1. General Institutional Functions

1.1 Chairman Smith called the meeting to order at 5:06 p.m.

1.2 Mrs. Bain read the Public Statement:
Adequate notice of this meeting has been provided at least 48 hours in advance of its commencement by posting in at least one public place reserved for such or similar announcements and by mail, telephone, or hand delivery to all appropriate parties pursuant to the Open Public Meetings Act, N.J.S.A. 10:4.1.

1.3 Roll Call / Pledge of Allegiance / Welcome to Guests
The following were present: Mr. Smith-Chairman, Mr. Gavan-Vice Chairman, Mrs. Bain-Secretary, Ms. Case-Treasurer, Dr. Andrews, Dr. Lamonte, Judge Parker, Mr. Perry and Mr. Senker. Mr. Long and Mr. Vetrano did not attend the meeting.

Also in attendance: Interim President Harold Damato, Vice President Kate Douglas, Vice President Frank Nocella, Executive Director of Marketing and Public Information Kathleen Scott, Legal Counsel Gary Werner and Assistant to the President and Board of Trustees/Recording Secretary Wendy Fullem.

Chairman Smith welcomed the guests.

1.4 Appointment of Dr. Paul Mazur to the Position of College President/CEO.

Mrs. Bain moved to appoint Dr. Paul Mazur to the Position of College President/CEO. Dr. Lamonte seconded the motion.

Mr. Perry asked if copies of the contract were available. He was provided with a copy before the vote. It was confirmed that the contract had been reviewed by counsel and it meets all of the requirements of an employment agreement and protects the institution.

Chairman Smith indicated that Dr. Mazur will start on February 14th.

Roll call vote: Dr. Andrews, Mrs. Bain, Ms. Case, Mr. Gavan, Dr. Lamonte, Judge Parker, Mr. Perry, Mr. Senker and Mr. Smith voted yes. Motion carried unanimously.

1.5 Courtesy of the Floor – No one spoke.
2. **Executive Session**

At 6:11 p.m., Mrs. Bain moved that the Board enter into an Executive Session to discuss collective bargaining agreements, purchase or lease of real property, investment of public funds if public interest could be adversely affected, pending or anticipated litigation and personnel employment matters affecting a specific prospective or current employee. Dr. Andrews Seconded the motion. Motion carried unanimously.

3. **Adjournment from Executive Session**

At 7:38 p.m. Mrs. Bain moved to adjourn from Executive Session. Mr. Gavan seconded the motion. Motion carried unanimously.

4. **Other Business**

Interim President Damato explained that the former VP of Finance, in attempt to present a balanced budget when expenses exceeded revenue, reclassified expenses and boosted revenue, even though it was artificial, so it appeared that revenue and expenses balanced. He noted that VP Nocella can document that there are various pass thru’s, especially financial aid, that we receive and give out. They were reflected as revenue but not as expenses. There were one-time cash infusions. The same thing was done with grants being reflected only as revenue, not expense. Mr. Damato said he believe that the former VP Finance knowingly inflated the revenue to make the budget balance and then carried the revenue forward with a percentage increase for the budget that was given to the Board and ultimately submitted to the Board of School Estimate. VP Nocella has identified, as best possible, all that has been overstated.

Interim President Damato indicated that we can best determine, in reality there was a $1.2M overstatement of revenue and he clearly believes there was motive in the revenue overstatement. If revenue was properly stated the audit report would not have made sense. It would have reflected losses. It was only by overstating revenue that it appeared we had a balanced budget and achieved those ends.

A number of Trustees asked why the auditors, over all of the years, did not catch these issues. Vice President Nocella explained that the auditors, on an annual basis, validated actual results of the college on a comparative basis to the prior year. He noted that they did not compare actual results to budget. He confirmed that the Board is now seeing actual, budget and comparative to prior year.

Vice President Nocella indicated that the Board was not given the correct or proper information to make informed decisions about the financial viability of the college. He said the information was inaccurate and the Board was not receiving all of the elements needed to review the results of operations.

Additional conversation took place regarding the auditor’s failure to identify these issues and failure to compare actuals to budget. Vice President Nocella noted that some of this was disclosed in the Mercadien Report.

The possibility of criminal intent, personal gain and statute of limitations was discussed. Our insurance agent, George Morville reviewed the situation and pertinent information with VP Nocella. It was determined that unless someone received currency in some shape or form there is no claim.
Interim President Damato noted that while the former VP Finance worked the numbers that began a downward spiral, it was never his intent to hurt the institution, gain anything personally and that there was no criminal intent. Additionally, Mercadien noted in their report that they did not see criminal activity.

Discussion ensued regarding responsibility to report these actions – what to report and to whom. Questions also included what is quantifiable, what is the auditor’s liability, was this happening under multiple presidents, is there gain or benefit in pursuing answers or digging deeper?

Conversation followed regarding addressing the public about how we got to this point and our plan to get out of it. The conversation included planning for a press release to be issued through our Office of Public Relations – one that would encompass the entire state of the college, NJ Community College enrollments and not just our financial state.

Discussion emerged about internal communications, layoffs and morale. Trustees brainstormed recommendations for next steps and realignment.

Grant funded programs as well as UPP Program requirements were discussed.

Discussed Board of School Estimate, FY2012 budget, variables and scenarios to put forth. This discussion included variables such as tuition increases, reduction or elimination of athletic programs, staff reductions, Performing Arts/Cultural Affairs cuts and program eliminations.

It was noticed that the ten people who received Rice Notices were not being laid off due to any type of performance issues.

5. Adjournment

At 9:10 p.m., Dr. Andrews moved to adjourn from the Special Board Meeting. Mrs. Bain seconded the motion. Motion carried unanimously.

Approved:

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Ann G. Bain, Secretary