



Northern Marianas College FOUNDATION

Est. 1999

NMC FOUNDATION MEETING

Wednesday, November 20, 2013

Time: 3:00 p.m.

Venue: Board of Regent's Conference Room (Bldg. P)

I. Call to Order

Mr. Bud White, established quorum and called the Foundation meeting to order at 3:10 p.m.

Members present:

1. Mr. Bud White
2. Mr. David Sablan
3. Ms. Lillian Cabrera
4. Mr. Jerry Facey
5. Mr. Dave Burger

Members absent:

6. Dr. Alan Stuart Markoff - Interim President
7. Mr. Joaquin Kiyoshi, NMC Alumni President
8. Mr. Joe Santos

Non-Voting members present:

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

II. Review of Agenda

Move item a. below e under IV. Move Mr. Miyashita's report ahead upon his arrival between items b and e.

III. Review of Minutes

Members to review minutes and approve at its next meeting. Members requested to receive minutes and agenda at least a week before the meetings.

Other notes: Mr. White shared resources that outlined fiduciary responsibilities. Copies are available at \$25.00.

IV. Reports:

a. Financial Report -- Tracy Guerrero, NMC CFO

CFO Guerrero reported on the financial balance sheet as of September 30, 2013.

Assets continue to grow. \$ 889,000.00 owed/ liability to the College. Brief background on issue: In 2008 the Board of Regents acted to take out funds from Operations to come in line with endowment funds to earn interest as an investment instrument. Board of Regents took action to move these funds to the NMC Foundation. Assets have been transferred back to the College and continues to earn interest. Recommended to remove this item from the NMC Foundation's agenda.

Mr. White inquired if the College had a list of prioritized needs. President Hart recommended that the NMC Foundation Board take the interest earned and allocate these monies to NMC for computer and software needs. A few of NMC's prioritized needs will cost more than one hundred thousand dollars. For example, the cost to computerize our registration process.

President Hart said these needs link to our accreditation needs. The College had its Show Cause visit in October and went through a Substantive Change Visit at the same time. The College was approved to come under one accreditor (ACCJC). Because of confidentiality reasons, President Hart could not comment on the Team's Report. She will be meeting with the Commission in January 2014 and truly believes the College has done well.

There are a number of new directions the College wants to go as NMC is reaching the infancy stages where UOG was 30 years ago. New curriculum development, such as 4 year degree in Business. Mr. White commented that the biggest industry on island was tourism. He also asked if MVA had approached NMC for training needs in hospitality.

President Hart said that she serves on a taskforce headed by Ms. Edith Deleon Guerrero, Secretary of Labor, formed to address training workforce needs and preparing for the transition of workers in 2014. President Hart and Secretary Deleon Guerrero attended a regional summit on America Works: Education and Training for Tomorrow's Jobs (hosted by the National Governor's Association) in Santa Fe, New Mexico. NMC can assist the workforce by offering Baccalaureate degrees in Business with different areas of concentration such as hospitality, accounting and management.

CFO Guerrero continued with her report and clarified the differences of nonexpendable, expendable, and unrestricted funds. Also explained details of realized gains for the year: \$ 226,000 earned in interest on a six million dollar fund. Recommended that the College remain sustainable by continuing to pay for recurring expenses such as the cost of utilities and paper.

b. Solicitation to Submit Requests for Charitable Donations

President Hart reported that the College's new Grants Writer will start in the first week of December. This request will be one of the Grant Writer's top priorities.

c. Request from NMC for Funding of Specific Projects/Activities -- Hart/Guerrero

The College's Budget and Finance Committee (BAFC) prepares the College's Annual budget based on the institution's goals and priorities. BAFC receives departmental budget

requests then meets and deliberates on these requests. CFO Guerrero submitted to the NMC Foundation Board, a proposal from BAFC for special projects, investments into classroom technology etc. Total amount is \$ 800,000. Needs are demonstrated through internal budget processes. Whatever the College cannot fund, the College will request for the NMC Foundation to fund. These requests include computers, overhead projectors, hard drive move to server virtualization (no CPUs). Other IT upgrades include WI-FI access across the entire campus.

Another concern was the lack of storage space to hold and maintain students' records. Accreditation requires us to keep this information for an x amount of years. Mr. White offered scanning services of these records that can be stored on CDs.

Try to fund most essential needs that they have, recurring like pencils, paper. Instructors need instructional materials. Art needs to recycle clay. Smart board. Dr. Hart: Science lab is the worst. We have to put money into the labs. Adjuncts says teaching science course, on human body, only physical science. Nursing dept. should have 20 mannequins. Lack of technology. Some departments submitted detailed listing.

Human Resources: in order to attract, competitive, hire the, find a sustainable funding, staff have worked her for over 20 years with no compensation. Employees re

ACTION: Mr. Jerry Facey entered a motion to take the interest income from the NMC Foundations investments from the past twelve months to fund the proposal of priorities. Ms. Lillian Cabrera seconded the motion.

Discussion:

Mr. Dave Burger said to be cognizant of how funds change in value. Realized gains. There can be gains, dividends, Return on investments elements.

Mr. Miyashita: can extract from portfolio. Can pull income as of Nov 15. Income summary that breaks down interests and dividends. Estimate \$ 100,000. Mr. Facey: Could we consider part of unrestricted funds, \$ 174,000.00.

Modified motion:

Mr. Jerry Facey modified the motion: To approve \$ 100,000. Mr. David Burger added that the money come out of expendable funds and that the unrestricted funds be used for the NMC Foundation's administrative needs. Mr. Bud White seconded the motion.

All members present voted in favor of the motion.

d. Investment Performance Summary -- Jason B. Miyashita

Reported on the September 30 Investment Portfolio. Third quarter – Risk on. Total fund up 6.5 %. Good quarter. Made \$ 375,000.00 Good fiscal year. 15% for the year. Bench Mark up 12, annualized number 6.5%. Took out \$ 940,000 (including fees), return to College. Looking at the allocation. Equity markets went up. 1.6 % international. Reported on individual managers. Will continue to watch them. He also reported that the 3th Annual Pacific Region Investment Conference hosted by the Asia Pacific Association for Fiduciary Studies (APAFS) on November 7 and 8 in Manila, Philippines was great. Interim President Markoff was also in attendance.

Other discussion: Recommended courses the NMC Foundation board members should take

on fiduciary duties. Mr. Miyashita said training was possible as they have done so in the past with UOG, GCC and the College of the Micronesia. Such as a Student Investments 101 Course that NMC may want to consider. President Hart said this that was a wonderful opportunity. Mr. Miyashita also recommended that the NMC Foundation Board look into a finance investment club as they had presented to UOG. UOG granted their student club \$ 50,000.00 to invest with. President Hart said to start off with training our students to get them interested then offer the investment club proposal.

Other notes: To ensure handouts at today's meeting are provided to members who were not present. Mr. White also commended Mr. Miyashita for his exceptional assistance with the NMC Foundation Board's investments.

- e. Executive Director Subcommittee Team -- Discuss outcome of Interviews.
Obtain feedback on next steps.

(Executive session) To call references and will have final decision by next week.

- f. Review Priorities Established in Planning Study Conducted by Strategies for Philanthropy -- Identify Next Steps to Implement With New Timetable --

No discussion. Tabled?

V President Hart's Report on NMC - Dr. Hart

(Reported earlier under CFO's reports)

VI. Other Items

Proposal on 501 c (3) status. Proposal due on the 13th. President Hart to provide more information on the amount. The NMC Foundation gave President Hart permission to move forward with the process.

VII. Agenda Items for Next Board Meeting

Please send items for the agenda to Mr. Bud White. Proposal on 501 c (3). Proposal due on the 13th. Will find out more information on the amount. The NMC Foundation gave President Hart permission to move forward.

Request to have agenda and minutes at least a week before the meetings.

VIII. Establish Date/Time Next Board Meeting

Next meeting: Friday, December 20, 2013
9:00 a.m.
Board of Regents' Conference Room

With no further business before the NMC Foundation Board of Directors, members moved to adjourn their meeting at 4:57 p.m.