



CMI

BOARD OF REGENTS

College of the Marshall Islands

Accredited by the Western Association of Schools and Colleges

P.O. Box 1258
Uliga Campus

Tel: (692) 625-3394/3291/4931

Fax: (692) 625-7203

Email: bor.regents@cmi.edu

Special Board of Regents Minutes - Approved December 22, 2023

Members Present

Chairperson Kathryn Relang
Regent Marie Maddison
Regent Yolanda Lodge-Ned

Vice-Chair Harden Lelet
Regent Benjamin Wakefield
Regent Salome Andrike

Regent Julius Lucky
Regent Nimata Nakamura
Proxy Student Regent Ashiyah Eolae Lewi

Member Absent/Excused

Regent Kino Kabua

CMI employees in attendance:

Dr. Elizabeth Switaj, Interim President
Stevenson Kotton, Vice President for Administrative and Business Affairs
Kelly Sebastian, Executive Officer/Executive Secretary for the CMI Board of Regents (ESBOR)

The meeting was called to order @ 1:45 PM

Agenda Items

1. Opening prayer & Roll call and call to order
2. Approval of the Agenda
3. Report and Recommendations/Approvals/Action
 - 3.1. Justification
 - 3.2. Drawdown Resolution
4. BOR request for future items and information

Minutes

1. OPENING PRAYER, ROLL CALL, AND CALL TO ORDER

Chair Relang commenced the BOR meeting with a moment of silence, followed by officially calling the meeting to order at 1:45 PM.

2. APPROVAL OF THE AGENDA

Regent Wakefield made a motion to approve the Board's Agenda. Regent Lodge-Ned seconded the motion. The motion was unanimously approved.

3. REPORT AND RECOMMENDATIONS/APPROVALS

- 3.1. Justification for Sole Source of the President Position



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- 3.1.1. Chair Relang presented that the justification is to review the language concerning the sole sourcing of a recruiting firm for the President's position, aligning it with the college policies.
- 3.1.2. The decision to sole source arose from using the same successful firm in the last two recruitments, approved by the initial Presidential search Committee.
- 3.1.3. The plan is to have an initial meeting with the entity to request their proposal and proceed with subsequent steps.
- 3.1.4. An email will be circulated for further review and comments from the board.
- 3.2. Drawdown Resolution
 - 3.2.1. Chair Relang addressed the primary purpose of the meeting, emphasizing the issue of funds drawdown due to delays in receiving certain funding allocations, impacting the college's financial situation. VPBAA has recommended drawing down funds to address immediate needs until the expected funds arrive in January, after which replenishment will occur.
 - 3.2.2. The Interim President clarified that the college has the money budgeted; however, the concern lies in the liquidity of the awaited funds. VPBAA Kotton will elaborate further on this matter.
 - 3.2.3. VPBAA Kotton highlighted an anticipated 1.5M in delayed funding and discovered discrepancies due to a lack of communication between departments, causing concern over accountabilities and vendor interactions. Proposing to temporarily borrow from internal funds to cover urgent expenses, the plan involves returning the borrowed amount within 30 days and ensuring transparency by sharing deposit slips with the Board.
 - 3.2.4. VPBAA Kotton is closely working with the team, training them to quickly update our payables.
 - 3.2.5. The Financial Aid staff have been called back to work to finalize the Fall 2023 Pell.
 - 3.2.6. Vice Chair Lelet inquired about the reason for a six-month payable period. Mentioning the new director, he highlighted the urgency of the contingency fund account, questioning whether it's more prudent for the Institution to withdraw from it rather than wait. Additionally, he sought clarification if this was the first occurrence of such a situation in the past.
 - 3.2.6.1. The Interim President explained that there's a new Financial Aid director overseeing the Pell Grant. With the prior Finance director no longer employed, they're currently seeking a replacement. Highlighting the urgency, she emphasized potential reputational risks in unpaid bills, especially concerning the ongoing audit.
 - 3.2.6.2. VPBAA Kotton highlighted that following the departure of the director, a thorough review of the books revealed major vendors reaching out due to unpaid bills. Additionally, the investigation uncovered unsettled fall 2023 collections and pending refunds, which has raised concerns among parents seeking refunds for their children.
 - 3.2.6.3. VPBAA Kotton mentioned that there have been delays in our payments.



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- 3.2.6.4. Chair Relang emphasized that the Finance office director's departure occurred just a few weeks back, leading to mounting issues since their tenure began about a year ago.
 - VPBAA Kotton received instructions to dedicate focus to the FABS office, not solely for the ongoing audit but also to address the current financial situation, stemming from the need to acquire funds until reconciliations and funding reports are completed.
 - Hiring the right director becomes crucial in resolving this ongoing struggle, considering the turnover in director positions over the past few years, impacting the team's leadership and overall functionality in executing their responsibilities.
- 3.2.7. Regent Lodge-Ned inquired about the status of funds allocated for the unpaid items and requested a list of vendors who haven't received payment.
 - 3.2.7.1. The Interim President explained that the allocated budget remains intact, yet the delay lies in the pending reception of those funds from their respective sources.
 - 3.2.7.2. VPBAA Kotton highlighted the critical problem: our spending surpasses our earnings, presenting a pressing dilemma. Although the board-approved budget and projections remain unchanged, the core issue persists: our expenses exceed our income.
 - 3.2.7.3. VPBAA Kotton emphasized that the key lies in paying attention to the reports and utilizing accessible systems. The core issue lies in the failure to adhere to responsibilities, causing the existing problem due to not fulfilling expected duties.
 - 3.2.7.4. Chair Relang instructed VPBAA Kotton to conduct retraining sessions and provide more hands-on guidance to address the current issues, aiming to resolve them and prepare for the 2022 audit.
- 3.2.8. VPBAA Kotton provided the account payable aging report through MIP which is more than 43 pages, revealing a total payable of \$766,295.36 as of today, with a minimum requirement of \$550,000 to clear those payments.
 - 3.2.8.1. He's still reviewing the aging report and proposed a meeting in January to discuss it further, emphasizing the importance of addressing these concerns to avoid problems in future board meetings.
 - 3.2.8.2. He'll present both the payable and receivable aging reports for the board's review.
 - 3.2.8.3. Anyone with access to MIP should be able to generate and run these reports.
 - 3.2.8.4. Chair Relang inquired about the deadline for reviewing and analyzing the accounts payable aging report and requested that the details be emailed to the board for transparency regarding the outstanding amounts and payments made.
 - 3.2.8.5. The fund for the students has been set aside to meet the 14-day requirement.



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- 3.2.8.6. VPBAA Kotton mentioned that he can clear this and compile a list to illustrate the situation before and after utilizing this fund for the board's understanding.
- 3.2.9. Regent Lucky inquired about the timeline for clearing these payments.
- 3.2.9.1. VPBAA Kotton stated that the target time frame is from today until next Wednesday. The system will prevent any further sessions if the invoice has been utilized.
- 3.2.10. Chair Relang mentioned that Regent Lodge-Ned was tasked with reviewing the legislation related to Regent Maddison's comment via Zoom, ensuring that employer agencies had cleared them and allowed their release from their respective employers.
- 3.2.10.1. Regent Lodge-Ned reported that there have been amendments to the labor law. The previous version stipulated that transferring from your current employer required their approval along with the Labor Department's. She mentioned she would double-check if there have been any recent amendments to this provision.
 - Labor and Immigration have a system, and both sides have to approve.
- 3.2.10.2. Regent Andrike shared that there is a law stating they cannot return within a 3-year period from when they leave the RMI that Regent Lodge-Ned can check.
- 3.2.10.3. Chair Relang reported that HR needs to thoroughly look into this; we're hiring quite a number of expats, so we need to protect ourselves as we're utilizing a lot of resources by bringing in external personnel.
- 3.2.10.4. Regent Lodge-Ned mentioned that the strategic committee was considering the idea of utilizing graduates from CMI/Marshallese students and possibly employing them for certain positions.
- 3.2.10.5. Chair Relang mentioned that there's an issue with the PSC, particularly regarding attempts to appoint professional Marshallese individuals as adjunct faculty. The Minister was supposed to address this with the Cabinet but hasn't followed up yet.
- 3.2.11. Chair Relang reported that as projected:
 - 3.2.11.1. The College holds a total of \$1,379,749.48 in its Contingency Fund.
 - 3.2.11.2. **Section 1:** Following the sudden passing of late CMI President Dr. Irene Taafaki, the College authorizes Dr. Elizabeth Switaj to replace her as a signatory for all CMI accounts with BOMI. (Contingency Fund, Maintenance Fund, and Savings).
 - 3.2.11.3. **Section 2:** The College of the Marshall Islands Board of Regents authorizes a withdrawal of Five Hundred Fifty Thousand Dollars (\$550,000.00) from the College's TDC account.
 - 3.2.11.4. **Section 3:** The College commits to returning the withdrawn \$550,000.00 to the contingency fund account within 30 days after the withdrawal.
 - VPBAA Kotton reported that it's crucial to return the amount within 30 days to secure the appropriate interest by January.



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Regent Wakefield moved to approve the resolution to withdraw Five Hundred Fifty Thousand & 00/100 (550,000.00) from CMI Contingency Fund noting the discussions. Regent Andrike seconded the motion via zoom. The motion was approved.

4. BOR REQUESTS FOR FUTURE ITEMS AND INFORMATION

4.1. The Interim President and VPBAA Kotton requested that the Finance Committee convene every other month with the essential staff members, which the committee members agreed to.

4.1.1. Chair Relang asked to give them a heads up to block off the date and time.

Meeting adjourned @ 2:40 PM

DocuSigned by:

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Scribe

Kelly Luce Sebastian,
Recording Secretary

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Reviewed & Approved by

Kathryn Relang,
Chair, Board of Regents

March 18, 2024

Date Approved