loop. Only a handful show up at Listening Posts.
• Eric Plinske said a number of copies have been reproduced and faculty input has been solicited.
• President Wright wants to raise issue with Regent Wyatt, that maybe the single most important issue is the President’s list. There are at least 45 students on the President’s list, quite large for a community college. Students get 4.0 here but at their baccalaureate degree they get a 2.7 average.

A general discussion was held about student performance and faculty grading.
• Regent Furey asked how can we resolve the issue.
• President Wright said he will ask Jack Sablan to publish grades for all faculty. Jack Sablan said he is working towards it. Currently, NMC is instituting a pre and posttest as a measurement for all math, science, etc.

D. ASNMC report - Jin Am Seo, VP of ASNMC reported.
• Students are concerned about scholarships;
• Holding joint meetings with OSAL and ASNMC regarding Charter Day and planning for the contests and a battle of the bands.

Discussion on the NMC Mascot
Jin Am Seo reported that Jack Kiyoshi is spearheading the vote. There will be a design contest and is open to all NMC students. The prize will be one tuition paid for Spring 2004.

Regent Hinds called for a recess.

IV. Old Business
A. Pacific Gateway
Regent Deleon Guerrero said Kurt Barnes informed him there is an Events Committee working to bring activities/events to the Northern campus to stir traffic and keep our tenants.

MOTION: Regent Deleon Guerrero motioned for the Board to formally request CDA to facilitate short term bridge financing application from NMI Retirement Fund and Marianas Public Land Trust for renovations of the Northern campus in amount of $9 million dollars. Regent Furey seconded the motion.

Discussion:
• President Wright suggests discussing all the issues we are confronting because we are trying to do it all on a limited time frame. A radical idea is to defer occupancy of the Northern campus until Fall 2006.
• Regent Deleon Guerrero says we may lose credibility or maybe we gain credibility if we are more reasonable and cautious with our approach. It just seems as though we don’t know what we are doing.
• Regent Hinds is concerns on how it will affect delivery of programs and services.
• Regent Deleon Guerrero said worrying about a long-term repayment is a good worry but should be separated from situation we are in.
• Chas Algaier said in terms of cash flow if we don’t get hooked up to CUC, and we are still able to bring in the Fall, 470 students from abroad, that should cover the costs.
• Regent Hinds asked Raaj Kurapati to give a budget breakdown of the loan from CDA versus USDA. Raaj Kurapati said if we use an 8 percent interest rate, we will not show profit at the
end of 5 years, but our cash situation will be improved. We are looking at $70-80 thousand as an additional expense.

- Regent Deleon Guerrero asked why is it $9 million. Raaj Kurapati said the numbers have changed from our initial projection from $5 million to $5.7 million after the A & E and about $3.6 for furnishing/equipment.
- Regent Deleon Guerrero asked if we will pay federal minimum wage. Raaj Kurapati said yes, if we get a loan from USDA.
- Regent Deleon Guerrero asked if TRA considered value engineering. Al Johnson said when we get into the nuts and bolts; they will provide how we can cut costs. Raaj Kurapati said architect design is just that and we can dictate our own budget and stick to $5 million and not another figure.
- Regent Deleon Guerrero asked Raaj Kurapati, what would he recommend. Raaj Kurapati said that at the speed at which we are approaching, too many things that could go wrong and we do not have more time to plan correctly. We would do more damage and not do quality a job.
- Regent Deleon Guerrero said he agrees that we could use some time. At the moment, we need more information from CUC and resolve our fuel issues immediately. We need to revisit how we are running that facility and find a way - more cost saving measures. The issue of bridge financing, it would be a good idea to slow down. And, we can slow down and focus on recruiting students. We will be maximizing our dollars if we get students at the current campus including Rota and Tinian; it is revenue without spending more money.
- Regent Deleon Guerrero said if we have students and a new campus, we are going to spend money for operational costs. We will realize more profits if keep it at the current campus. Raaj Kurapati said that having 300 students and testing it at the current campus would prove to banks and the community that the project works.
- Regent Deleon Guerrero withdrew his motion. Regent Deleon Guerrero introduced another motion.

**MOTION:** Regent Deleon Guerrero motions to authorize BOR Chair Hinds to write to CDA to gather more information on potential financing from NMIRF and MPLT via CDA.

**Discussion:**
- Raaj Kurapati said that the timeline may be taken out because it was provided on the assumption that NMC needs immediate financing.
- President Wright said this is exploring the possibility, so we may reconsider keeping the timeline.
- Regent Hinds asked if legal counsel has reviewed the letter and what are his comments.
- Legal Counsel Borja said that it could be misinterpreted.
- Regent Deleon Guerrero withdrew his motion and will be further discussed at the next committee meeting.

### VI. New Business

None.

### VII. Resolutions

#### A. Establish Bank Account for La Fiesta Management

**MOTION:** Regent Deleon Guerrero motioned to adopt the resolution, to establish a bank account for the purposes of operating the La Fiesta Shopping Center. Regent Furey seconded the motion.

**Discussion:**
- Regent Deleon Guerrero asked legal counsel if a resolution like this would preempt us from outsourcing this to a property management company.
- Legal Counsel Borja said when NMC gives it to a property manager, NMC also outlines duties of checking account.
Resolution adopted.

B. Establish Bank Account for International Student Payment
MOTION: Regent Deleon Guerrero motioned to adopt the resolution to establish a bank account for the purpose of international student payment. Regent Furey seconded the motion.

Discussion:
- Regent Deleon Guerrero asked why the resolution is to establish a savings account rather than a checking account.
- Raaj Kurapati replied it is a sweep account. Money will be transferred out of the account on a regular basis. This will protect the student and NMC.
- Regent Furey asked if the current BOR policy includes terms of prepayment.

Regent Deleon Guerrero asked to include this resolution in the next fiscal legislative committee.

VIII. Executive Session
Everyone was asked to leave the room except the Board of Regents and President Wright. Executive session was entered at 5:15 p.m.

IX. Reconvening of Regular Meeting
Meeting was reconvened at 5:33 p.m. Regent Hinds reported financial matters were discussed. No action was taken.

X. Adjournment
Meeting adjourned at 5:33 p.m.