

COLLEGE OF MICRONESIA-FSM
BOARD OF REGENTS

**MINUTES OF THE SEPTEMBER 7-9, 2011, MEETING
National Campus**

CALL TO ORDER

Chairman Regent Kasio Mida called the special meeting of the College of Micronesia-FSM Board of Regents to order at 8:55 a.m. on Wednesday, September 7, 2011, in the board conference room at the National Campus. The chairman asked for a moment of silent prayer.

In his opening remarks the chairman welcomed everyone to the meeting, especially those traveling to get here. He mentioned VP Alik's concern regarding the incident in the dormitory and cautioned the administration against further occurrence.

The Chairman asked for introduction of the three new faces attending the meeting. Frankie Harriss, Accreditation Liaison Officer; Mariano Marcus, Acting Director of Chuuk Campus; and Diaz Joseph, Acting Director of Pohnpei Campus, introduced themselves.

MISSION STATEMENT

Executive Assistant Norma Edwin read the mission statement.

ROLL CALL

With Regents Lyndon Cornelius from Kosrae State, Graceful Enlet from Chuuk State, and Kasio Mida representing the National Government present, the chairman declared a quorum. Regents Churchill Edward from Pohnpei State and Mary B. Figir from Yap State joined the meeting later.

Also present for all or part of the meeting were Ringlen Ringlen, Interim President and *ex officio* member of the Board; Karen Simion, Acting Vice President for Instructional Affairs; Joseph Habuchmai, Vice President for Administrative Services; Jeffrey Arnold, Acting Vice President for Student Services; Mariano Marcus, Acting Director of Chuuk Campus; Kalwin Kephas, Director of Kosrae Campus; Diaz Joseph, Acting Director of Pohnpei Campus; Matthias Ewarmai, Director of FSM Fisheries and Maritime Institute; Danny Dumantay, Comptroller; Jimmy Hicks, Director of Institutional Research and Planning; Gordon Segal, Director of Information Technology; Joseph Saimon, Director of Development and Community Relations; Grilly Jack, Director of Vocational, Community and Continuing Education; Resida Keller, President of National Campus Faculty Staff Senate and chairman of languages and literature division; Frankie Harriss, Accreditation Liaison Officer; Maria Dison, Pohnpei Campus Instructional Coordinator; Snyder Biza, chairman of math/science division; and Norma Edwin, Executive Assistant to the President and meeting recorder.

REVIEW OF AGENDA

Resolutions for departing administrators had been deleted from the agenda as they were not ready; the Board asked if they could be considered during this meeting. IP suggested adding the recent JEMCO resolutions to the agenda; he was directed to include it during his report. **Regent Enlet moved and Regent Cornelius seconded that the agenda as amended be adopted. The motion carried.**

APPROVAL OF MINUTES

The minutes of the May regular meeting were reviewed. The Chairman had several comments and questions regarding: 1) the wording in the section on “investment options for reserves” and Jason Miyashita to include comments on the directive during his presentation; 2) implementation of the streamlining process; 3) the suggestion to consider having chancellors for the campuses in the future; 4) report from the task force on further realignment and reporting procedures; and 5) need for benchmarks or plan for collection of outstanding balance. IP reported meeting with the US Ambassador to clarify how the outstanding balance amount depends on when the report is made. The comptroller further explained that the amount decreases after Pell grants are awarded and on efforts to improve collections. **Regent Cornelius moved and Regent Enlet seconded that the minutes as amended of the May 18-19, 2011, regular meeting be adopted. The motion passed unanimously.**

COMMUNICATIONS

IP Ringlen briefly went over the communications included in the meeting notebook which are: letter from Acting Secretary of Finance and Administration returning our request for reimbursement from IMF pending WASC approval of our restructuring plan (which is a misunderstanding and clarified at the JEMCO meeting that WASC need not approve the plan); invitation from the Chargé d’ Affaires from the U.S. Embassy to participate in the U.S. Department of State Arts Envoy Program; letter to the FSM Board of Nursing requesting certification for our nursing program; letter from Governor Ehsa requesting a representative from the college on their World Park Planning Committee (VP Currie will represent the college); appreciation letter to IP Ringlen for services rendered to Phi Theta Kappa for the past five years; and letter from the Japan Ambassador to FSM expressing appreciation for the support from FSM to the Great East Japan Earthquake and transmitting the first of his Ambassador’s letter - this one on the current situation related to the tragedy.

REPORT FROM ENDOWMENT FUND INVESTMENT CONSULTANT

Jason Miyashita presented a review of the current capital market and an update of the college’s Endowment Fund which currently is at \$3.2 million. He also discussed with the Board options to optimize our funds. For the Endowment Fund, he suggested allocating five to ten percent to international fixed income and the same to commodities to further diversify our port folio and minimize risk. For the college’s idle cash, he presented four

scenarios/options to diversify and invest some of the cash. The decision should depend on the purpose and time horizon for the money.

He also mentioned the upcoming Asia Pacific Judiciary Conference and training program and the Education Conference for students this afternoon.

REGENTS' REPORTS

Regent Mida reported on the resolution from the recent JEMCO meeting which reduces funding for the college by \$700,000 annually for the next four years beginning in FY 2013 and President Mori's strong letter to JEMCO; the COM Board meeting during which COM-FSM received \$25,000 to help address accreditation issues; and President Mori's endorsement of \$13,000 of the Board's request for supplemental funding of \$25,000 for the presidential search, feasibility of establishing a foundation, and other Board activities for submission to Congress.

Regent Enlet reported on activities in Chuuk that may have implication for the college: the recent election of the Governor to Congress; JEMCO conditions for Chuuk DOE; highlights of the plan required by JEMCO; more students attending PCC, which is a threat to the college but opportunity for students to access training; and expansion of the curriculum to include instruction in cultural values and skills. With the many training opportunities in Chuuk, he said the college should be proactive in identifying areas in which it can assist Chuuk; currently it is an open field for service providers.

Regent Cornelius reported that Kosrae State Government received an unqualified opinion for its FY 2010 financial audit; DOE underwent a fixed asset audit; and on DOE efforts to address areas of weaknesses as determined by results of state, FSM, and COMET scores.

Regent Edward reported that the Presidential Search Committee has completed its work and forwarded its recommendation to the Board. Documents have been kept should the Board want to review them. Chairman Mida commended the chair and his committee for their hard work and hoped that a decision would be made at this meeting.

Regent Figir had no report

PRESIDENT'S REPORT

President's Office. Interim President Ringlen reported a busy summer with numerous meetings and activities held on campus; the end of summer session and beginning of fall semester; the appointment of a new ALO; his internal and external meetings to improve communications; his meeting with UOG Endowment personnel regarding assistance in establishing a foundation; the completion of the report on the recent President's Retreat; the JEMCO meeting in Honolulu and resulting loss of funding and freezing of IDP projects; and receipt of \$25,000 from COM Board of Regents.

Data Report. IRPO Director Hicks provided highlights of data for Summer 2011 and initial Fall 2011. Summer enrollment data were presented on headcount versus FTE, by state of

origin; by program; by credits taken; by type and campus. Data on course completion rates; and graduation by major, sex and campus were also presented. Fall enrollment data were presented on headcount versus FTE; by gender and campus; by state of origin and campus; by major; as well as section data by campus. He also reported that a new Fact Book will be ready in December.

The Board inquired whether the college has a tracking system for our graduates; about COMET criteria; and remedial students at national campus.

Accreditation. ALO Harriss reported that broad based participation has improved; committees are run by faculty who now feel more ownership; and synchronous communication at all sites still a challenge.

The Board inquired and/or commented about the need for outside help; the progress report due in March; meaning of broad based participation; and the need for everyone, internally and externally, to be on the same page.

Institutional Research and Planning. Saying his report is in the binder, Director Hicks focused on providing an overview of the recent President's Retreat; details are on the website. The written report of the retreat will be ready for dissemination later this afternoon and will be shared with external stakeholders as well.

Development and Community Relations. Director Simon directed the Board to his written report in the binder and informed the Board of the need to hold "town hall" meetings as stated in previous accreditation reports and to plan holding them in conjunction with board meetings.

The Board inquired whether the plan for an endowment foundation is on the agenda and if Mr. Mendiola has been contracted. The Director explained the need to first agree on the scope of work for his consultancy. The Board encouraged him to expedite setting dates and the scope of work.

Chuuk Campus. Acting Director Marcus reported on the need for more classrooms; completion of cement walkways connecting the buildings; negotiations for parking space; terminating the lease for the Mid-Town building; return of green pick up to CRE; fall enrollment of 498; shifting enrollment to other certificate programs due to termination of the general studies program; problems arising as a result of eliminating division chairs; personnel needs; student activities; students transferring to PCC and the Bible College; need for more computers and space for activities; all campus assembly; and concern regarding high number of non-admit students in Chuuk.

Fisheries and Maritime Institute. Director Ewarmai reported on the mobile training units that were sent to Chuuk and Pohnpei in response to requested training; the training for fisheries observers in Pohnpei also included participants from Marshalls, Palau, Kiribati, Nauru; successful voyage of the training ship Hakuto to Ngulu to return trainees and provide further training on the radar; the voyage also provided navigation training for students; the possibility of fishing nations that are parties to the Nauru Agreement hiring at least ten percent of their crews from Pacific member nations; recruitment visit from Japan Far Seas Purse Seine Fishing Association; and need to pave the parking lot.

The Board inquired about their enrollment; number of graduates employed; charging for services rendered to generate revenue; and status of completing accreditation facilities citations. Chairman Mida said that should take priority over the parking lot.

Kosrae Campus. Director Kephas provided the following highlights: summer enrollment a high of 204; exchange students from Marshalls and Pohnpei for the TRIO summer program; meeting with Director of Education on current issues, including possibility of transferring unused facilities to the college; submission of Gear Up grant proposal; stakeholder management efforts which include meetings with Congressman George, Governor, and Chief Justice; and fall enrollment of 261 students.

Pohnpei Campus. Acting Director Diaz reported that Director Weilbacher is on leave and will be retiring at the end of the month; and on the shuttle bus service for students; appreciation for the generator during registration; summer enrollment of 429 students; fall enrollment of 845 students; Gear Up program; TSP grant for another five years; Upward Bound extension for another year and submission of grant proposal for next funding cycle; facilities concerns and negotiation with PICS for space; and holding parents orientation.

Yap Campus. IP Ringlen reported for Director Roboman who was unable to join the meeting. He reported on the status of construction of the student services/classroom building; availability of telephone in her office for teleconferencing; faculty and staff assigned to and encouraged to participate in standing committees; efforts to improve communication; Robert Yangerluo completing his master's degree from UOG; trial counselors program; UB summer institute and service to the community; MOA with Yap DOE on teacher training; attending Yap State Scholarship Council meetings; Yap R & D survey on manpower needs; difficulty in offering the agriculture program; Yap Campus attendance at the Retreat; and Education USA Center visit.

Administrative Services. VPAS Habuchmai reported that his department is focusing on addressing the accreditation recommendations. Efforts are being made to complete the assessment cycle; support the reorganization of the standing committees; develop a policy on total cost of ownership; and refine the financial master plan which has become complicated with the JEMCO resolution. He also provided updates on construction at Yap Campus, the covered walkway; signage, shuttle service between Pohnpei and national campuses; FMI accreditation citations; and the solar electrification project. The JEMCO one campus solution needs discussion and clarification during the upcoming CEC meeting.

The Board inquired about and further discussed fuel consumption, FMI facilities, and the library at Kosrae Campus.

Financial Report. The Comptroller presented the statement of revenues and expenditures for unrestricted fund as of June 30, 2011, which indicates a fund balance of \$1.782 million (no additional revenue is expected for the remaining three months); a comparison of FY 2011 actual revenue which indicates an increase by 7% compared with projected revenue and an increase by 3% compared with the prior year; the gross receivable from students which shows an increase by 10% from March to June; and the cash balance which remains at the same level as compared to the prior quarter. He also reported that the college's FY 2010 financial audit was completed on time. The auditor again expressed an unqualified opinion and found no significant deficiencies or instances of non-compliance which qualified

the college as a low risk auditee. The market value of the endowment fund as of June 30, 2011, was \$3.511 million; however as of August 11, it had dropped to \$3.15 million. Fundraising receipts show receipts of only \$41,000; the goal is \$100,000.

The Board inquired about the fundraising shortfall, the cash balance; and total cost of ownership; wording in the audit report; and requested comparative data on salaries and number of staff.

Cooperative Research and Extension. VPCRE Currie explained he was in court this morning so was not able to attend the meeting earlier. He reported that the judge had ruled Toota Currie innocent of all charges. He hopes the ruling will satisfy the inquiry from ACCJC which was prompted by allegations from Dr. Eisenberg. Her allegations to USDA also prompted an oversight visit. The team visited five of the six sites within the FAS and was impressed with the programs. Their report is due in October. He also reported on the joint opening ceremony of the new MPPRC facility in Kosrae and on the energy task force. An update on the advisory councils was requested.

Instructional Affairs. Acting VPIA Simion reported the resignation of the VPIA, Jean Thoulag, and the Assessment Coordinator, Jon Berger; hiring of Jennifer Hainrick as the new Director of LRC; on the nursing program; open house for the nursing clinic at 3:00 p.m.; update on AHEC funding; assessment of the ACE program – report available soon; and the hiring of Dr. Robert Hogan as consultant to move the college toward distance education. The Director of Vocational and Continuing Education informed about the effects of the JEMCO resolution on education.

The Board inquired whether the nursing program meets the nursing needs; about our responsiveness to expressed needs; and about assistance to graduates in job placement and better employment conditions. They also stated that the college should be upfront about its capabilities and not raise hope when it cannot provide requested services; have a process to evaluate the necessity of filling positions as they become vacant; and train Micronesians to step up to positions, especially in management.

Student Services. Acting VPSS Arnold provided updated the statistics on the COMET since the last Board meeting which now include data on the number that actually enrolled; and reported on the all department meeting which took advantage of having state campus personnel here for the Retreat; items discussed were the current organization chart, monthly and quarterly reporting using google.docs, accreditation, skills sharing, and department priorities. He also provided an update on the hiring of the Student Services Coordinators in Kosrae and Chuuk and on the incident in the dormitory. The Board asked for information on the basis for allocation of work study funding.

Faculty Staff Senate. The new NC FSS President, Resida Keller, said the report in the meeting notebook is from outgoing FSS President Faustino Yarofaisug. Currently the Senate is assisting in improving communications by encouraging greater participation from faculty and staff in committee work and efforts to get state representatives in the Senate. She also conveyed the faculty's gratitude for the 20% increase for the summer.

OLD BUSINESS

Recommendations from task force on implementation of new organization structure.

At the last meeting the Board directed that further realignment of programs and services and implementation of the reporting procedures be halted pending further review to clarify areas of confusion. A task force was to address those areas and recommend an implementation plan to complete the streamlining/restructuring process at the next meeting.

VPAS Habuchmai first presented some background information and committee membership. He then went over the report which defines the dotted lines and solid lines; recommends ALO, DIRP and DDCR be non-voting members of Cabinet and corrections to the president's office orgchart; clarifies the functional responsibilities for sponsored programs, instructional and vocational coordinators, student services coordinator, cooperative research and extension coordinator, and administrative services department; and sets an implementation timeline. FSM FMI, however, is run as a ship and cannot follow the prescribed procedure.

The Board inquired who is responsible for contracts, whether all gaps in reporting have been resolved and dual reporting eliminated. The Board discussed at length the lack of clarity for the role and responsibilities of campus directors. A regent noted that it seems campus directors are no longer accountable for the activities of their campuses and asked whether their salaries should be downgraded. **Regent Edward moved and Regent Figir seconded that the Board accept the recommendations from the task force and further tasked the committee to clarify the role of campus directors. The motion passed with four ayes and one abstention.**

Endowment asset allocation. The Comptroller presented the recommendations from the investment consultants to further diversify the asset allocations for the endowment fund by also investing in non-US fixed income and in commodities. Questions were raised in an attempt to understand the recommendation. It was pointed out that asset allocation is set in the investment policy and changes would have to be made to the policy if the recommendation is accepted. **Regent Cornelius moved and Regent Edward seconded that the matter be referred back to the investment committee to review and make a recommendation to the Board which should include the positive and negative issues to be considered. The motion passed unanimously.**

Investment options for reserves. The Comptroller went over four scenarios for investing our cash reserves. The analysis included the expected return, best case return, worst case return and probability of negative return for the various scenarios. The Board reviewed the source of the reserves and purpose for the reserves in discussing the scenarios. Selection of a scenario would depend on what and when the money would be needed. The need to determine our priorities first was raised. **The Board decided to defer the matter until an overall plan determines how best to utilize the reserves.**

NEW BUSINESS

Policy on Physical Resources Contingencies Fund. The policy was developed to meet the requirement at the end of "Recommendation 6 Physical Resources – To fully meet this

standard, the college must develop a facilities master plan that reflects the institution's long term educational goals and plans and is linked to an identified, reliable, and ongoing funding that support the total cost of the facilities ownership." VPAS explained the purpose for the fund and how it will be established and maintained. The Board asked for further clarification on the uses of the funding; the possibility of matching the initial \$500,000 with IMF funds to increase it to a \$1 million; the urgency for such a fund considering earlier deferment of other money issues pending establishment of priorities; necessity for the fund in light of annual budgeted maintenance funds and insurance; how the fund is to be accounted for; basis for the start up amount; and college's capability for annual deposits. The Board requested that data also be included to support what is being presented. The ALO stressed the need to make decisions on what's best for the college and not just because WASC says so. After modifying the policy as presented, **Regent Figir moved and Regent Cornelius seconded that the policy on physical resources contingencies fund be approved as follows:**

It is the policy of College of Micronesia-FSM to establish a "Physical Resources Contingencies Fund" and to allocate from its finance resources certain sums of money to ensure availability of fiscal resources to support the need for total cost of ownership, construction of facilities, procurement of equipment, funds for major renovations and repairs. The fund may be used for matching grants and loan equity. The fund may serve as a physical resources relief fund for damages caused by natural disasters and accidents.

The college shall initially allocate \$500,000 from its fund balance to establish the fund and shall continue to deposit \$50,000 annually into the account.

The motion passed unanimously.

FY 2013 operations budget development guidelines. IRP Director Hicks presented the proposed budget guidelines for FY 2013 which are designed to assist the college meet accreditation concerns and implement the college master plan and its individual components to promote continuous improvement at the college. The guidelines were developed prior to receipt of the proposed JEMCO resolution on reduction in the Education Sector Grant. The potential impact was addressed and mitigation issues were discussed at the President's Retreat. General guidelines include: alignment with the college's revised organization structure; address priority issues from college plans; ensure funding to address specific accreditation concerns; consider JEMCO resolution regarding long term financial planning in preparation for 2023; relate funds to strategic goals and objectives; and link planning, evaluation and resource allocation; and support continuous improvement of the college. He then went over the budget process, revenue issues, and resource allocation process. Guidelines for FSM FMI, IDP, and SEG funding were also presented. **Regent Edward moved and Recent Cornelius seconded that the FY 2013 budget guidelines as presented be approved. The motion passed unanimously.**

FY 2013 Board budget development guidelines. The Board agreed to having quarterly meetings, one in each state; an average of three days per meeting; and budgeting for two participants to conference. All other items are to remain the same. **Regent Edward**

moved and Regent Enlet seconded that the guidelines for developing the FY 2013 Board of Regents budget be adopted. The motion passed unanimously.

NEXT MEETING

The Board decided to hold the next meeting in Yap the first week in January.

ADJOURNMENT

VPAS Habuchmai on behalf of the IP and college expressed appreciation to the Board for the good, informative and instructive meeting and praised their diligence in addressing the issues. He hoped we all continue to work together for the betterment of the college.

The Board then went into executive session to consider the candidates for president.

The meeting adjourned September 9, 2011, following the executive session.

Minutes of the COM-FSM Board of Regents meeting of September 7-9, 2011, approved this 7th day of January 2013.

By: _____
Kasio E. Mida, Chairman of the Board