MINUTES OF THE REGULAR MEETING
of the
Board of Regents
Thursday, February 07, 2008
3:45pm

PRELIMINARY MATTERS

PRESENT:

Board of Regents: Acting Chairman Charles V. Cepeda, Regent Joey P. San Nicolas, Regent Charles V. Cepeda, Regent Elaine Orilla, Regent Malua Peter, Regent Linsa Lizama
Absent/Excused: Chair Dr. Inos, Regent Eloise Furey

College Staff and Faculty: NMC President Dr. Carmen Fernandez, Honorary Regent Frank Sobolewski, ASNMC President Ivan Mereb, Legal Counsel Jesse Borja.

Others: None.

I. OPENING PROCEDURES
   A. Welcoming Remarks by Acting Chairman Charles Cepeda.
   B. Roll Call: Acting Chairman Charles Cepeda called roll call. Four members of the Board of Regents were present. Regent Furey and Chair Dr. Rita Inos are excused absent.
   C. Review and Adoption of Agenda
      Motion: Regent Orilla moved to adopt the agenda.
      Second: The motion was seconded by Regent Peter.
      Discussion: None.
      Vote: The agenda was approved for adoption by a majority voice vote. The motion Passed.

II. REVIEW AND ADOPTION OF MINUTES
   A. Review and Adoption of meeting minutes of September 24, 2007.
   B. Motion: Regent Peter moved to adopt the September 24, 2007 Board Minutes.
   C. Second: The motion was seconded by Regent Orilla.
   D. Discussion: None
      Vote: The minutes of the September 24, 2007 meeting were approved and adopted by a majority voice vote. The motion passed.

III. PUBLIC COMMENTS
   - No comments from the public at this time.
IV. OLD BUSINESS

A. CNMI Scholarship Office Transfer

**Motion:** Regent Peter moved to adopt Joint Resolution No. 301012, relative to transferring the CNMI Scholarship Office to the Northern Marianas College under the President’s Office.

**Second:** The motion was seconded by Regent Elaine Orilla.

**Discussion:** Mark Mendiola read Joint Resolution No. 301012 as follows:

WHEREAS, the CNMI Scholarship Office “Office” currently resides in the executive branch under the Office of the Governor; and

WHEREAS, the Governor believes that it is in the best interest of the People of the CNMI that this transfer occur; and

WHEREAS, the Governor is thankful for all the good work of the Office administration and staff and to the Scholarship Advisory Board and wishes for all to continue under the NMC President’s Office; and

WHEREAS, the Office administration and Scholarship Advisory Board support and approve this move; and

WHEREAS, the NMC President’s Office shall take great care to ensure that all laws, regulations, policies, and procedures are adhered to in the operation of the Office; and

WHEREAS, the staff of the Office shall be benchmarked to an appropriate NMC position and shall not lose any wages or benefits and shall be governed by the personnel rules and regulations of NMC; and

WHEREAS, all Office budget and financial matters shall be handled by the NMC Budget and Finance Office, including the establishment of a CNMI Scholarship Office account that shall be separate and apart from other NMC funds; and

WHEREAS, funds appropriated for scholarships and awards under the CNMI Scholarship Office shall only be used for this purpose; and

WHEREAS, funds appropriated to the Office shall be deposited into the designated NMC account.

NOW, THEREFORE, BE IT RESOLVED that the NMC Board of Regents wishes to accept the transfer of the CNMI Scholarship Office as recommended by the NMC President and that this action is effective immediately upon the Governor’s executive order transferring the CNMI Scholarship Office to the Northern Marianas College; and
BE IT FURTHER RESOLVED that the Chairwoman of the Board of Regents shall certify, and the Executive Secretary shall attest to the adoption of this resolution and thereafter the Executive Secretary shall transmit a certified copy to the Honorable Benigno R. Fitial, Governor of the Commonwealth of the Northern Mariana Islands; Mrs. Lynette Villagomez, Acting Chair of the Scholarship Advisory Board; and Ms. Melissa S. Rasa, Administrator of the Scholarship Office.

Adopted by the Board of Regents on February 07, 2008.

Certified by the BOR Chairperson and attested by Dr. Carmen Fernandez, Executive Secretary.

Further Discussion:  Regent Cepeda asked the following questions: Would the expenditure and budget of the CNMI Scholarship Office be transferred into the college; would it also have a separate account and would it be appropriated separately by the legislature.

Dr. Fernandez explained that it will continue to be budgeted separately and will be placed in a restricted account, so, that all expenditures will be in line with the applicable laws.

Regent Cepeda said that because the CNMI Scholarship Office receives funds from the CNMI government through appropriation, will the Scholarship Office continue to receive the same funding every year or is it going to be overall funding to the college and then the college has to separate that to the Scholarship Office.

Dr. Fernandez explained that she believes it is going to be a separate budget.

Regent Peter added that through the transferring of the CNMI Scholarship Office to the college, its’ budget will remain the same through appropriation from the legislature.

The legal counsel, Jesse Borja, explained that in the resolution itself, the “Be it resolved” clause states that the Board accepts the transfer as recommended by the President. Also, a written recommendation from the President to the Board would be prudent because the Board would be bound to that recommendation. But if the executive order comes up somewhat different, then the Board could always rename the acceptance because it was not in the original form when it was presented to them. The legal counsel also suggested that because specific references are being addressed, a written and formal recommendation from the Office of the NMC President would be best.

Regent Lizama stated that she sees many advantages of transferring the CNMI Scholarship Office to NMC, but she is also concerned about the budget matters of the office.
After much discussion on amendments that need to be made, the board motioned to amend the resolution.

IV. REPORTS

A. Faculty Senate – Mr. Frank Sobolewski, Faculty Senate President reported that elections would take place sometime this month. The Faculty Senate elections are to be conducted in accordance with the Faculty Assembly Constitution, and thus will be conducted by the Faculty Senate Secretary. He also said that he will be meeting with the secretary on Monday to discuss this and will be working on a list of the faculty members to break them down into their respective divisions for the voting. Mr. Sobolewski also apprised the Board that there is one vacancy on the Faculty Senate because Glenn Keaton recently submitted his resignation due to his many other duties.

B. Staff Senate – The Staff Senate President, Ms. Lorraine Cabrera briefly apprised the Board on matters pertaining to contracts that would affect some Board policies. She also indicated that this would be her last term as Staff Senate President; elections will be in the summer.

C. Associated Students of NMC (ASNMC) – Mr. Ivan Mereb, ASNMC President, reported on the following:

1. October 2007 – ASNMC Officers and the Office of Student Activites and Leadership teamed up to work on various activities such as the NMC Forum to include the initiatives on gambling in the CNMI, and International Education Day, which was held on all three islands.

2. Feeder School System – ASNMC Officers and NMC student volunteers participated with the Recruitment committee in Feeder School visitation. In addition, ASNMC and the Office of Student Activities Leadership participated in numerous college tours showcasing NMC to international students from Japan.

3. ASNMC Constitution – Plans to pass the ASNMC Constitution. Currently, there is a vacancy among the ASNMC officers. The Vice-President who is graduating this year has stepped down and would like to concentrate on preparing for graduation.

4. Upcoming events include Charter Day, various ASNMC Fundraisers, 2008 Graduation Commencement Exercises, and the Student Memorial, which marks the one-year anniversary of the international students who died at Forbidden Island.

5. Student Volunteers have been very low and the ASNMC has created incentives with NMC students and within the college to assist with major activities for ASNMC.

6. Student Center – The ASNMC President informed the Board that major renovation is needed in the student center.

7. The ASNMC Officers are also working on a way to increase the pedestrian
D. **CFAO Financial Report** – Mr. Raaj Kurapati, CFAO, informed the Board that in the financial report distributed earlier to them, the packet includes four different sections. The first section is the financial report as of December 31, 2007, which includes the most recent financial year quarter for fiscal year 2008. The second section is the financial report for the financial year that ended on September 30, 2007, which is the last financial year that was completed. The third section is on the most recent audit. The fourth section is on the two action items that were requested for the Board’s consideration and action, which will be discussed in the respective agenda item. In sum, despite the challenges of recently cuts in funding the college continues to diligently monitor expenditures, and as a result the college continues to have a fairly healthy cash balance. The investments have been quite helpful and have appreciated quite a bit over the last couple of years since moving over to Smith Barney Citi Group. He also added that this move has helped the college significantly. However, there are several concerns in the financial statements that need to be addressed. One specific concern is on the raise and getting through the audit finding. The other audit finding relates to write-offs or large receivables and balances that are not being removed from the books and one of the actions the staff is seeking from the board is to help address these particular audit findings.

The CFAO also mentioned that as of December 31, 2007, the total financial picture reflects a $19 Million dollars balance sheet. Also, this reflects that as of that period, for the quarter ended December 31, 2007, the college is operating in the black with a net surplus of $424,294 overall. Raaj also cautioned the board that a majority of the funds is already appropriated and the college is also looking at a shortfall for fiscal year 2008. The staff is looking into this matter and will be presenting to the board on how exactly this would be addressed.

The CFAO addressed the Human Resources Report – Raaj indicated that there has been quite a bit of activity. The college has always encountered a quite a bit of turnover in employees and as such, there is always ongoing recruitment efforts. He indicated that there were approximately 15 resignations since October to present. There have also been recent hires of approximately 21 employees. The increase in hires versus resignations is the fact that, as a result of recent directions from the commission, NMC is moving to fill numerous acting positions that they had raised concerns about, specifically lack of adequate administrative capacity. In attempt to address this, NMC had to open up and recruit quite a few positions.

The CFAO addressed the Endowment Report – Raaj informed the board that the total fund is basically the total overall endowment fund. In the report, the beginning market value is $4,263,000.00 for the quarter, then the $3,884,000.00 is the market appreciation or value as of the beginning of the financial year.
Basically, for this market fiscal period, the market appreciated at $511,000.00 dollars. However, he does caution the board that this is not realized gains.

A. CNMI Scholarship Office Transfer – Continuation

**Motion:** Motion to adopt Joint Resolution No. 301012, relative to transferring the CNMI Scholarship Office to the Northern Marianas College under the President’s Office.

**Second:** The motion was approved unanimously by a majority voice vote.

**Vote:** The Joint Resolution No. 301012, relative to transferring the CNMI Scholarship Office to the Northern Marianas College under the President’s Office was approved.

Break called at 5:15pm
Back at 5:30pm

V. OLD BUSINESS

A. Procurement Policies – Dr. Fernandez, NMC President informed the board that at the last NMC Foundation meeting, the board raised concerns to the BOR Acting Chair Cepeda regarding the NMC Foundation abilities to be able to purchase alcohol for their activities and events. The staff is proposing to the board for review and approval, a proposed policy change in the Procurement Policy.

The Acting Chair Cepeda apprised the BOR Members that the Foundation board were concerned about this matter and how it would affect fundraising events coming up such as the Comedy Show and Golf Tournament.

**Motion:** Regent Peter moved to approve the amendments to the Procurement Policies.

**Second:** The motion was seconded by Regent Orilla.

**Discussion:** Regent Peter brought up the issue of library fines as indicated in the procurement policy.

Dr. Fernandez explained that this item is specifically for staff and faculty.

Regent Lizama talked about the college funds and wanted to know if this meant that it includes fundraising funds.

Dr. Fernandez explained that it does because this is subject to procurement rules and regulations.

The legal counsel, Mr. Jesse Borja, explained that it would be important that the approval of the amendments made to the Procurement Policy for submission are returned before it is even submitted for publication to the Registrar’s Office.
Vote: The amendments to the Procurement Policy were unanimously approved.

B. Proposed HR Policies – Tabled

VI. NEW BUSINESS
A. NMC Credit Write-Offs
   Motion: Regent Peter moved to approve the NMC Credit Write-Offs of $1.9 Million Dollars.
   Second: The motion was seconded by Regent Orilla.
   Discussion: Regent San Nicolas pointed out that this is a lot of money to be written off and should have been collected. In the future, it is his hope that there will be a procedure how to deal with collections and the college should do whatever it takes to collect pending receivables.

Dr. Fernandez informed the board that there are mechanisms in place now to correct this problem.

This motion or action on this particular item does not mean it’s forgotten, it only means that there’s nothing that could be done about it. However, unless these individuals come in voluntary to satisfy their accounts, there is really nothing that could be done because it has been over six years.

Vote: The NMC Credit Write-Offs have been approved unanimously by a majority voice vote.

B. Investment
   Motion: Regent Peter motioned to approve the investment of $750,000 dollars.
   Second: The motion was seconded by Regent Orilla.
   Discussion: None
   Vote: The investment of $750,000 dollars was approved unanimously by a majority voice vote.

C. Election of Vice-Chair
   Nomination: Regent Linsa Lizama nominated Mr. Joey P. San Nicolas to be the new BOR Vice-Chairman.
   Second: The motion was seconded by Regent Peter.
   Vote: The election of Vice-Chair was unanimously approved by a majority voice vote. Mr. Joey P. San Nicolas is the new BOR Vice-Chairman and will be replacing Regent Charles V. Cepeda.

For the record, the Board of Regents will elect a Vice-Chair at an organizational meeting in odd-numbered years.

D. Regular BOR Meeting Schedule
   The proposed Board of Regents Regular Scheduled Meeting as follows: Thursday, June 19, 2008
Thursday, September 19, 2008
Thursday, December 19, 2008

E. BOR Self Evaluation
Motion: Regent Peter motioned to table the BOR Self Evaluation,
Second: The motion was seconded by Regent Lizama.
Vote: The BOR Self Evaluation was approved to be deferred at this time by a majority voice vote.

Executive Session called at 6:20pm
Back at 7:00pm

VII. ADJOURNMENT
The meeting ended at 7:00pm.