

MINUTES
BOARD OF REGENTS COMMITTEE ON INSTITUTIONAL SUCCESS
MEETING

MARCH 7, 2024

A video recording of this meeting may be viewed at the Board of Regents website as follows:

[Meeting Video](#)

I. CALL TO ORDER

Chair Gabriel Lee called the meeting to order at 09:02 a.m. on Thursday, March 7, 2024, at the University of Hawai'i (UH) at Mānoa, Information Technology Building, 1st Floor Conference Room 105A/B, 2520 Correa Road, Honolulu, Hawai'i 96822, with regents participating from various locations.

Committee members in attendance: Chair Gabriel Lee; Vice-Chair Lauren Akitake; Regent Neil Abercrombie; Regent Wayne Higaki; and Regent Diane Paloma.

Others in attendance: Regent William Haning; Regent Laurel Loo; Regent Abigail Mawae; Regent Laurie Tochiki; Regent Ernest Wilson (ex officio committee members); President David Lassner; Vice President (VP) for Administration Jan Gouveia; VP for Academic Strategy Debora Halbert; VP for Community Colleges Erika Lacro; VP for Legal Affairs/University General Counsel Carrie Okinaga; VP for Research and Innovation Vassilis Syrmos; VP for Budget and Finance/Chief Financial Officer Kalbert Young; UH-Mānoa (UHM) Provost Michael Bruno; UH-West O'ahu (UHWO) Chancellor Maenette Benham; Executive Administrator and Secretary of the Board of Regents (Board Secretary) Yvonne Lau; and others as noted.

II. PUBLIC COMMENT PERIOD

Board Secretary Lau announced that the Board Office received late written comments regarding the tri-party Memorandum of Agreement among UH, Hawaii Community Development Authority (HCDA), and the State of Hawai'i Housing Finance Development Corporation (HHFDC) for the development of infrastructure and housing on UH property in West O'ahu from Dean Minakami, Executive Director of HHFDC.

Mr. Craig Nakamoto, Executive Director of HCDA, provided oral comments on the tri-party MOA among UH, HCDA, and HHFDC.

Written testimony may be viewed at the Board of Regents website as follows:

[Late Written Comments Received](#)

Regent Abercrombie arrived at 9:07 a.m.

III. AGENDA ITEMS

A. Fiscal Year (FY) 2023-2024 Second Quarter UBS Legacy Endowment Fund (Fund) Investment Performance Report

Chair Lee provided a synopsis of UBS's report on the Fund for the second quarter of FY 2023-2024 highlighting the Fund's gross returns of 10.1 and 17 percent for the second quarter and fiscal year to date respectively which surpassed established benchmarks. He asked if regents had any inquiries for Kyle Yoneshige or Lori Hamano from UBS who were present. Regents did not raise any questions regarding the Fund.

B. Semi-Annual Associated Students of the University of Hawai'i (ASUH) Stadium Stock Fund Investment Performance, through December 31, 2023

Chair Lee summarized the semi-annual report on ASUH Stadium Stock Fund Investment Performance through December 31, 2023, and asked if regents had any questions for Peter Backus, ASUH Investment Advisor from Graystone Consulting/Morgan Stanley, or Bronson Azama, ASUH President-elect.

Referencing figures for payouts from the ASUH Stadium Stock Fund, Chair Lee sought clarification on the amount requested thus far by ASUH for FY 2024. Mr. Azama replied that to date, ASUH has paid out roughly \$200,000 of the \$417,163 budgeted for this fiscal year with an additional \$30,000 in funding requests from the university's Registered Independent Organizations being deliberated at a meeting this evening. Mr. Backus reminded regents of his commitment to keeping the full amount (\$417,163 less funds spent) needed to fund the fiscal year budget in cash in order to reduce the risk of needing to sell securities if there is a market correction. President-elect Azama reiterated ASUH leadership's intent to utilize its full allotment of funds in accordance with RP 8.207.

Regent Wilson asked if the money from the sale of equities was placed in an interest-bearing account. Mr. Backus replied in the affirmative stating the funds are currently being held in a government money market fund account earning approximately 5.2 percent interest as of today.

Regent Abercrombie inquired as to whether KTUH, the university radio station, and Ka Leo O Hawai'i (Ka Leo), the student newspaper, were funded by ASUH through the Stadium Stock Fund. Mr. Azama replied that KTUH and Ka Leo were outside the purview of ASUH. Dr. Theresa Crichfield, Associate Vice Provost for Student Success, explained that KTUH and Ka Leo are funded via student media fees, have their own budgets and means of financing their respective activities, and fall under the governance of the Student Media Board. Given this response, Regent Abercrombie asked if reports on these funds were made to the board. Dr. Crichfield replied that budget requests for the noted organizations are not presented to the board. Rather, these requests are provided to the Office of the Vice Provost for Student Success for review and approval on behalf of the board. However, the budget requests mentioned can be made available to regents if asked for. Regent Abercrombie solicited copies of those reports.

Regent Paloma arrived at 9:16 a.m.

C. Authorizing the University of Hawai'i to Participate in an MOA with HCDA and HHFDC for the Development of Infrastructure and Housing on University of Hawai'i Property in West O'ahu

VP Young provided background information on, and context to, the administration's request for board authorization to participate in an MOA with HCDA and HHFDC for the development of infrastructure and housing on approximately 20 acres of university property located in West O'ahu near the UHWO campus. He reviewed some of the proposal's details, much of which were presented to the board at its special meeting held on December 7, 2023; highlighted HCDA's securing of \$35 million from the Legislature to construct roadways and make additional infrastructure improvements for the development of housing on the abovementioned property; touched upon a few of HCDA's, HHFDC's, and the university's contributions to the proposed multi-agency partnership; reviewed the administration's rationale for seeking board authorization to enter into negotiations on an MOA with HCDA and HHFDC despite the lack of a requirement to do so within regent policy; and spoke about concerns raised by regents at the December 7th meeting regarding certain aspects of the MOA. He also emphasized the preliminary nature of this requested action in the overall project development process, with many of its details yet to be determined, and stressed the need for the administration to seek board approval for major terms of the proposal, such as a ground lease and other entitlements, in the future.

Regent Abercrombie expressed his serious concerns with, and vehement opposition to, proceeding further on this matter given the dearth of specifics about, among other things, the roles, responsibilities, and commitments of each party to this agreement, and the absence of details connected with the housing project itself.

Although she acknowledged Regent Abercrombie's apprehensions and the existence of questions concerning the project's overall scope, Vice-Chair Akitake stated this was the first step in a lengthy process and communicated her appreciation for the efforts undertaken to establish a partnership among the university, HCDA, and HHFDC. She also emphasized the need for such collaborative agreements considering the complexity and costs of housing projects in general, let alone affordable housing projects. As such, she supported moving forward with the MOA.

Several regents offered their thoughts on the MOA which, in their opinion, simply laid the groundwork for the establishment of partnerships between the university, HCDA, and HHFDC. As they understood the situation, the administration would return to the board for approval of specific actions needed to carry-out the project in the future and provide relevant details on these affairs at that time.

Regent Abercrombie continued to voice his concerns related to the shortage of information being provided to regents with respect to the type of housing project envisioned by this land development proposal as well as the precise responsibilities for each of the parties involved in the partnership; verbalized his unease with the apparent scarcity of board oversight over the development of this particular parcel and university land in general; and urged fellow regents to approach this subject in a more thoughtful and cautious manner given the serious implications it could have for the university.

VP Young reiterated the preliminary nature of the MOA, especially when taking into consideration the hundreds of deal points requiring identification and negotiation along with the need for the administration to seek board approval for a number of these issues, and assured regents of their being informed about the project either via the quarterly university land-related strategic initiatives and partnership program updates or direct reports to the board through this committee. He also stressed the magnitude of this tri-agency partnership and the implications this project could have on the development of affordable housing, one of the most pressing matters the State is currently facing.

Conversations ensued on the value of determining a collective vision among the university, HCDA, and HHFDC for the development of this parcel prior to embarking upon the project; the depths to which each entity's board should be involved in negotiations on this subject; and the possibility of including updates for this project as a regular item on future committee agendas thus affording regents with an opportunity to provide feedback and direction as to how the board wants to proceed on this issue.

A robust exchange occurred between Regent Abercrombie and Chair Lee on the role of the board as opposed to the administration in establishing the direction of the university on this project.

Executive Director Nakamoto tendered his insights on the need for a MOA especially in light of HCDA's recent issuance of a Request for Proposal (RFP) for the project.

Regents and administrators engaged in deliberations on whether HCDA's issuance of an RFP at this time was premature; the necessity of issuing the RFP given statutory requirements and timelines specific to the encumbrance of certain allocated project funds; the importance of the MOA's establishment to the project's viability; the master plan for the area which at present envisions a roadway through the parcel in question; prior development plans for this property contemplated by the administration which would have required the university to acquire the resources necessary for the construction of roads and other infrastructure improvements; and the benefits the proposal currently before the committee would afford the university.

Regent Paloma moved to recommend board authorization for the administration to participate in an MOA with HCDA and HHFDC for the development of infrastructure and housing on approximately 20 acres of university property located in West O'ahu with the understanding that regular updates on this project will be provided to the board in the future. The motion was seconded by Vice-Chair Akitake, and noting the no vote of Regent Abercrombie, the motion carried with all other members present voting in the affirmative.

D. Report on the University of Hawai'i Cancer Center (UHCC)

Naoto Ueno, M.D., Director of UHCC, presented a brief history of UHCC highlighting a number of the organization's milestones, including its designation as a National Cancer Institute (NCI) Cancer Center in 1974. He then went over several distinctive attributes of the population and catchment area served by UHCC; spoke about some of the unique challenges faced by UHCC, along with potential opportunities for the institution to

provide culturally sensitive cancer care and treatment; discussed the methodology by which UHCC prioritizes and focuses its cancer research and prevention efforts; emphasized that one of UHCC's primary missions is to provide clinical trials and improve cancer care by collaborating with Hawai'i's healthcare systems; reviewed the interrelation between research, clinical, and translational activities occurring at UHCC; reported on actions being taken by the Hawai'i Cancer Consortium to develop a sustainable, oncology-related workforce; and provided an update on the Ho'ōla Early Phase Clinical Research Center (EPCRC) Project drawing attention to the completion of Phase I of the facility's construction as well as the EPCRC's business plan, although development of its operational plan is ongoing. Additionally, he stressed the need for the EPCRC to be viewed mainly as an enterprise designed to reduce the burden on Hawai'i's cancer patients through the provision of in-state, novel clinical cancer research trials thereby providing local access to the most advanced and innovative cancer treatments available, as opposed to a revenue generating venture.

Clifford Martin, Associate Director of Administration at UHCC, gave an overview of UHCC's overall financial situation reviewing the various sources of funding available to the institution, along with the amount of support received from each; several purposes for which these funds are utilized such as debt service, personnel costs, and clinical research; five-year revenue and expenditure trend data; and efforts to secure additional fiscal support from the State by means of an increase in the cigarette tax.

Chair Lee sought clarification on the estimated revenues from a two-cent increase in the cigarette tax noting the projected doubling of amounts received in Fiscal Year (FY) 2024 even though the number of individuals smoking continues to decrease. Associate Director Martin replied that the \$9.2 million figure for FY 2024, which will conclude in a few months, represents an estimate of revenues UHCC will receive from the cigarette tax based upon collections made at the current tax rate during the fiscal year to date. The FY 2025 figure is the amount of revenue projected to be received by the UHCC should the Legislature approve a two-cent increase in the cigarette tax. If the current rate of smoking remains unchanged, UHCC revenues from this funding source are expected to nearly double.

Regent Wilson asked if there were any sources of financial support available to UHCC which have not yet been explored. Dr. Ueno responded that State support remains a crucial component of UHCC's viability. Additionally, UHCC must continue to improve upon its efforts to educate the public about the important work of the institution not only in research but also in cancer care for the community. In his opinion, changing the perception of UHCC as merely a research agency will go a long way in helping to drive philanthropic activities and increase donations to the agency.

Regent Paloma requested information on the definition and purpose of a vivarium which was an identified area on the map of the EPCRC. Dr. Ueno replied that a vivarium, including the one located at the EPCRC, was an area or structure for keeping animals under seminatural conditions for observation or study, which in this case would involve cancer research and clinical trial activities.

Vice-Chair Akitake inquired as to when UHCC provided its presentation to the Board Office stating she only recently received her copy of the materials. Board Secretary Lau responded that the Board Office received UHCC's presentation and materials on Tuesday, March 5th, and these items were subsequently sent to all regents and posted on the board's website. President Lassner added that this item had not been requested of in advance and the administration was only informed of the committee's desire to be provided with a UHCC update on Wednesday, February 28, two days before materials would normally be distributed and posted. February 28 was also the day that UHCC was fully engaged in the critical hosting and presentation to the NCI visiting team charged with the evaluation of UHCC's multi-year proposal for renewal of its status as an NCI-designated cancer center. So, there was a slight delay in responding to the unexpected request for a presentation and submittal of the materials to the Board Office for the Committee meeting. Vice-Chair Akitake sought to clarify her reason for asking this question stating that the importance of this topic requires adequate time to review materials which will allow regents to gain a thorough understanding of the subject matter so they can properly engage with presenters. She also requested the board be given a tour of UHCC. While some regents stated they already received a tour of UHCC last year, a couple of regents agreed with Vice-Chair Akitake's request. Dr. Ueno stated he would be happy to provide a tour of the UHCC's facilities to regents.

Referencing the costs for construction of Phase I of the EPCRC and taking into consideration his understanding of the procurement process used by the university, Regent Abercrombie inquired about the administration's rationale for selecting the lowest bidder particularly since it appeared all of the original bids submitted for the project exceeded estimated budgets. VP Gouveia replied that the variety of funding sources being used for the EPCRC presented the administration with a number of procurement challenges, much of which revolved around timing issues with respect to the release of monies for the project. As such, the administration felt the invitation for bid (IFB) process rather than the RFP process would be a better and more efficient option to utilize for construction of the facility. By using this process, the administration was able to award a contract to Whiting-Turner Contracting Company who completed the initial job ahead of schedule. However, because additional federal funds for the project were recently conferred to UHCC, a change order is being negotiated to complete the EPCRC as originally designed. Associate Director Martin added that the complexity of funding for the EPCRC, which included a mixture of federal and State monies, also played a role in dictating the procurement process for the facility.

Discussions occurred between Regent Abercrombie and VP Gouveia on the flexibility of the university's current procurement authority and the need, if any, for the board to press for policy or statutory changes to improve the situation. The administration clarified that the Legislature had removed the university's exemption from the State Procurement Code some years back and further, that without legislative action this session on the "sunset" provision regarding the university's authority to conduct its own procurements, responsibility for this task would revert back to the State Department of Accounting and General Services.

Several regents commended the work of Dr. Ueno and the UHCC staff, expressed their steadfast support for UHCC and the work it is undertaking, noted the importance of community engagement in informing and educating the public about the cancer care mission of UHCC; and asked if there were ways in which the board could assist UHCC with its messaging.

Dr. Ueno reiterated his earlier statement about UHCC being viewed more in terms of the work it performs to reduce the burden on Hawai'i's cancer patients through the provision of in-state, novel clinical cancer research trials and culturally sensitive cancer care and less as strictly a research facility with revenue generating potential. He also stressed the importance of envisioning UHCC as a beacon of innovation that drives hope for people in need; noted remarks by certain legislators implying UHCC was not an essential part of Hawai'i's healthcare system and could become a financial burden to the State; underscored what a valuable asset UHCC was not only for the people of Hawai'i but the Asia-Pacific region as well; and urged regents to help UHCC in disseminating its message regarding the mission, role, capabilities, and worthiness of the institution to legislators and their own communities.

Chair Lee offered his comments on the lack of information brought forth to the board about, among other things, the work of UHCC, the challenges it was facing, and the financial plans for the EPCRC, stating he learned more about these issues from State Senate briefings than from UHCC or university administrators. He opined that the provision of regular reports from UHCC to the board in the future might help to alleviate this problem. Dr. Ueno assured regents about the strength of the EPCRC's business plan. However, he also acknowledged the unpredictability of UHCC's overall financial model, which is substantially reliant on cigarette tax revenues, and the need to find fundamental solutions to UHCC's State funding woes, which is something he and his team are actively pursuing.

E. Recommend Board Approval of Revisions to Regents Policy (RP) 8.203 Reserve Policy

Amy Kunz, Associate Vice President for Budget and Finance/University Controller, discussed the proposed amendments to RP 8.203, stating that the changes were intended to clarify ambiguities and inconsistencies between terminology in the aforementioned RP and its associated Executive Policy identified in a February 2023 Internal Audit report entitled "*Review of Financial Reserves*".

Vice-Chair Akitake praised and applauded the administration for its efforts in responding to the findings and recommendations contained within the audit which, in her opinion, was the perfect example of how the system is intended to work. She moved to recommend board approval of the revisions to RP 8.203, seconded by Regent Abercrombie, and the motion carried with all members present voting in the affirmative.

F. FY 2023-2024 Second Quarter Financial Report

VP Young provided the FY 2023-2024 second quarter financial report stating that, with two quarters of the fiscal year completed, the fiscal condition of the university

remains positive. He presented systemwide and campus specific revenue and expenditure data pointing out that lower revenue totals can mainly be attributed to timing issues related to the collection and recording of tuition and fees revenues for the 2024 spring semester; State General Fund, as well as Other Special Fund revenues of the university, are slightly higher, while Research and Training Revolving Fund and Other Revolving Fund revenues are marginally lower than the same time period last fiscal year; and expenditures grew due to a variety of factors including a considerable growth in on-campus activity, high inflation for products and services, increased utility costs, and costs associated with previously agreed upon collective bargaining agreements.

Chair Lee inquired if regents had any questions about the university's finances. None were raised.

G. Fiscal Year (FY) 2023-2024 Second Quarter CIP Status Report as of December 31, 2023

VP Gouveia reported on the status of CIPs through the second quarter of FY 2023-2024 stating that ongoing projects are moving forward as anticipated with no major changes or issues to report. Because two months have passed since the end of the second quarter, she presented updated information on two of the listed projects. The Culinary Institute of the Pacific (CIP) Phase 2 project at Kapi'olani Community College is currently undergoing negotiations to incorporate additional facility requirements identified by the new CIP Director that may be at least a couple million dollars. More details should be known by the next update. Also, Phase 1 of the EPCRC project, has been completed and closed out well ahead of schedule. However, as noted earlier in the meeting, additional federal funds for the EPCRC project were recently awarded to UHCC. Accordingly, the administration is in the process of negotiating a change order to reincorporate items originally removed from this project's scope due to funding issues.

Discussions took place on information brought to the fore by VP Gouveia regarding legislation related to maintaining the authority of the UH President to act as the university's chief procurement officer, which is set to expire on June 30 of this year, and the potential impacts loss of this authority could have on the university's procurement processes.

In light of the comments made during the February 15, 2024, Committee on Student Success meeting regarding concerns with Title IX compliance, Regent Tochiki inquired about the status of the track and field project at UHM and asked whether it would be completed by the start of the season for this sport. VP Gouveia responded that the project involving relocation of the track to the Cooke practice fields and the installation of a new soccer pitch within its confines is progressing and remains on schedule to be completed by the end of November this year, although slight delays have been experienced due to weather. However, it will not be completed by the start of the track and field season in August.

Regent Mawae arrived at 11:25 a.m.

H. University Land-Related Strategic Initiatives and Partnerships Program FY 2023-2024 Second Quarter Update

Michael Shibata, Director of the Office of Strategic Development and Partnership, provided an update on the status of several university land-related strategic initiatives through the second quarter of FY 2023-2024 highlighting the following:

- UHWO - University District Lands Project: Efforts to pursue development opportunities are ongoing. Since issuing an invitation to submit proposals for the development of a private film studio and other commercial uses on lands situated on the corner of Kualaka'i Parkway and Farrington Highway in June 2023, the administration received proposals for the project, conducted interviews, selected Island Film Group (IFG) as the potential developer, and is currently in the process of finalizing terms for an exclusive negotiating agreement with IFG. Once terms for a ground lease and development agreement are determined, they will be brought to the board for approval. Additionally, the administration is coordinating with HCDA and HHFDC to make lands available for future mixed-use (residential and commercial) development near the recently completed Ho'omohala Avenue and adjacent to the Honolulu Authority for Rapid Transportation's Keone'ae Station.
- Atherton Project: Construction on this project was completed in fall 2023. Project is considered fully implemented and executed with students already residing in the facility. Administration intends to remove this project from future quarterly reports.
- NOAA Graduate Student Housing Project: Construction on this project began in October 2023 and is on schedule to be completed by the start of the fall 2025 semester.
- Kaimukī/Lē'ahi Parcels Project: An invitation to submit development proposals for the vacant Lē'ahi parcel between Lē'ahi Hospital and Diamond Head Theatre was issued on October 7, 2022. The university selected a developer on January 23, 2023, entered into an exclusive negotiating agreement, and is currently negotiating the terms for a ground lease and development agreement which will require future board approval.
- University Avenue 'Ewa Parcel Project: The administration is currently in the process of procuring services to undertake a feasibility study for the redevelopment of the parcel.
- Hale Kāwili Apartments Project: The administration is preparing an invitation to submit proposals for the rehabilitation or redevelopment of a 6.75-acre site located at 430 West Kāwili Street in Hilo so that it can continue to serve as housing for UHH students, faculty, and staff. The invitation to submit proposals is expected to be issued in late March, 2024.

Extensive conversations took place between Regent Abercrombie, VP Young, and Director Shibata on the processes involved in the issuance of an invitation to submit proposals for the development of a private film studio on UHWO lands; the selection of Island Film Group (IFG) as a potential developer for the project; the reasonableness of

IFG's proposal; the extent of vetting with respect to the IFG's fiscal capacity and financing plan for this project; the purpose of an exclusive negotiating agreement; and the finalizing of terms of an exclusive negotiating agreement with IFG.

Regent Abercrombie asked about the plans for development of the Lē'ahi parcel. Director Shibata provided information on the subject parcel, noted the use of a similar process to select a developer for the project as was used for the film studio on UHWO lands, and stated the proposal presented to the administration envisions using the parcel for senior housing. In light of this response, Regent Abercrombie asked if the administration requested the parcel be used for senior housing. Director Shibata replied that, while the administration provided suggestions for use of the parcel within the issued invitation to submit proposals, the concept of using the parcel for senior housing was attributable to the selected developer. VP Young added historical context to the options considered for disposition of this parcel some of which had been presented to the board in the past. Regent Abercrombie expressed his belief in the board being more actively involved in determining the disposition of university parcels rather than simply allowing the administration to make these determinations and seek board approval after the fact.

Regent Higaki recognized the steadfast leadership and dedication of Regent Alapaki Nahale-a. He emphasized Regent Nahale-a's adherence to the concept of living life with aloha and his unwavering belief in doing what was right even if it was not the most popular of decisions. He thanked Regent Nahale-a for his service to the university and noted he will be missed.

IV. ADJOURNMENT

There being no further business, Chair Lee adjourned the meeting at 11:37 a.m.

Respectfully Submitted,

/S/

Yvonne Lau
Executive Administrator and Secretary
of the Board of Regents