



# Northern Marianas College FOUNDATION

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Minutes of the Board of Directors Meeting  
BOR Conference Room – NMC Campus, Saipan  
Wednesday, August 31, 2011  
10:00 a.m.

## ATTENDANCE

**Present:** Vicente (Ben) Babauta, President; Ivan Quichocho, Vice-President; Dave Burger, Treasurer; Joaquin (Jack) Kiyoshi, Secretary; Dr. Alan Markoff, Director; Regent Juan T. Lizama, BOR Chairperson; Regent Frank Rabauliman, Board of Regents Fiscal and Legislative Committee Chairperson; Sharon Y. Hart, Ph.D., NMC President.

**Excused Absent:** Yoichi Matsumura, Director; Joanna Pai, Director.

**NMC Staff Present:** Frankie Eliptico, Office of Institutional Advancement Director; Rogelio Madriaga, CFAO; Raynard Travilla, OIA Staff; and Helen Camacho, OIA Admin. Manager (Recorder).

## I. OPENING PROCEDURES

- a. **Roll Call:** President Babauta called roll call. Eight members of the Foundation Board were present; a quorum was established. President Babauta welcomed Dr. Hart and Regent Chairperson Lizama to their first meeting with the Foundation Board of Directors.
- b. **Review and Adoption of Agenda:**

**Motion:** Director Quichocho moved to adopt the August 31, 2011 Foundation meeting agenda.

**Second:** Director Kiyoshi seconded the motion.

**Vote:** The motion passed unanimously.
- c. **Review and Adoption of Minutes**  
June 15, 2011 Foundation Meeting Minutes

**Motion:** Director Quichocho moved to adopt the June 15, 2011 Foundation meeting minutes.

**Second:** Director Kiyoshi seconded the motion.

**Vote:** The motion passed unanimously.

## II. COMMITTEE REPORTS

### a. Special Events Committee

#### 1. NMCs 30<sup>th</sup> Anniversary Gala

Vice-President Quichocho provided a brief update. He indicated that due to recent financial developments the committee decided to meet with CFAO Madriaga to address some of these concerns before making any final decisions. Director Quichocho also noted the following:

- Congressman Gregorio “Kilili” Sablan recently wrote to the Special Events committee, recommending Mr. Tony Babauta, Assistant Department of Interior as a possible keynote speaker at the event; an invitation was sent to Mr. Babauta.
- Financial status update

Chairperson Lizama recommended forming a program committee to do some research. President Babauta said that they are open to the idea. Director Quichocho added that the whole appearance of the discussion changed when the balance of the account “came to light.” The members were extremely alarmed to learn that the balance is not accurate. Chairperson Lizama clarified his point and added that the idea is to receive the best advice. Dr. Markoff queried about the amount or balance of the account. Director Quichocho said that we are down to \$11,000. He added that the actual balance is still being reviewed at this time and also listed some of recent commitments such as the NMC Signage, Foundation Scholarship and the Smith Barney transfer of \$100,000. Director Quichocho added that the ability to put on the event and fund other things is severely impaired until we know for sure the status of our account.

Frankie Eliptico, OIA Director informed the Board that the report handed out earlier was prepared by the Finance Office and it entails the life of the Foundation. Discussions ensued and Director Quichocho recommended putting a hold on further planning until we get that update. President Babauta added that despite this new development, it is very important to celebrate the 30<sup>th</sup> Anniversary. It marks the history and great accomplishments as a community.

## III. Old Business

### a. Accreditation Update/NMC Update

Sharon Y. Hart, Ph.D, NMC President provided an update of the status of Accreditation. She welcomed everyone and is very pleased to be able to attend the first official meeting with the Foundation Board. President Hart highlighted the following:

- NMC placed on Probation Status.
- Need to have a healthy working relationship with the government (accountability and flexibility).
- Board of Regents are actively monitoring legislation and taking stands on a number of items.
- ACCJC Visiting Team will be out here between October and November to conduct their research.
- Fundraising Efforts of the Foundation.
- NMC's Budget for Fiscal Year 2012 – NMC proposed a minimum of \$5.2 Million appropriations budget.
- Need to boost the Apprenticeship Program.
- College Access Challenge Grant (CACG) Program – \$5.2 Million required to keep the Maintenance of Effort.
- CNMI Appropriations budgets very low for Higher Education
- Key Grants lost recently and the problem continues.
- Retirement Fund – Proposed 60% increase may require an additional \$800,000 to cover this additional expense.
- Proposed major fundraising campaign ideas (fundraising events and key donors) to bring additional resources to the institution through the Foundation.
- Finalizing major priorities.
- Fall Semester changed to accommodate students who are affected by the recent immigration status that are requirements for the International Students.
- Focus on workforce needs related to the Apprenticeship program.

President Hart concluded her report. President Babauta thanked Dr. Hart for her report and praised her for the work she's done in the last months.

#### **b. Financial Report (CFAO)**

Rogelio Madriaga, CFAO, provided a financial report (handout provided). He outlined the following:

1. Trial Balance (10/1/99 thru 9/30/11)
  - Credit Balance is overstated \$255,800
  - \$55,800 should be the balance – Discussions at the last meeting about the deductions not being made. To date, clarifications were made that the \$200,000 were deducted from the credit balance of \$255,800. The \$55,800 is the accurate balance.
  - Annual income statements being prepared beginning 2003 to date that will be reconciled with Frankie's records.

2. Sources of donations come from the Educational Tax Credit and cash donations.

Director Burger added that this report is probably showing the amount of money that's in the bank (checking account) but the moving of money from checking to Smith Barney "is not an expense, it's an asset." Dr. Markoff clarified whether or not the amount went to Smith Barney. Frankie Eliptico responded that it is not gone, it has been transferred for investment purposes and Jason Miyashita will be on in a little while to confirm that.

CFAO Madriaga agreed and noted that the biggest problem is the format of the report. A balance sheet shows a balance of \$11,000. However, there's got to be some kind of report that can show you accurately without having to make all the adjustments. CFAO Madriaga confirmed that for a fact, \$200,000 must be deducted from the balance sheet. Dr. Markoff wanted to know who decides when and where the monies are transferred to Smith Barney. Everyone conceded and acknowledge that it is the Foundation Board that makes that decision.

Director Quichocho also notes that based from this balance, Eliptico gives the board an annual budget that they make commitments to such as Scholarships, signage, Gala, etc. Dr. Markoff inquired whether or not the committee is comfortable working with a \$55,000 or would they be comfortable if it was a \$150,000 and was the transfer to Smith Barney done prematurely. Director Quichocho believes that it was done prematurely but this decision was made because they thought that they had more than enough to make the transfer and be able to carry out the expenses.

Eliptico informed the Board that prior to the meeting, board members had asked the finance office to prepare an income statement for the last eight years. The account will be reconciled and compared with some of his records. He noted that in comparison between these two reports, they noticed some discrepancies because some of the Foundation donations went to the NMC President's Office. Educational Tax Credit revenues come into NMC two ways: President's Office or the Foundation. In response to Dr. Markoff's inquiry, Eliptico said that it is the donors who decide where the funds go. Also, when a donation is made as part of a campaign, all the ETCs are in response that event. CFAO Madriaga added that about sometime ago, the whole process of donation to the college was revised. Madriaga said that two years ago, there were no consistent procedures in place. For this reason, they recognized that some things needed to be corrected. To address this, all donations go through the Office of Institutional Advancement. President Hart's contention is that all donations should always come in through the Foundation.

**c. House Bill No. 17-188**

Eliptico provided a brief update (handout provided). House Bill No. 17-188 removes the Northern Marianas College and other agencies from receiving funds through the Education Tax Credit Program. Furthermore, the Public

School System was the only agency identified to be eligible in the new bill. The bill has been introduced in committee; it has not gone anywhere or made any significant movement. The Board of Regents has adopted as a statement to support the inclusion of the college back into this bill if in case it does become law. Recently, they have spoken to the author of the bill, Representative Fred Deleon Guerrero and he mentioned that he would be amenable to putting back NMC into the bill. Director Quichocho wanted to know the reasoning behind leaving the college out of the bill from the beginning. Regent Rabauliman stated that he spoke to Representative Deleon Guerrero about this matter and noted that he is very supportive of placing NMC back into the bill. Eliptico asked if he could draft on behalf of the Foundation Board, a similar position statement also supporting the inclusion of the college into the bill.

### **BOARD ACTION**

**Motion:** Director Quichocho moved to allow Frankie Eliptico, OIA Director, expressing the Boards position that they support the inclusion of NMC into House Bill No. 17-188 as an eligible institution to receive fund through the Education Tax Credit Program.

**Second:** Regent Rabauliman seconded the motion.

**Vote:** The motion passed unanimously.

President Hart provided a copy of Board Policy No. 1009 (letter M) related to receiving donations and will be coming forward in the next meeting to look at changing this section.

## **IV. New Business**

### **a. Endowment Fund Report (Smith Barney)**

Eliptico informed the board that Jason Miyashita of Smith Barney would be participating via phone conference and via Skype. Jason provided a performance of the Endowment fund portfolio. Frankie Eliptico listed the Foundation Board members and President Hart who were present in the room.

Jason Miyashita (Morgan Stanley Smith Barney) looks forward to meeting President Hart during their monthly visits. He went on and provided a status on the overall performance report. He outlined the overall portfolio as of August 31, 2011 and also talked about the top holdings of the portfolio. Jason noted that they've been watching the market quite closely because it's been erratic over the first couple of weeks in August. He highlighted the following:

- Snapshot of current portfolio at \$5.66 Million
- Portfolio ended at \$5.668 Million
- Interest Rates are low until at least 2013

- Banks across the board have heightened their standards with respect to lending.
- 1.5% down at the end of the year
- Return of 12.6% (\$573,000 made on portfolio)
- \$883,000 return or 4.7%
- 2007-2008 Financial crisis

In response to Director Quichocho's inquiry, Jason Miyashita responded that it would take 3-5 business days to complete the liquidation request and wire the money directly to the account.

Jason concluded his report.

**b. NMC Foundation Structure**

President Hart provided a report (see handout). She highlighted the following:

- Information on the University of Connecticut Foundation.
- Potential rules or procedures.
- Separate the Foundation from the College.
- Case laws that are closely linked to a college or a university, a number of things can happen.
- Books can be opened up to the public.
- Voting on the Foundation, i.e. Ex-Officio capacity
- Written agreement between the Foundation and the College.
- Public Laws that have the Foundation reporting to and through the Board of Regents, which leads into a public disclosure.

**BOARD ACTION**

**Motion:** Dr. Markoff moved to appoint an ad-hoc committee to work with President Hart.

**Second:** Regent Rabauliman seconded the motion.

**Discussion:** Director Quichocho noted to conduct further research.

**Vote:** The motion passed unanimously.

**c. Miscellaneous/Announcement – None**

**d. Adjournment**

**Motion:** President Babauta moved to adjourn the meeting.

**Second:** Director Quichocho seconded the motion.

**Vote:** The motion passed unanimously.

The meeting was adjourned at 12:21 p.m. on Wednesday, August 31, 2011