



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 April 29, 2024

Members Present

Chairperson Kathryn Relang

Regent Salome Andrike

Regent Marie Maddison

Vice-Chair Julius Lucky

Regent Joe Lomae

Regent Kino Kabua

Regent Benjamin Wakefield

Student Regent Marlin Hugh Doulatram

Member Absent/Excused

Regent Jelton Anjain

Regent Nimata Nakamura

Regent Melet Jatios

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 @ 9:20 AM

Agenda Items

1. Opening prayer & Roll call and call to order
2. Approval of the Agenda
3. Report and Recommendations/Approvals/Action
 - 3.1. Presidential Search Update
 - 3.2. CMI cost-sharing for childcare building
 - 3.2.1. Draft building design
 - 3.2.1.1. Video
 - 3.2.2. Resolution
 - 3.3. Audit update
 - 3.4. Postponement of the Endowment Fund raffle
4. Matters for information
5. BOR request for future items and information
6. Executive Session



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

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 9:06 AM.

2. APPROVAL OF THE AGENDA

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

3. REPORT AND RECOMMENDATIONS/APPROVALS

3.1. Presidential Search Update

- 3.1.1. Chair Relang provided an update on the Presidential search, highlighting the final face-to-face interviews scheduled for May with three candidates, following the withdrawal of one applicant due to a family illness. She reiterated the importance of the confidentiality of the code of ethics form provided to Regents in connection with the search process.
- 3.1.2. The search committee conducted six interviews, resulting in the selection of four candidates. With one withdrawal, the final three candidates are:
 - 3.1.2.1. **Dr. David Newnham:** Known for his involvement in board retreats and mentorship, Dr. Newnham brings extensive experience in higher education and community colleges, despite his formal background in the arts field. His knowledge and ideas to support the college were positively received. His CV and a report from recruiting agency Stanton Chase are available for review.
 - 3.1.2.2. **Dr. Andrea Hazzard:** Formerly a faculty member of the college, Dr. Hazzard worked at Queen of Peace on Ebeye before joining the college in Majuro. She recently earned her Ph.D. through the faculty fast-track program supported by the college. Despite her abrupt departure, the Presidential Search Committee decided to include her in the interview process, providing an opportunity for the Board to address concerns raised about the college during her tenure. Discrepancies regarding her reasons for leaving will be addressed during the interview.
 - 3.1.2.3. **Manny Castro:** Currently a representative in the CNMI Legislature, Castro has a background in education, having worked at Northern Marianas College and Eastern Oregon University. His focus on accreditation, student engagement, and success, combined with his Marshallese descent, reflects his interest in supporting his homeland.
- 3.1.3. Chair Relang encouraged Regents to familiarize themselves with the candidates as preparation for the face-to-face interviews.
 - 3.1.3.1. The schedule, still being finalized, will have Manny Castro interviewed first next week, followed by Dr. Andrea.
 - 3.1.3.2. The third candidate will be interviewed the following week.



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

3.1.3.3. Each interview spans two days, and involves meetings with various stakeholders.

3.1.4. This week will be dedicated to crafting interview questions and identifying areas for candidate presentations, focusing on the college's financial and overall sustainability.

3.1.4.1. Chair Relang requested that Board members email 1 or 2 questions by Friday for the candidate interviews.

3.2. CMI cost-sharing for childcare building - Draft building design, Video, and Resolution

3.2.1. Chair Relang revealed that the team responsible for designing the project and consulting with CMI includes herself, although she has abstained from the consultations due to her position within CMI.

3.2.2. The Interim President Switaj reported that establishing a childcare center, a long-standing wish for student support, aligns with a study highlighting childcare responsibilities as a challenge for first-year female student retention. Accessing ADB funds for this purpose is feasible, with the current site under consideration being where CCCR2 is located. However, the space may require rebuilding rather than renovation, necessitating additional funds from the college to preserve meeting and training spaces on the second floor.

3.2.3. VPBAA Kotton reported that there are currently two buildings on the site, with one intended for the new Grant Office on the bottom floor and the conference room on the top.

3.2.3.1. The other building houses the CLLC and will be relocated after the Olympic games.

3.2.3.2. Plans are underway to construct a new building, with the bottom floor designated for infants and toddlers, featuring areas for sleeping, bathing, kitchen, and nursing, based on an international design developed by ADB.

3.2.4. As projected, the second floor will be divided into two areas.

3.2.4.1. One area will serve as a family learning space for parents to learn and share best practices in childcare, addressing a significant challenge in the country, as suggested by ADB.

3.2.4.2. The other area will provide a larger meeting space to accommodate community needs, aiming for a capacity of at least 50 people on-site.

3.2.4.3. The estimated cost is 4 million, with ADB offering to cover expenses exceeding 3.8 million if the college contributes 1.5 million.

○ [Video of the new building.](#)

3.2.4.4. The entire bottom floor will be dedicated to childcare, while the upstairs will continue to house CMI. Additionally, a walkway will be constructed from the childcare building to the library to address the current challenge of the lack of bathroom facilities in the library space, ensuring convenience for students, staff, and community members who use the library.



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

- 3.2.5. ADB has agreed in principle and is drafting the MOA, with a commitment to cover any additional costs for the project. They will fund all furniture, and playground equipment, and provide training for the hired team. Currently, the team is working on three separate grants to cover the recurring costs for the first three years, after which CMI will assess its ability to sustain the project using the general fund. Demolition of the building is scheduled for January.
 - 3.2.5.1. CMI is collaborating with USAID and other US-based grants (World Bank and Compact for the Head Start program) to fund childcare operations for the first three years.
 - 3.2.5.2. Hatty will reach out to the World Bank and the NTC team to explore the possibility of funding for management.
 - 3.2.5.3. The Interim President Switaj reported that there are two aspects to consider: firstly, the standards for childcare being developed through the ESSP program, and secondly, the concept of implementing an early childhood curriculum to foster learning in addition to play. Furthermore, there's an opportunity to create academic programs integrating practical experience in childcare and entrepreneurship, allowing graduates to establish their own childcare facilities, acknowledging that this initiative may not meet the needs of everyone in the community.
 - 3.2.5.4. VPBAA Kotton expressed confidence in the project, citing the potential involvement of nursing students through the work-study program, where their participation at the facility could be funded by Federal Work-Study allocations.
- 3.2.6. VPBAA Kotton indicated that the initial annual budget for the childcare center, starting small, would range between \$75,000 to \$125,000, following the concept developed for all the DE centers.
- 3.2.7. Chair Relang added that the consultations held in March confirmed from both the Government side and ADB that this project was to be included in the overall ADB-funded project. The team is returning towards the end of May to finalize everything and then prepare the submission to ADB.
 - 3.2.7.1. So there's a set of activities proposed by the consulting team based on consultations conducted with various entities and groups, including young people and women.
 - 3.2.7.2. The need for childcare was evident, and recommendations were presented to the Government, which supports the childcare entity.
 - 3.2.7.3. It was emphasized that the childcare service wouldn't be limited to CMI employees and students but would also be open to the community, with event criteria and scheduling considerations to be determined.
- 3.2.8. VPBAA Kotton mentioned that the projected completion year for the project is 2026, but with a competent engineering and construction team, it could potentially be finished earlier.
- 3.2.9. The Interim President Switaj noted that there was a past discussion about early childhood education going to USP while CMI focused on elementary age, but circumstances have changed. With limited progress on early childhood education



CMI

BOARD OF REGENTS

College of the Marshall Islands

Accredited by the Western Association of Schools and Colleges

P.O. Box 1258
Uluga Campus

Tel: (692) 625-3394/3291/4931
Fax: (692) 625-7203
Email: bor.regents@cmi.edu

- at USP, utilizing the childcare facility for practical learning and certification aligns with current needs.
- 3.2.10. Regent Maddison emphasized the significance of investing 1.5 million into the childcare project, noting its importance for both students and staff at CMI campus, alongside ongoing initiatives such as small business development studies and women economic development programs supported by USAID and other partners.
- 3.2.11. Chair Relang reported that the resolution is in regard to then our contribution towards this particular project matching fund, 1.5 Million.
- 3.2.12. VPBAA Kotton reported that in 2021, the Board approved a resolution to increase the facility fee, resulting in a projected annual collection of around \$900,000, compared to \$300,000 in previous years.
 - 3.2.12.1. This increase is intended to support the completion of the college's master plan and address the need for additional facilities.
 - 3.2.12.2. The proposed emergency fees will match this increase and contribute to enhancing the campus facilities.
 - 3.2.12.3. The matching funds will be sourced from the projected revenue from fiscal year 2021 to fiscal year 2024.
- 3.2.13. VPBAA Kotton emphasized that fees designated for approval or review serve specific purposes and cannot be allocated for regular operations.
 - 3.2.13.1. The parking fee is allocated separately, with its own designated GL (General Ledger) for monitoring, distinct from other tuition and fees.
- 3.2.14. Regent Wakefield expressed the importance of the childcare project for students with children, citing past student experiences where managing school alongside childcare was challenging. He voiced full support for the resolution, noting the confidence of VPBAA Kotton and the team in the financial sustainability of the project, especially with other funding sources available.

Regent Wakefield motioned to approve the resolution for a Matching Fund of One Million Five Hundred Thousand Dollars with the Asian Development Bank. Regent Kabua seconded the motion, which was subsequently approved.

3.3. Audit update

- 3.3.1. Interim President Switaj informed the board about ongoing communication with creditors regarding the audit delays. Creditors typically expect annual submission of audits covering three years.
 - 3.3.1.1. Upon their request for a timeline update, we provided an estimate that the 2021 audit would be completed by June 30.
 - 3.3.1.2. This timeline was discussed with the auditors, though it's not guaranteed.
 - 3.3.1.3. Subsequent audits would ideally follow every six months thereafter.
 - 3.3.1.4. It's worth noting that ACCJC's language in requesting updates has become firmer, mentioning eligibility requirements related to audits.
 - 3.3.1.5. While they haven't explicitly mentioned the possibility of sanctions, it's something we should be aware of to avoid any surprises.



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

- 3.3.2. VPBAA Kotton provided an update on compliance matters, highlighting significant improvements since the change in technical staff. No further delays have been encountered, partly due to the expertise of the individual overseeing the compliance audit. The objective is to complete audits, including the one for 2023, promptly.
- 3.3.3. Currently, VPBAA Kotton is reviewing the 2022 audit again to ensure there are no discrepancies or variances left unresolved.
- 3.3.4. Whenever issues arise with retrieving files or documents for review, VPBAA Kotton informs MJ to proceed and consider those findings, after which MJ provides recommendations for improvement. MJ has full access to the system but lacks a complete understanding, prompting her to write questions for navigation assistance.
- 3.3.5. Although this incident wasn't formally reported to the Board, there was a breach of internal control, with adjustments created and posted simultaneously, but incorrectly.
 - 3.3.5.1. This underscores the importance of our system upgrade for accountability and transparency.
 - 3.3.5.2. While there are written guidelines and SOPs, they are not consistently followed, prompting VPBAA Kotton to discuss this with the team to prevent recurrence.
- 3.3.6. Overall, our audit is progressing smoothly without any delays that I'm aware of.
 - 3.3.6.1.
- 3.3.7. Chair Relang inquired about the recruitment process for the FABS Director position and expressed the importance of strengthening oversight of this role. She emphasized the significance of leveraging institutional knowledge and experience, particularly noting VPBAA Kotton's previous tenure in the department. Chair Relang stressed the need for thorough onboarding and mentoring to ensure continuity and avoid regression in progress.
 - 3.3.7.1. VPBAA Kotton reported that a development of a training guideline is underway, and he is collaborating with Manny to develop the training guidelines for key positions in the Business Office.
 - 3.3.7.2. The objective is to provide a resource that allows new staff to review and gain a basic and general understanding of the operation, particularly to address challenges related to turnover.
 - 3.3.7.3. Bringing in staff from the Philippines and Fiji poses a challenge for us, and we will learn more about this as we proceed. It typically takes at least two years to gain a thorough understanding of how Federal regulations and compliance operate, as well as how our institution's accounting practices differ from those of other entities.
 - 3.3.7.4. The position was opened up, and interviews were conducted, but it was unsuccessful because the management team felt that we did not want to repeat the same issues we encountered previously. We are being cautious about recruiting to ensure that we find someone suitable for this position who can train and guide the whole team.



CMI

BOARD OF REGENTS

College of the Marshall Islands

Accredited by the Western Association of Schools and Colleges

P.O. Box 1258
Uluga Campus

Tel: (692) 625-3394/3291/4931
Fax: (692) 625-7203
Email: bor.regents@cmi.edu

- 3.3.7.5. Moving forward, it's not practical for the college to rely solely on me at this level. It's not sustainable for the College. That's why this position is critical.
- 3.3.7.6. The position is open until filled.
 - Chair Relang urged the Regents to aid in the recruitment process for the vacant position.
 - It's been vacant for quite a while now, almost six months, and we're in various audits.
 - Would appreciate it if we could all help each other out by finding interested candidates and encouraging them to apply.
- 3.3.8. VPBAA Kotton projected the financial components figures that are already being audited, 2021 Audit balance sheet. The auditors are focusing on compliance with local laws and regulations, as well as Federal Grants.
 - 3.3.8.1. The unrestricted fund balance signifies funds available to the college that were not spent. Unlike the endowment fund, which may be restricted for specific allocations, the unrestricted funds are available for reallocation or expenditure by the college.
 - 3.3.8.2. Typically, around 30% of the unrestricted funds can be reallocated annually if necessary. In accounting terms, this refers to money that has been collected by the college over its lifespan but has not yet been allocated. This fund harks back to when CMI was established.
 - 3.3.8.3. If it's a directive from the Board, we can transfer up to \$500,000 to the Endowment before the end of the fiscal year. A resolution will be presented to the Board if we decide to proceed with this transfer at the close of the fiscal year.
- 3.3.9. VPBAA Kotton explained that while facilities are categorized as capital assets in accounting, they are regarded as liabilities in budgeting because funds need to be allocated for ongoing maintenance costs. Additionally, he mentioned the capability to retrieve data from the accounting system for the past four years.
 - 3.3.9.1. VPBAA Kotton updated the Board on recent maintenance issues, particularly with the RO system, which broke down recently. Replacement parts were found to cost nearly \$150,000, but further investigation revealed the system's obsolescence, with a replacement cost of \$240,000.
 - 3.3.9.2. The new system, with greater capacity, is expected to be operational by August. Funding comes from service revenues and the deferred maintenance budget approved by the Board.
 - 3.3.9.3. The old system will be given to Arrak. The next concern is the generator, with plans underway to determine replacement or parts purchase due to high costs.
- 3.3.10. VPBAA Kotton highlighted the parking lot as a significant topic of discussion. Setting aside funds and replenishing them will aid in maintaining the parking spaces, benefiting the institution. RRE is also exploring this concept.



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

- 3.3.11. VPBAA Kotton mentioned that once the audit is completed, a comprehensive analysis will be presented to the Board. One recurring finding in the audit is expected to be the delayed financial reporting.
- 3.3.12. Regent Lomae emphasized that EY is awaiting the Board Meeting Minutes from 2017 to 2024. We have our financial statements, which are closer based on other balances. We also have MDNA based on audited balances, schedules of expenditures by finance function based on audited balances, subsequent financial statements, and a couple of other compliance components of this audit, including the summary of prior audit findings and reconciliation of financial statements. The goal is to ensure that if we are called in, we are all on the same page.
 - 3.3.12.1. VPBAA Kotton reported that Interim President Switaj has asked him to collaborate and ensure consistency between information shared with the general public and what the college is aware of.
 - 3.3.12.2. The auditors have signed a client agreement, limiting their discussion of auditing issues to board members and the Auditor General, not external parties.
 - 3.3.12.3. No reports have been issued regarding the college's audit.
 - 3.3.12.4. The goal is to avoid conflicting information between the committee, auditors, and the college.
 - 3.3.12.5. The report provided to the board is consistent with what the college is aware of.
- 3.3.13. VPBAA Kotton reported that whether the director will be hired immediately or not, Interim President Switaj has instructed to ensure compliance within the 6-month timeframe.
- 3.3.14. Additionally, VPBAA Kotton will take responsibility for the audit until 2023 is completed. The incoming director of the business office will focus solely on day-to-day operations.

3.4. Postponement of the Endowment Fund raffle

- 3.4.1. Chair Relang reported on the postponement of the endowment raffle fund due to a low turnout of sold tickets. The new date for the raffle is November 1st, ensuring completion of the fiscal year 21 audit and progress on the 22 audit.
 - 3.4.1.1. There's a concern that ticket sales may be affected by audit issues.
 - 3.4.1.2. Chair urged everyone to sell their allocated tickets of 5 books and encouraged requesting more from Kelly if needed.
 - 3.4.1.3. Additionally, suggestions for events to sell tickets, such as a car wash barbecue, were welcomed.

4. MATTERS FOR INFORMATION

- 4.1. Update on the Sin tax bill
 - 4.1.1. The Interim President Switaj, outlined the initial plan for the distribution of Sin tax, specifying that part of the funds would be allocated to the Ministry of Education and part to the Ministry of Health. However, despite this distribution, the college would still get funds through the Ministry of Education.



CMI

BOARD OF REGENTS

College of the Marshall Islands

Accredited by the Western Association of Schools and Colleges

P.O. Box 1258
Uluga Campus

Tel: (692) 625-3394/3291/4931
Fax: (692) 625-7203
Email: bor.regents@cmi.edu

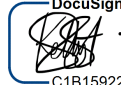
- 4.1.2. VPBAA Kotton reflected on discussions held two years ago, noting the consensus reached regarding awaiting financial figures from the Ministry of Finance.
 - 4.1.2.1. Despite the lack of this report since the approval of the syntax, the college remains unconcerned about the funding source as long as government support persists.
 - 4.1.2.2. This assurance of ongoing support is crucial for maintaining accreditation, as pledged by the government during CMI's reinstatement.
 - 4.1.2.3. Thus, the origin of the funds, whether from syntax or other government sources, is secondary to ensuring continued government backing for the college.
- 4.2. CMI Graduation dates are scheduled as follows:
 - 4.2.1. ABE: May 28, 2024
 - 4.2.2. CMI: May 30, 2024
 - 4.2.3. Wotje: June 4, 2024
 - 4.2.4. Jaluit: June 5, 2024
 - 4.2.5. Ebeye: June 6, 2024
 - 4.2.6. Santo: June 7, 2024
 - 4.2.7. Chair Relang requested that anyone interested in conveying the Board's remarks at the upcoming ABE graduation should inform her. For the graduations at Ebeye and Santo, it was confirmed that either Regent Anjain or Jatios would convey the Board's remarks. Chair Relang asked for confirmation of participation in the graduations.

5. BOR REQUESTS FOR FUTURE ITEMS AND INFORMATION

6. EXECUTIVE SESSION

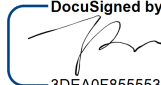
Next Regular Board Meeting: May 27th at 9 AM.

Meeting adjourned @ 11:30 AM

DocuSigned by:

C1B15922CD0248A...

Scribe

Kelly Luce Sebastian,
Recording Secretary

DocuSigned by:

3DEA0F855553420...

Reviewed & Approved by

Kathryn Relang,
Chair, Board of Regents

May 27, 2024

Date Approved