



Northern Marianas College FOUNDATION

Est. 1999

NMC Foundation Meeting
2:30 p.m., Tuesday – August 20, 2013
Board of Regents Conference Room

I. Call to Order

Dr. Alan Markoff, NMC Foundation Interim President, established quorum and called the Foundation meeting to order at 2:50 p.m.

Members present:

1. Dr. Alan Stuart Markoff - Interim President
2. Mr. Dave Burger
3. Mr. Bud White
4. Mr. David Sablan
5. Ms. Lillian Cabrera
6. Mr. Joaquin Kiyoshi, Alumni President

Members absent:

7. Mr. Jerry Facey
8. Mr. Joe Santos

Non-Voting members:

9. Dr. Sharon Y. Hart – NMC President
10. Ms. Tracy Guerrero, NMC Chief Financial Officer

Special Guests:

11. Mr. Jason B. Miyashita, CRPS® - Asia Pacific Group at Morgan Stanley Smith Barney
(Via teleconference)
12. Mr. Steve West (Strategies for Philanthropy)
13. Becky Sablan serving as Recorder

II. Review of Agenda

Move Item numbers VI. and VII. up to IV. Dr. Markoff recommended adding under Other Items: the discussion of inviting two or three additional community members to serve on the Foundation Board to avoid lack of quorum issues.

Action:

Mr. David Sablan entered a motion to adopt the meeting agenda with changes. Mr. Bud White seconded the motion. All members present voted in favor of the motion.

III. Review of Minutes

1) Summary of June 18, 2013 Meeting

Action:

Mr. David Sablan moved to approve the minutes of the June 18, 2013 NMC Foundation Meeting. Mr. Bud White seconded the motion. All members present voted in favor of the motion.

IV. Reports

a. 1. Executive Director of the NMC Foundation

- Review Proposed Job Description—**Mr. Jack Kiyoshi**

2. Staff Member of the NMC Foundation

- Review Proposed Job Description—**Mr. Jack Kiyoshi**

Mr. Kiyoshi provided the Foundation with the proposed/draft copies of the position description/vacancy announcement for an Executive Director and Executive Secretary for the NMC Foundation. Need to identify the funding source for this position. President Hart suggested that they link the position to senior level administrators of the College. President Hart and Mr. Kiyoshi worked together and gathered job descriptions of other college's foundation directors. Hillsborough College pays their Foundation Director about \$120,000 per year Dr. Markoff questioned if the Foundation could afford hiring a full-time Executive Director. President Hart reported that senior administrators at NMC earn 50k to 70k per year for full-time employment plus benefits. President Hart reported that the Executive Director of GCC's Foundation earns around 90k. Fundraising certification preferred for the Exec. Director position (licensed for professional fundraising).

Mr. Bud White noted that students have been graduating from NMC for over 28 or 29 years. He inquired if NMC keeps such records of graduates/alumni information in a data base. Alumni are great sources for foundation support. Sees this as a major job for the Executive Director. Mr. Kiyoshi said that the Admissions and Records Office has that information in a data base.

Another issue raised was that of an office location for the Executive Director of the Foundation. President Hart said that as an in kind donation, NMC will provide the Executive Director with an office. Clerical support for the Executive Director was also raised. Administrative Manager's minimum salary at 19k to 25k. The other position is an Executive Secretary to the Executive Director. Some of the other job responsibilities with this position will be recording and publishing minutes, board agendas etc. Range for fulltime would be 25k to 30k for an Executive Secretary.

Mr. White said that part of the Executive Director's performance evaluation and continued employment will tie into the amount of money he or she is able to raise in a year for the College.

President Hart advised that the Foundation does not have all required basic components. Even though the Foundation has a lot of money, it is still in its infancy stage. The Executive Director and Executive Secretary positions will be open for two weeks or can stay open until filled. President Hart recommended that one of the Executive Director's responsibilities or task will be to prepare a budget request for the Foundation Boards' approval with its office's priorities.

Recommendation was raised to announce the positions as part-time first then examine later if full-time is needed. President Hart was concerned that if the positions were announced nationally, applicants would not be willing to move this far with the proposed salaries. Screening of applicants to begin in September 2013. Minimum advertisement at two weeks.

Action:

Mr. White entered a motion to approve the hire of a part-time Executive Director and a part-time Executive Secretary. Mr. David Sablan seconded the motion.

Ms. Cabrera wanted to include the Executive Director's goal to earn 50k in six months for example in the hiring Criteria. President Hart reiterated that the Foundation is still in an infancy stage. President Hart clarified that it is the Boards' responsibility to raise money and not the Executive Director. After further discussion, it was agreed to hire these positions as half-time before October 2013.

The NMC Foundation Board elected to form an Ad Hoc Committee to screen the applicants and make recommendations to the full Board. Dr. Markoff to return October 6, 2013.

The Ad Hoc members are: Mr. Dave Sablan, Ms. Lillian Cabrera, Mr. Jack Kiyoshi and Mr. Bud White. Dr. Markoff will serve as an Ex-Officio member.

b. Investment Performance Summary (June 30, 2013) - Jason B. Miyashita, CRPS® - Asia Pacific Group at Morgan Stanley Smith Barney

- Inquired if all members had received the July 2013 Financial Report and confirmed that that they all did.
- As of July 31, 2013, fund at \$5.9 Million
- Second quarter not so well for the capital market
- Tracking well for fiscal year at 12.4%
- Allocated NMC portion from the NMC Foundation
- US equities at 6.1%. Fixed income at 7.1 %.
- Talked about fixed income going forward as there could be a risk in doing so in terms of investing in bonds.
- Reviewed Value Add Chart
- Provided updates on individual managers: closely monitoring Cambiar, large cap value. Will advise on any issues. Provided updates as well on Atalanta Sosnoff, Wedgewood Partners, Penn Capital, and Renaissance (international) and Seix Investment Advisors.

Other matters:

Asia Pacific Association for Fiduciary Studies (APAFS) – to host 13th Annual Pacific Region Investment Conference on November 7 and 8, 2013 at the New World Makati City Hotel, Manila, Philippines (with additional training options on the 4, 5 and 6. Training classes on the 4th on Fiduciary Essentials a non-exam course on the fiduciary responsibilities of Trustees, Board members, endowment funds etc. NMC is a member and Dr. Markoff represents NMC on the August 20, 2013, NMC Foundation Meeting

Board. Board of Governors decide on location for annual investment conference and membership is spread out throughout Micronesia. These conferences bring together investment experts, finance professionals and key decision makers in the Asia Pacific region.

President Hart inquired if the University of Guam attends. Mr. Miyashita said that the Presidents, Chief Financial Officers, Trustees or Board members as well as Foundation Directors from UOG, GCC and other colleges from Micronesia all attend.

c. Financial Report - Tracy Guerrero - NMC Chief Financial Officer

i.) NMC Foundation Balance Sheet:

- Total Assets: 5,689,176.00
- Total Liabilities: 837,629.00
- Total Net Assets: 4,851,547.00
 - Restricted
 - Nonexpendable: 3,200,000.00
 - Expendable: 1,447,325.00
 - Unrestricted: 204,222.00
- Total Liabilities and Net Assets: 5,689,176.00
- Includes:
 - Endowment initial deposit of \$3,413,816
 - Tan Sui Lin Foundation deposit of \$100,000
 - NMC Operations deposit of \$750,000
 - NMC Foundation deposit of \$100,000
- Also Reported on Trial Balance (Accumulative overtime, what the foundation board raised and expended)

ii.) Update on Promissory Note or Agreement between NMC Foundation and NMC Board - NMC CFO

CFO Guerrero reported that the minutes of the February 8, 2013 Board of Regents Meeting details the motion of the Boards' approval to move the \$750,000 as recommended by CFAO Raajkumar Kurapati. Promissory note not found. If one exist, could not locate it. Has email from former Director of Institutional Advancement, Mr. Frankie Eliptico requesting the Board of Regents to act on the matter. \$750,000 - Sitting in, not earning very much interest. Would like to recommend to the Board of Regents to seek guidance from Morgan Stanley where to put this money to earn higher rates on returns. President Hart said that we have internal needs and would like the Foundation to help with key priorities of the College.

iii.) Update on Guidelines Established by US Dept. of Ag on Initial Endowment to the College – CFO

- College administers an endowment fund through the NMC Foundation Board of Directors, a separate legal entity
- Fund's initial endowment: \$3,000,000.00 (with additional contributions of \$100,000 from the NMC Foundation in FY 2010 and a private donation from the Tan Siu Lin Foundation of \$100,000 in FY 2008)
- Principle of the fund is nonexpendable
- Investment income is available for operations purposes subject to approval by the Foundation Board

- Regarding the allowed use of funds, the principal of the funds are considered restricted and may not be used for any purpose than as a perpetual fund to raise monies
- Interest earned on original endowment principle may be used for any purpose to benefit the college, except for the purchase, erection, preservation, or repair of any building or buildings of the college

V. Review Priorities Established in Planning Study Conducted by Strategies for Philanthropy – Identify Next Steps to Implement with Timeline—Dr. Alan Markoff

On the Right Path?

Dr. Markoff requested for Mr. Steve West (Strategies for Philanthropy) to attend the meeting to present objective and strategic ways for the Foundation Board to move forward. Mr. West presented two months ago and his report is a follow-up from his last report provided to the Foundation Board.

Mr. West stated that he sees the Foundation and NMC having one or two paths. A Maintaining Path: similar to what the Foundation Board is doing today, for example, listening to the Investment Performance Reports and deciding on what to do with the funds. Maintenance is automatic, going off of recommendations. A Sustaining Path: Mr. West spent 35 years in non-profit fundraising. His responsibility was to help sustain that organization to sustain those funds. Looks at a standpoint of fundraising and opportunity. From a sustaining point of view and from an NMC perspective, the NMC Foundation Board needs to get ready to go, do something big.

NMC going through accreditation issues since 2006, the President will announce after the Commission's meeting in January 2014 that we are moving forward with fundraising, now we are giving you (the community) the opportunity to be a part of the College's future. The College can move forward with new programs, more opportunities for growth and to help the CNMI.

You are going to need an Executive Director to move forward, need somebody to be in charge, has the expertise, skills. Move ahead and take the sustaining path and this should be completed by October 1, 2013. You can do this with a half-time position and may need to boost to a full-time. by February 2014. Go big with accreditation decision. Refer to priorities (under tab 11) at least 90% to be driven by the Executive Director.

Board Leadership:

We have an NMC Foundation Board and Friends of NMC. Mr. White asked why we had two Boards. Mr. West said that most public universities have another arm, a fundraising arm. 501(c) status. President Hart said that the CNMI put into law that would establish a foundation overseen by the Board of Regents. You want to keep donors information separate. If you are on a national campaign and a donor wants to remain anonymous, the legislature by law can request the foundation to disclose the amount. The NMC Foundation would handle the land grant (maintenance group), Friends of NMC would become the fundraising arm. Mr. West recommended that the same board members remain members on the Friends of NMC to keep it clean and simple. Both Boards can meet at the same time. Can convene as the NMC Foundation and then reconvene as the Friends of NMC which is a private meeting, can take care of future planning and control what goes out to the community.

Mr. West recommends a planning session as soon as the Executive Director is hired. Mr. West has conducted a planning session for the Northern Marianas Humanities Council. More group cohesiveness for the Board.

Challenge Grant:

This is one opportunity to raise dollars. A College Grant is when a business gives a gift of \$200,000 for example, and the College will try and raise the matching amount. If the College does not raise the amount then they will not receive it.

Dr. Markoff asked Mr. West how the Foundation Board could decide on whether they needed a full-time or a part-time Executive Director. Mr. West said that it depended on what the Board was. If they are a maintenance Board, then go part-time.

VI. NMC Board of Regents – Policy Revisions Impacting NMC Foundation—

Dr. Sharon Hart

Dr. Hart reported that the Board of Regents is reviewing all policies and removing the procedures from them. This past year, the Board of Regents pulled themselves off the NMC Foundation Board. After going through their bylaws and policies, they found that their fiduciary duty is established by law.

VII. President Hart’s Report on NMC—Dr. Sharon Hart

President Hart updated the Foundation of the US Department of Education’s concern over our College’s dual accreditation status and what our College’s plans were to address the issue as millions of dollars in federal financial aid may be compromised. Dr. Hart said she would send updates via email when needed.

Other matters:

Mr. West recommended that the NMC Foundation Board hire an Executive Director and leave that responsibility with the Executive Director to hire his or her assistant. Mr. West reiterated the importance of the NMC Foundation choosing the sustaining path and not that of a maintenance one.

VIII. Other Items

a. Extend additional invitations to business/community members to serve on the NMC Foundation Board:

Dr. Markoff discussed the need to invite two or three additional community members to serve on the Foundation Board to avoid lack of quorum issues. The Foundation Board may find it useful or beneficial to add a member who is an attorney and a member from the banking business/industry.

Recommendations were made to invite the following community/business members:

- Michael Earnest (Bridge Capital, LLC)
- Juan Lizama (First Hawaiian Bank)

- Joe Ayuyu (Mc Donalds)
- Ron Barrineu

IX. Adjournment

With no further business before the Foundation Board, members moved to adjourn their meeting at 5:04 p.m.

Next Foundation Meeting: Date: November 20, 2013 (Wed)
Time: 3:00 p.m.
Venue: Board of Regents Conference Room (Bldg. P)