AMENDED
NOTICE OF BOARD OF REGENTS' MEETING
Board business not completed on this day will be taken up on another
day and time announced at the conclusion of the meeting.

Date: Thursday, February 25, 2016
Time: 9:30 a.m.
Place: University of Hawai'i at Hilo
UCB 127, Ho'olulu Terrace
200 West Kawaili Street
Hilo, HI 96720

AGENDA

I. Call Meeting to Order
II. Approval of Minutes of the January 28, 2016 Meeting
III. Public Comment Period: All written testimony on agenda items received after posting
of this agenda and up to 24 hours in advance of the meeting will be distributed to the
board. Late testimony on agenda items will be distributed to the board within 24 hours of
receipt. Registration for oral testimony on agenda items will be provided at the meeting
location 15 minutes prior to the meeting and closed once the meeting begins. Written
testimony may be submitted via US mail, email at bor@hawaii.edu, or facsimile at 956-
5156. Oral testimony is limited to three (3) minutes.

IV. Report of the President

V. Report of the University of Hawai'i Foundation

VI. Report on Extramural Contracts and Grants

VII. Committee Reports
A. Report from the Committee on Budget & Finance
B. Report from the Committee on Independent Audit
C. Report from the Committee on Intercollegiate Athletics
D. Report from the Committee on Planning & Facilities
E. Report from the Committee on Research & Innovation

VIII. Items for Discussion and/or Approval
A. For Action
   1. By Consent Agenda:
      a. Approval of Amendments to RP 8.204 Budget Policy
      b. Approval of Exception to RP 8.207 Investment Policy to Allow Fossil Fuel
         Free Investment for SPDR S&P 500 Fossil Fuel Free ETF (SPYX)
      c. Approval of Office of Research Compliance (ORC) Reorganization
      d. Approval of Capital Improvements Program and Repairs and Maintenance
         Project Contracts for Fiscal Year 2015-2016:

Accommodation required by law for Persons with Disabilities requires at least (5) five days prior notice to
the board office at 956-8213 or bor@hawaii.edu.
1. Kennedy Theater – General Repairs and Code Compliance (UHM 14-541-800) $6,568,000
2. Saunders Hall Exterior Repairs and Reroof (UHM 13-541-310) $5,268,275
3. Hamilton Library Addition, Ph III – Upgrade Controls, Central Plant and Reheat Systems (UHM 10-541-265A) $5,191,580

2. University of Hawai‘i System:
   a. Approval of (1) retitling of the Vice President for Academic Affairs Executive Class to Vice President for Academic Planning & Policy, and (2) abolishment of the Vice President for Student Affairs and University/Community Relations Executive Class
   b. Approval to Indemnify the Regents of the University of California and the United States Government to Allow UH Personnel Use of the Joint Genome Institute
   c. Approval to Indemnify Fermi Research Alliance, LLC and the United States Government to Allow UH Personnel Access and Use of Fermi National Accelerator Laboratory

3. Board of Regents:
   a. Resolution Supporting a Life Sciences Building on the UH Mānoa Campus
   b. Appointment of Task Group on University of Hawai‘i Cancer Center Business Plan

B. For Information
   1. Review of New Tuition Proposal to be Presented at Public Meetings
   2. Discussion on Format and Scope of Systemwide Integrated Academic and Facilities Strategic Plan
   3. Update on Sustainability Efforts at the University of Hawai‘i System

IX. Executive Session (closed to the public):
   A. Personnel Matters: (To discuss the following personnel matters pursuant to HRS §92-5(a)(2))
      1. Discussion of Personnel Actions (A-1 for information only)
   B. Legal Matters: (To consult with attorneys on power, immunities, and liabilities pursuant to HRS §92-5(a)(4))
      1. Status Report on Litigation

X. Announcements
   A. Next Meeting: March 24, 2016 at Kapi‘olani Community College

XI. Adjournment
Attachment 1: Pursuant to Act 6, Special Session 2008 (SB2263), the following proposed compensation actions for excluded executives and managers are disclosed for purposes of public comment.

<table>
<thead>
<tr>
<th>Campus</th>
<th>Last Name</th>
<th>First Name &amp; Middle Initial</th>
<th>Proposed Title</th>
<th>Unit</th>
<th>Nature of Action</th>
<th>Monthly Salary</th>
<th>Effective Date</th>
</tr>
</thead>
</table>
TO: Randolph G. Moore  
Chairperson, Board of Regents

VIA: David Lassner, President  
For University of Hawai'i System

FROM: Donna Vuchinich, President & CEO  
University of Hawai'i Foundation

SUBJECT: UH Foundation Report

DATE: Thursday, February 4, 2016

Per the Foundation’s contract with the University, attached is the packet of information submitted by the UH Foundation for the February 25, 2016 Board of Regents’ meeting:

- University of Hawaii Foundation’s Financial Overview as of December 31, 2015

Thank you for your assistance and please let us know if anything further is needed.

Attachment
Fund Raising Results

Fiscal Year 2016 Goal: $66.0 million
July 1, 2015—December 31, 2015 Results: $32.2 million

The following summarizes fundraising results by type of account and type of gift:

<table>
<thead>
<tr>
<th>Results By Account Type (YTD)</th>
<th>Gifts &amp; Pledges</th>
<th>Deferred Gifts</th>
<th>Total Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Endowment</td>
<td>$5,181,132</td>
<td>$401,124</td>
<td>$5,582,257</td>
</tr>
<tr>
<td>Expendable</td>
<td>18,033,648</td>
<td>634,949</td>
<td>18,668,597</td>
</tr>
<tr>
<td>Bequest Intentions</td>
<td>0</td>
<td>2,856,000</td>
<td>2,856,000</td>
</tr>
<tr>
<td>Gifts-in-kind</td>
<td>156,009</td>
<td>0</td>
<td>156,009</td>
</tr>
<tr>
<td>Grants Directly to UH</td>
<td>4,930,470</td>
<td>0</td>
<td>4,930,470</td>
</tr>
<tr>
<td>Total</td>
<td>$28,301,259</td>
<td>$3,892,073</td>
<td>$32,193,333</td>
</tr>
</tbody>
</table>

- 16,988 donors gave outright endowment and expendable gifts and pledges totaling $23.2 million for this fiscal year.
- Of the $23.2 million in outright endowment and expendable gifts and pledges, 249 donors gave gifts of $10,000+ totaling $19.1 million; this accounts for 82% of the total gifts and pledges.

Comparison to previous fiscal year

<table>
<thead>
<tr>
<th>YTD Comparison</th>
<th>Number of Gifts</th>
<th>Gift Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Fiscal Year</td>
<td>17,877</td>
<td>$32,193,333</td>
</tr>
<tr>
<td>Previous Fiscal Year</td>
<td>17,977</td>
<td>98,097,254</td>
</tr>
<tr>
<td>Comparison Fav/(Unfav)</td>
<td>(100)</td>
<td>$(65,903,922)</td>
</tr>
</tbody>
</table>
University of Hawai'i Foundation
Financial Overview
As of December 31, 2015
University of Hawai'i Foundation
Funds Raised FY2016
($000)

<table>
<thead>
<tr>
<th>Qtr</th>
<th>Qtr Actual</th>
<th>Qtr Budget</th>
<th>Cum Actual</th>
<th>Cum Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>QE 9/30/15</td>
<td>$13,200</td>
<td>$7,478</td>
<td>$13,200</td>
<td>$7,478</td>
</tr>
<tr>
<td>QE 12/31/15</td>
<td>$32,193</td>
<td>$29,700</td>
<td>$45,423</td>
<td>$37,178</td>
</tr>
<tr>
<td>QE 3/31/16</td>
<td>$46,200</td>
<td></td>
<td>$91,623</td>
<td>$74,642</td>
</tr>
<tr>
<td>QE 6/30/16</td>
<td></td>
<td></td>
<td>$137,823</td>
<td>$112,214</td>
</tr>
</tbody>
</table>

Legend:
- Qtr Actual
- Qtr Budget
- Cum Actual
- Cum Budget
University of Hawai'i Foundation

UH Program Expenses

For the Six-Month Period Ending December 31, 2015, By Quarter

($000)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Faculty &amp; Academic Support</th>
<th>Research</th>
<th>Student Aid &amp; Services</th>
<th>Athletics</th>
<th>Other Programs</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Qtr 1</td>
<td>$1,490</td>
<td>$1,729</td>
<td>$2,794</td>
<td>$355</td>
<td>$1,711</td>
<td>$8,078</td>
</tr>
<tr>
<td>Qtr 2</td>
<td>2,159</td>
<td>3,951</td>
<td>1,100</td>
<td>915</td>
<td>2,418</td>
<td>10,543</td>
</tr>
<tr>
<td>YTD</td>
<td>3,649</td>
<td>5,680</td>
<td>3,893</td>
<td>1,269</td>
<td>4,129</td>
<td>18,621</td>
</tr>
</tbody>
</table>

UH Program Expenses
University of Hawai'i Foundation
Year-to-Date UH Program Expenses
Six-Months Ended December 31, 2015 and 2014
($000)

<table>
<thead>
<tr>
<th>Category</th>
<th>FY 2015</th>
<th>FY 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Faculty &amp; Academic Support</td>
<td>$3,736</td>
<td>$3,649</td>
</tr>
<tr>
<td>Research</td>
<td>$1,288</td>
<td>$5,680</td>
</tr>
<tr>
<td>Student Aid &amp; Services</td>
<td>$4,014</td>
<td>$3,893</td>
</tr>
<tr>
<td>Athletics</td>
<td>$1,358</td>
<td>$1,269</td>
</tr>
<tr>
<td>Other Programs</td>
<td>$4,467</td>
<td>$4,129</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$14,863</td>
<td>$18,621</td>
</tr>
</tbody>
</table>
UNIVERSITY OF HAWAII FOUNDATION  
Statement of Operations  
For the Six Month Period Ending December 31, 2015 and 2014

<table>
<thead>
<tr>
<th></th>
<th>Current Year</th>
<th></th>
<th>Prior Year</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>6 month ending</td>
<td>December 31, 2015</td>
<td>6 month ending</td>
<td>December 31, 2014</td>
</tr>
<tr>
<td><strong>REVENUES:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted gifts</td>
<td>$ 109,480</td>
<td>$ 137,163</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income from expendable accounts</td>
<td>1,320,683</td>
<td>1,572,756</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income from endowment accounts</td>
<td>1,880,560</td>
<td>1,870,771</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service fee on gifts and non-gifts</td>
<td>1,194,497</td>
<td>1,341,129</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alumni Relations revenue</td>
<td>64,435</td>
<td>59,787</td>
<td></td>
<td></td>
</tr>
<tr>
<td>UH contract for services</td>
<td>1,500,000</td>
<td>1,500,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other payments for services from UH, &amp; UHAA</td>
<td>259,884</td>
<td>349,081</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Carryover from prior year</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>$ 6,329,540</td>
<td>$ 6,830,687</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Development</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel</td>
<td>$ 2,851,340</td>
<td>$ 3,176,854</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program</td>
<td>513,793</td>
<td>526,219</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Campaign</td>
<td>57,265</td>
<td>123,774</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alumni Relations</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel</td>
<td>279,226</td>
<td>216,649</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program</td>
<td>40,484</td>
<td>18,331</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service &amp; Support</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel</td>
<td>1,416,490</td>
<td>1,424,311</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program</td>
<td>672,756</td>
<td>462,162</td>
<td></td>
<td></td>
</tr>
<tr>
<td>UH Support Fund</td>
<td>75,000</td>
<td>75,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>$ 5,906,356</td>
<td>$ 6,023,300</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenues Over Expenses</td>
<td>$ 423,184</td>
<td>$ 807,388</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital Expenditure</td>
<td>(6,804)</td>
<td>(10,864)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>NET</strong></td>
<td>$ 429,988</td>
<td>$ 818,252</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
MEMORANDUM

TO: Randolph G. Moore  
   Chairperson, Board of Regents

VIA: David Lassner  
    President

FROM: Vassilis L. Syrmos  
    Vice President for Research and Innovation

SUBJECT: RESEARCH AND INNOVATION PERFORMANCE METRICS – FY2016 SECOND QUARTER REPORT

Attached is a quarterly report on research and innovation metrics which includes an awards summary from the Office of Research Services (ORS), and a technology transfer summary from the Office of Technology Transfer and Economic Development (OTTED) for the period October 1, 2015 through December 31, 2015.

*Note: Please note that the numbers provided are subject to revisions due to additional information that was not available at the time of release of this quarterly report.

Attachments
Extramural Sponsor Awards
Quarterly Summary

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Count</strong></td>
<td><strong>Amount</strong></td>
</tr>
<tr>
<td>Research</td>
<td>200</td>
<td>$34,496,622</td>
</tr>
<tr>
<td>Non-Research</td>
<td>172</td>
<td>$23,964,696</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>372</strong></td>
<td><strong>$58,461,318</strong></td>
</tr>
</tbody>
</table>

Note: The detailed award listing is available at:

http://www.ors.hawaii.edu/index.php/bor-reports

The FY 2015 year-to-date total was: $268,013,083
The unofficial FY 2016 year-to-date total is: $222,733,286
Contracts and Grants Awards
As of Quarter Two – FY 2016

Contracts and Grants Awards
Amount Awarded by Quarter
Contracts and Grants – Expenditures
As of Quarter Two – FY 2016

Contracts and Grants Awards
Expenditures by Quarter

Quarterly Expenditures – FY 2015
Quarterly Expenditures – FY 2016
Cumulative Expenditures – FY 2015
Cumulative Expenditures – FY 2016
Contracts and Grants Awards – F&A Recovery
As of Quarter Two – FY 2016

Contracts & Grants Awards
F&A Recovery by Quarter

- FY 2015 Quarterly FA
- FY 2016 Quarterly FA
- FY 2015 Cumulative FA
- FY 2016 Cumulative FA
### OTTED Research & Innovation Metrics
#### FY 2016 – Second Quarter Summary

<table>
<thead>
<tr>
<th>Metric</th>
<th>FY 2016 10/1/15 – 12/31/15</th>
<th>FY 2015 10/1/14 – 12/31/14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Invention Disclosures</td>
<td>11</td>
<td>18</td>
</tr>
<tr>
<td>U.S. Provisional Patents Filed</td>
<td>14</td>
<td>12</td>
</tr>
<tr>
<td>U.S. Non-Provisional Patents Filed</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>U.S. Non-Provisional Patents Issued</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>License Agreements</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Royalty Revenue</td>
<td>$43,434</td>
<td>$8,883</td>
</tr>
</tbody>
</table>
Invention Disclosures
As of Quarter Two – FY 2015

Inventions Disclosed

<table>
<thead>
<tr>
<th>Quarter</th>
<th>FY 2016 Quarterly</th>
<th>FY 2015 Quarterly</th>
<th>FY 2016 Cumulative</th>
<th>FY 2015 Cumulative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Q2</td>
<td>15</td>
<td>5</td>
<td>30</td>
<td>15</td>
</tr>
<tr>
<td>Q3</td>
<td>0</td>
<td>0</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Q4</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Cumulative: 51
U.S. Provisional Patents Filed
As of Quarter Two – FY 2016

U.S. Provisional Patents Filed

Quarterly

Q1 Q2 Q3 Q4
FY 2016 Quarterly FY 2015 Quarterly
FY 2016 Cumulative FY 2015 Cumulative
U.S. Non-Provisional Patents Filed
As of Quarter Two – FY 2016

U.S. Non-Provisional Patents Filed

Quarterly

Cumulative

FY 2016 Quarterly
FY 2015 Quarterly
FY 2016 Cumulative
FY 2015 Cumulative
U.S. Non-Provisional Patents Issued
As of Quarter Two – FY 2016

U.S. Non-Provisional Patents Issued

<table>
<thead>
<tr>
<th>Quarterly</th>
<th>FY 2016 Quarterly</th>
<th>FY 2016 Cumulative</th>
<th>FY 2015 Quarterly</th>
<th>FY 2015 Cumulative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q2</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q3</td>
<td>1</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Q4</td>
<td>1</td>
<td>7</td>
<td></td>
<td>7</td>
</tr>
</tbody>
</table>
License/Option Agreements
As of Quarter Two – FY 2016

License/Option Agreements Executed

<table>
<thead>
<tr>
<th>Quarter</th>
<th>FY 2016 Quarterly</th>
<th>FY 2015 Quarterly</th>
<th>FY 2016 Cumulative</th>
<th>FY 2015 Cumulative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q2</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q3</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q4</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Royalty Revenue
As of Quarter Two – FY 2016

Royalty Revenue

<table>
<thead>
<tr>
<th>FY 2016 Quarterly</th>
<th>FY 2015 Quarterly</th>
<th>FY 2016 Cumulative</th>
<th>FY 2015 Cumulative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>Q2</td>
<td>Q3</td>
<td>Q4</td>
</tr>
</tbody>
</table>

Quarterly

Cumulative
<table>
<thead>
<tr>
<th>Topic</th>
<th>Discussion</th>
<th>Follow Up/Action</th>
</tr>
</thead>
</table>
| **1** For Information:  
FY16 Second Quarter Financial Report as of December 30, 2015 | Results show status is static, and continues to be a work in progress to become a true budget to actual report that holds to a strict budget away from projections. | To continue improvements to shift from projections to actual budgets |
| **2** For Information: UBS FY16 Second Quarter Investment Report on the Legacy Endowment Fund as of December 30, 2015 | Results show small positive performance but not meeting benchmarks that are set net of fees because of the down economy impacted by declining oil prices. The fees are comparatively very low because UBS utilizes low cost exchange funds. Concerns were raised regarding efforts to meet benchmarks and assessing level of withdrawals for scholarships in a down market. | Administration to provide an annual report and evaluation on alignment of level of withdrawals to market conditions |
| **3** For Information: Update on University of Hawaiʻi at Mānoa Budget Allocation Model | A revised model was shared that is a work in progress to align closer to mission support and performance. Concerns raised regarding ensuring transparency, faculty input, utilizing metrics, addressing deferred maintenance and facilities costs. | Administration to report on the progress at the next committee meeting; regents to provide additional questions to board secretary for follow up. |
| **4** For Action:  
Recommend for Approval of Amendments to RP 8.204 Budget Policy | Amendments proposed to reflect the new budget model in place relating to the operating budget and 6 year CIP approvals. Amendments reflect the budget to actual accounting method, enhance financial reporting with more frequent and thorough reviews, improving accountability and oversight. More work is needed regarding budget building and developing legislative requests. | Recommended for approval. |
| **5** For Action:  
Recommend Approval of Exception to RP 8.207 Investment Policy to Allow Fossil Fuel Free Investment for SPDR S&P 500 Fossil Fuel Free ETF (SPYX) | UBS requested an exception to allow investment in a fossil fuel product that has a lower return than allowed in regent policy. It is recommended because is aligned with board divestment initiative and low risk. | Recommend approval. |
<table>
<thead>
<tr>
<th>Topic</th>
<th>Discussion</th>
<th>Follow Up/Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>A. Review and Acceptance of the University of Hawai‘i A-133 Financial and Compliance Report for the Year Ended June 30, 2015</td>
<td>The UH external auditors Accuity LLC provided three reports relating the UH financial reports required by the federal government. Accuity issued a clean, unmodified opinion, and found no internal control matters of material instances of weaknesses or noncompliance, and likewise with testing. It found UH to be in compliance with federal programs. It found persistent but not significant individual noncompliance in student financial assistance report due to turnover and transition to a centralized system. All recommended corrective actions are provided in the A133 report. The findings including campus specific findings are consistent and comparable to prior years.</td>
</tr>
<tr>
<td>2</td>
<td>Review and Acceptance of the Internal Control and Business Issues Report for the Year Ended June 30, 2015</td>
<td>Accuity reported on this compilation of observations and findings that are mostly housekeeping matters for management to consider. Management accepted and implemented all recommendations. Status report is included in subsequent audit cycles.</td>
</tr>
<tr>
<td>3</td>
<td>Review and Acceptance of University of Hawai‘i Supplemental Schedules</td>
<td>Accuity provided individual schedules to satisfy bond requirements that show the financial statements for each campus because certain activity is pledged as collateral. The schedules are limited to bond requested information and does not include the entire financial condition as reported in the consolidated financials provided at the end of the year.</td>
</tr>
<tr>
<td>4</td>
<td>Review and Acceptance of the University of Hawai‘i at Mānoa Intercollegiate Report on Agreed Upon Procedures – 2015 Football Season</td>
<td>Accuity provided this report as required by NCAA to confirm compliance with 15,000 minimum attendance requirement to be classified a Division I football program. UH Mānoa complies with 16,000 in attendance. Questions raised regarded attendance versus paid, and consequences if noncompliant. The requirement is only as to turnstile count, although an arbitrary figure not tied to any metrics. Consequences are probation or termination.</td>
</tr>
<tr>
<td>5</td>
<td>Review and Acceptance of Sales Audit of the H-Zone for the Year Ended December 31, 2015</td>
<td>Internal Auditor provided the report required under the retail space lease for the operations to determine if percentage rent is due based on sales generated. The outcome is that $7.00 is required in percentage rent. Concerns were raised about increasing value, addressing competition with concessions at stadium and licensing products. UHM Athletics staff</td>
</tr>
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<td></td>
<td>provided information on plans to generate more revenue, adjusting prior projections as retail in the aggregate is a breakeven operation, with better results in licensing.</td>
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<td>6</td>
<td>Review and Acceptance of the H-Zone Comments and Observations Report for the Year Ended December 31, 2015</td>
<td>Internal Auditor reported that results decreased in all areas of sales, volume and gross margin. AD Matlin staff presented a plan for changes and improvements to eliminate losses at internal controls and management of inventory, improve product mix, sacrifice margin for higher volume. Relocating is not feasible. Will closely monitor for 90 days and reassess closure. Concerns raised included product quality, location, returning control to auxiliary operations, market suitability, licensing saturation. Continue to monitor, consider all options, and provide monthly reports on progress.</td>
</tr>
<tr>
<td>7</td>
<td>Review and Acceptance of Associated Students at University of Hawai‘i at Mānoa (ASUH) Stipend and General Legislative Expenses for the Year Ended June 30, 2015</td>
<td>ASUH request the internal auditor to conduct review as part of its financial responsibility. The Internal Auditor issued a clean report. Accepted.</td>
</tr>
<tr>
<td>8</td>
<td>Update on Status of Financial Management Improvements for the Culinary Program at Kapi‘olani Community College and Leeward Community College</td>
<td>AVP Unebasami provided an update on the progress of management improvements for the culinary programs and the extension to all revenue generating programs at the community colleges. The issues have been addressed and expanding the controls to all revenue generating programs is underway. Advanced culinary programs are focused on management. Comments raised regarding integrating management in culinary programs and extending protocols systemwide. Administration to provide a written report and follow up at the next meeting on the progress.</td>
</tr>
<tr>
<td>9</td>
<td>Update on Status of Enterprise Risk Management Program 7.</td>
<td>VP Gouveia provided an update on a summit held among UH System leadership with a higher education expert on strategic planning for an ERM program and identifying the top 9 areas of risk including facilities, financing, enrollment recruitment and retention, funding, research revenue commercialization, IT security and management, discrimination free campus safety, internal audit, and business operations/governance model aligned with responsibilities. The timeline is to prioritize and develop methods to monitor, measure, and mitigate by summer, and report in the fourth quarter with a target to implement and monitor the coming year. Monitor and report back on progress at the next meeting.</td>
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<td></td>
<td>Update on Whistleblower Project</td>
<td>Board secretary reported that the board and administration are collaborating to house a central location to receive reports and inquiries in administration, with antifraud matters directed to the internal auditor. The initiative will require a new board policy to be proposed at the next independent audit committee for approval at the next board meeting, and align new executive policies accordingly.</td>
</tr>
<tr>
<td>Topic</td>
<td>Discussion</td>
<td>Follow Up/Action</td>
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<td>-----------------------------------------------------------------------</td>
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<tr>
<td>1 University of Hawai‘i at Mānoa Athletics</td>
<td>AD Matlin provided a comprehensive report on the status of health and nutrition programs, concussion protocols, NCAA drug testing compliance, and staffing support. Athlete survey results show positive scores on academic and health services support. Concerns raised to ensure post play medical coverage and care, and efforts to maintain scholarship after injury.</td>
<td>Continue to monitor.</td>
</tr>
<tr>
<td>2 University of Hawai‘i at Mānoa Athletics</td>
<td>Financial status shows on target with projections, though still in a negative position, with conference play and basketball experiencing higher performance than projected.</td>
<td>Continue to monitor, include revenue for units, and work towards a trending analysis when data available</td>
</tr>
<tr>
<td>3 University of Hawai‘i at Hilo Athletics</td>
<td>AD Guillen provided a report on UHH staffing, volunteer medical assistance, grant funding for awareness and prevention, and improved policies for strength and conditions, concussion protocols, and NCAA compliant drug testing. Injuries are declining, and facility repairs for health and safety are underway.</td>
<td>Continue to monitor.</td>
</tr>
<tr>
<td>4 University of Hawai‘i at Hilo Athletics</td>
<td>Financial status show on target with projections and may end in positive standing. Expenses are stagnant, anticipating scholarship increases for next year.</td>
<td>Continue to monitor</td>
</tr>
<tr>
<td>Topic</td>
<td>Discussion</td>
<td>Follow Up/Action</td>
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<tr>
<td>1 For Information: FY16 Quarterly Status Report on Capital Improvement Project Plan</td>
<td>VP Gouveia presented a quarterly report on the status of the CIP project plan. Concern was raised on the status of the plan for construction of the UHH College of Pharmacy and timetable to ensure encumbering funds before lapsing, options to address bids exceeding funds available, status of budgeting contingency for all major projects.</td>
<td>Administration to provide status of budgeted contingencies for all major projects and a report on the final decision on the UHH College of Pharmacy</td>
</tr>
<tr>
<td>2 For information: Update on Snyder Project Plan</td>
<td>VP Gouveia presented an update that based on the current assessment of needs and faculty support for a multidisciplinary shared space approach among several programs, a new proposal is being developed to create a life sciences building on the site of the current Henke building site that would house more programs and not exceed the $50M budget approved by the legislature. There is legislative support for this type of holistic approach. However, $30M of the lump sum funding appropriation is due to lapse so it will be repurposed to other health and safety projects on the agenda, and new legislative appropriation would need to be sought. Concerns raised regarding the need for clarity, careful and broader coordination, and commitment in capital improvement planning.</td>
<td>Continue to monitor and report back on status.</td>
</tr>
<tr>
<td>For information: Update on University of Hawai‘i at West O‘ahu Master Developer</td>
<td>VP Gouveia reported that Administration is in the final stages of obtaining request for bid proposals from a selective number of offers. The bid phase is 3-4 months to identify the master developer to bring to the board for approval.</td>
<td>Continue to monitor progress.</td>
</tr>
<tr>
<td>For Action: Recommend Approval of Capital Improvements Program and Repairs and Maintenance Project Contracts for Fiscal Year 2015-2016: 1. Kennedy Theater – General Repairs and Code Compliance (UHM 14-541-800) $6,568,000 2. Saunders Hall Exterior Repairs and Reroof (UHM 13-541-310) $5,268,275 3. Hamilton Library Addition, Ph III – Upgrade Controls,</td>
<td>VP Gouveia explained all projects are deferred maintenance related to health safety and code compliance, except for Hamilton Library, which is an HVAC project that will reduce energy costs and preserve the collections. The funding will be from the funds that will lapse and were earmarked for Snyder Hall project.</td>
<td>Recommend approval.</td>
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<td>Central Plant and Reheat Systems (UHM 10-541-265A)</td>
<td>$5,191,580</td>
<td></td>
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<tr>
<td><strong>Recommend Approval of Amendments to RP 10.201, Interests and Real Property</strong></td>
<td>VP Gouveia explained the revisions are intended to streamline processes and provide clarity on the transactions that are minor and administrative in nature. Concerns raised regarded the overall policy of the board’s role in management of property versus administration, and the need for clarity, consideration of the impact of long term leases, and providing dollar and time thresholds.</td>
<td>Deferred. Administration to revise accordingly and return to committee for further review.</td>
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<tr>
<td>Topic</td>
<td>Discussion</td>
<td>Follow Up/Action</td>
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<tr>
<td><strong>1</strong> For Action:</td>
<td>VP Syrmos recommended centralizing compliance at the system level provides services for all campuses as research beyond Mānoa campus is increasing, aligns with strategic direction and WICHE report, and savings can be utilized by the UHM campus to reinvigorate research and additional wet lab space. He confirmed consultation with unions and administration, although attempts to engage with the faculty senate was non-responsive other than the resolution issued in opposition. The role of the VCR will be able to be focused on securing additional grant funding. Concerns raised regarded cost efficiencies, no changes in highly compensated staff at both system and campus levels.</td>
<td>Recommend approval.</td>
</tr>
<tr>
<td><strong>2</strong> For Information:</td>
<td>VP Syrmos presented an update on the long range plan that needs to go out to consultation, that focuses on three elements as to leveraging areas to invest and diversify, 2) advance innovation with metrics, 3) identify and improve infrastructure to achieve. Concerns raised regarded the need for vision beyond what is already being done, address entrepreneurship and commercialization, international approach in light of current impact on astronomy, balancing STEM and non-STEM scholarship, and a work plan on implementation.</td>
<td>Revise accordingly and report back to the committee; and to place on the agenda a report on research facilities and plans to address issues facing the astronomy research facilities.</td>
</tr>
<tr>
<td>Strategy and Plan of Action to Maximize F&amp;A Cost Rate</td>
<td>VP Syrmos provided a report on the strategy to maximize the F&amp;A target high rate of 45% through collaboration with all areas for correct reporting to support and justify the need. The proposal is high to receive up to the cap which may be lower. The key is that that while the cost increases may be justified, the true driver is investment in more research. Concerns raised regarded the need to properly and accurately capture overhead costs upon which to base recovery, and a strategy with cohesive action items to achievement goals.</td>
<td>Continue to monitor and report back to the committee on progress</td>
</tr>
<tr>
<td>Regents’ Policies Updates</td>
<td>VP Syrmos recommended amendments to regent policies to reflect the new committee structure and focus. The policies are currently under review by the unions who asked for an extension through February. Some areas of concern raised regarded RCUH and ORUs. After all comments received, the policies will be brought back to committee for recommendation to approve at the following board meeting.</td>
<td>After all comments received, return to committee for recommendation for approval by the board</td>
</tr>
</tbody>
</table>
I. Purpose

To set forth policy on the university’s fiscal management, budget process, and legislative biennium-budget proposal and preparation process.

II. Definitions

No policy specific or unique definitions apply.

III. Policy

A. Policy and Governing Principles

A. The board recognizes its fiduciary obligation to ensure that the university is managing its resources in a fiscally responsible manner. Leading practices encourage boards to establish policies and practices to ensure that institutional priorities and budget expenditures are aligned and to ensure that resources are strategically invested in the university’s mission, vision, and plans.

B. The administration shall support the board to ensure that it can properly fulfill its fiduciary responsibilities. To this end, the president and administration shall:

1. Provide the necessary information to keep the board informed on key fiscal indicators, including through a dashboard with relevant metrics that allow high level tracking of progress against key financial performance indicators;

2. Institute best practices in financial management in concert with the board;
3. Establish uniform reports that shall be utilized for financial management and reporting across the university; and

4. Establish operational and management processes and policies to ensure uniformity in budget building and financial reporting across the university.

C. Budgets are one component of a comprehensive system of planning, programming and financing the programs of the university. The system shall consist of:

1. The articulation of overall university and campus missions; the development, coordination and review of long-range goals, objectives and directions to achieve these missions; and the development of programs and plans to implement these goals, objectives and directions;

2. An integrated, orderly system for the continuous review and evaluation of programs and needs that results in the establishment, modification and termination of programs as appropriate. This review shall include the regular appraisal and reporting of program performance across both qualitative and quantitative dimensions. It shall also include the evaluation of alternatives to existing, policies, plans, practices and procedures that offer more efficient and effective use of university resources to achieve the institution’s highest priority goals and objectives;

3. The preparation and implementation of a comprehensive budget organized to focus available resources required to undertake programs and program changes necessary to implement the long-range goals and objectives of the university. The development of the university’s budget shall include consideration of non-general funds and operating reserves; and

4. This comprehensive system shall be characterized as much as possible by openness and collaboration among students, faculty, administrators and policymakers.

D. The board shall, at a minimum, conduct the following:

1. Annual review and approval of budgets.

   a. The board shall approve an annual operating budget for all campuses, the system and the board office. The operating budget shall account for all sources of funds, as well as all major categories of expenditures.

   b. The board shall approve an annual capital improvement project budget for the university. The capital improvement budget shall account for all major projects that will be in the planning, design or construction stages. The
The operating and capital improvement budgets shall be transmitted to the board for review and approval following each legislative session and shall incorporate the most recent legislative appropriations and actions.

2. Quarterly reviews.

The administration shall provide reports to the board on a quarterly basis. The reports shall include:

a. A financial report that is based upon the board approved operating budget and that shows budget to actual performance, along with explanations for significant deviations from the approved budget. The financial report shall provide initial balances, revenues, expenditures and any updates to projected year-end balances based on activity in the previous quarter. It shall also include an explanation of significant trends or events that are reflected. The report shall show board-established reserve targets for the major units, along with actual reserves for the quarterly period.

b. A capital improvement report that is based upon the board approved capital improvement plan and that shows progress against the board approved CIP budget. The report shall also indicate projects that are significantly deviating from the approved budget or schedule and give an explanation for the deviation.

c. A financial dashboard report to indicate progress and status against agreed-upon metrics.

3. Annual reports.

The administration shall provide reports to the board on an annual basis that includes balance sheets, income statements, and records of cash flow.

Policy and Governing Principles for the Biennial and Supplemental Budget Proposals to the Legislature

A. Each year, the president, upon approval by the board, shall submit to the governor and the legislature, the university’s proposed biennial budget or supplemental budget, as applicable, which shall be designated the “Board of Regents’ Budget.” This budget proposal shall comply with applicable statutes and directives from the governor and legislature.
2. The proposed biennium budget shall be one component of a comprehensive system of planning, programming and financing the programs of the university. The system shall consist of:

a. The articulation of overall university and campus missions; the development, coordination and review of long-range goals, objectives and directions to achieve these missions; and the development of programs and intermediate plans to implement these goals, objectives and directions.

b. An integrated, orderly system for the continuous review and evaluation of programs which result in the establishment, modification and termination of programs as appropriate. This review shall include the evaluation of alternatives to existing objectives, policies, plans and procedures that offer more efficient and effective use of university resources and the regular appraisal and reporting of program performance.

c. The preparation and implementation of a budget organized to focus on the resources required in the succeeding biennium to undertake programs and program changes necessary to implement the long-range goals and objectives of the university.

3. The preparation of the biennium budget shall be characterized as much as possible by openness and collaboration among students, faculty, administrators and policymakers.

4. The development of the university’s biennium budget shall include consideration of non-general fund operating reserves.

B. The Biennium Budget Preparation Process

1. The major activities of the biennium legislative budget preparation process shall consist of the following:

a. Preparation of biennium-budget policy paper

(1) Using input from key stakeholders at the state, and the university system, as well as a review of university and campus planning documents, goals and plans, the president shall direct the preparation of a biennium budget policy paper each biennium and approve its submittal for review and approval by the board. The paper shall set forth the environmental context for budget building and, as well as, general program, policy and management objectives, and institutional priorities to guide the preparation of the biennial budget request.

b. Preparation and issuance of budget instructions
1. Upon board approval of the biennium budget policy paper, the president shall issue formal instructions and pertinent policy statements, directions for the preparation of the biennium legislative budget request. The policy statements, instructions and directions shall include, as a minimum, the budget objectives included in the board approved biennium budget policy paper.

c. Administrative and executive approval of budgets

(1) The president shall review and approve for submittal to the board, the recommended operational and capital improvement budget requests for UH at Mānoa, UH at Hilo, the Community College System, UH-West O‘ahu, and university-wide support programs. The chancellors of UH at Mānoa, UH at Hilo, UH-West O‘ahu and the vice president for community colleges shall review and approve for submittal to the president the budget requests for the programs the major units of the university based on the submittals from senior executives for their respective units, the budget policy paper including the environmental context for the state and higher education.

d. Board approval To the extent possible, the budget information that is provided to the board accompanying the budget proposal shall include context for the request that would affect or complement the legislative budget request.

1. The board shall review and act on the biennium budget recommended by the president prior to it being submitted to the governor. Upon board approval, the biennium proposed budget shall be referred to as the “Board of Regents’ Budget” and shall be transmitted to the governor and the legislature in accordance with applicable statute.

IV. Delegation of Authority

There is no policy specific delegation of authority.

V. Contact Information

Office of the Board of Regents, 956-8213, bor@hawaii.edu Vice President for Budget & Finance/Chief Financial Officer, 956-8903, kalbert@hawaii.edu

VI. References

A. http://www.hawaii.edu/offices/bor/
Approved:

approved as to Form:

_____________________________     ___________
Cynthia Quinn         Date
Executive Administrator and Secretary of the Board of Regents
I. **Purpose**

To set forth policy on the university's fiscal management, budget process, and legislative budget proposal and preparation process.

II. **Definitions**

No policy specific or unique definitions apply.

III. **Policy**

A. The board recognizes its fiduciary obligation to ensure that the university is managing its resources in a fiscally responsible manner. Leading practices encourage boards to establish policies and practices to ensure that institutional priorities and budget expenditures are aligned and to ensure that resources are strategically invested in the university's mission, vision, and plans.

B. The administration shall support the board to ensure that it can properly fulfill its fiduciary responsibilities. To this end, the president and administration shall:

1. Provide the necessary information to keep the board informed on key fiscal indicators, including through a dashboard with relevant metrics that allow high level tracking of progress against key financial performance indicators;

2. Institute best practices in financial management in concert with the board;

3. Establish uniform reports that shall be utilized for financial management and reporting across the university; and
4. Establish operational and management processes and policies to ensure uniformity in budget building and financial reporting across the university.

C. Budgets are one component of a comprehensive system of planning, programming and financing the programs of the university. The system shall consist of:

1. The articulation of overall university and campus missions; the development, coordination and review of long-range goals, objectives and directions to achieve these missions; and the development of programs and plans to implement these goals, objectives and directions;

2. An integrated, orderly system for the continuous review and evaluation of programs and needs that results in the establishment, modification and termination of programs as appropriate. This review shall include the regular appraisal and reporting of program performance across both qualitative and quantitative dimensions. It shall also include the evaluation of alternatives to existing, policies, plans, practices and procedures that offer more efficient and effective use of university resources to achieve the institution’s highest priority goals and objectives;

3. The preparation and implementation of a comprehensive budget organized to focus available resources required to undertake programs and program changes necessary to implement the long-range goals and objectives of the university. The development of the university’s budget shall include consideration of non-general funds and operating reserves; and

4. This comprehensive system shall be characterized as much as possible by openness and collaboration among students, faculty, administrators and policymakers.

D. The board shall, at a minimum, conduct the following:

1. Annual review and approval of budgets.

   a. The board shall approve an annual operating budget for all campuses, the system and the board office. The operating budget shall account for all sources of funds, as well as all major categories of expenditures.

   b. The board shall approve an annual capital improvement project budget for the university. The capital improvement budget shall account for all major projects that will be in the planning, design or construction stages. The budget shall be presented in the context of a rolling 6-year capital improvement plan and budget, which shall be approved and updated by the board on an as-needed basis.
c. The operating and capital improvement budgets shall be transmitted to the board for review and approval following each legislative session and shall incorporate the most recent legislative appropriations and actions.

2. Quarterly reviews.

The administration shall provide reports to the board on a quarterly basis. The reports shall include:

a. A financial report that is based upon the board approved operating budget and that shows budget to actual performance, along with explanations for significant deviations from the approved budget. The financial report shall provide initial balances, revenues, expenditures and any updates to projected year-end balances based on activity in the previous quarter. It shall also include an explanation of significant trends or events that are reflected. The report shall show board-established reserve targets for the major units, along with actual reserves for the quarterly period.

b. A capital improvement report that is based upon the board approved capital improvement plan and that shows progress against the board approved CIP budget. The report shall also indicate projects that are significantly deviating from the approved budget or schedule and give an explanation for the deviation.

c. A financial dashboard report to indicate progress and status against agreed-upon metrics.

3. Annual reports.

The administration shall provide reports to the board on an annual basis that includes balance sheets, income statements, and records of cash flow.

Policy and Governing Principles for the Biennial and Supplemental Budget Proposals to the Legislature

A. Each year, the president, upon approval by the board, shall submit to the governor and the legislature, the university’s proposed biennial or supplemental budget, as applicable, which shall be designated the “Board of Regents’ Budget.” This budget proposal shall comply with applicable statutes and directives from the governor and legislature.
1. The major activities of the legislative budget preparation process shall consist of the following:

   a. Preparation of budget policy paper

      (1) Using input from key stakeholders at the state and the university, as well as a review of university and campus planning goals and plans, the president shall direct the preparation of a budget policy paper and approve its submittal for review and approval by the board. The paper shall set forth the environmental context for budget building, as well as general program, policy and management objectives, and institutional priorities to guide the preparation of the budget request.

   b. Preparation and issuance of budget instructions

      (1) Upon board approval of the budget policy paper, the president shall issue formal instructions and directions for the preparation of the legislative budget request. The instructions and directions shall include, as a minimum, the budget objectives included in the board approved budget policy paper.

   c. Administrative and executive approval of budgets

      (1) The president shall review and approve for submittal to the board, the operational and capital improvement budget requests for the major units of the university based on the submittals from senior executives for their respective units, the budget policy paper including the environmental context for the state and higher education.

   d. To the extent possible, the budget information that is provided to the board accompanying the budget proposal shall include context for the request that would affect or complement the legislative budget request. Upon board approval, the proposed budget shall be referred to as the “Board of Regents’ Budget” and shall be transmitted to the governor and the legislature in accordance with applicable statute.

IV. Delegation of Authority

There is no policy specific delegation of authority.

V. Contact Information
Office of the Vice President for Budget & Finance/Chief Financial Officer, 956-8903, kalbert@hawaii.edu

VI. References

A. http://www.hawaii.edu/offices/bor/

Approved:

approved as to Form:

_____________________________  ___________
Cynthia Quinn        Date
Executive Administrator and Secretary of the Board of Regents
February 4, 2016

TO: Jan Sullivan, Chair  
    Budget and Finance Committee

VIA: David Lassner  
     President

FROM: Kalbert K. Young  
      Vice President for B&F/CFO

SUBJECT: UBS Request for Policy Exception

Attached is a letter from UBS requesting an exception from Regent Policy 8.207 pertaining to the University’s investment policy. This exception is desired to allow investment in a fossil fuel free investment fund. This item is requested for review and approval at the Budget and Finance Committee meeting on February 11, 2016.

Administration requests that the Board of Regents make an exception to the policy, in this instance, so that UBS may invest in the specific investment product.

Attachments: UBS correspondence and fact sheets

c: University Internal Auditor (w/o Attachments)  
   University Controller (w/o Attachments)
February 3, 2016

To: University of Hawaii
   Board of Regents
   Committee on Budget and Finance

Re: Request Investment Policy Statement Exception for Fossil Fuel Free Investment

Dear Board of Regents,

UBS requests an exception to the Investment Policy Statement. We would like to invest in a new Exchange Traded Fund that came to market on Nov. 30, 2015. It is called the SPDR S&P 500 Fossil Fuel Free ETF (SPYX). Please see the attached fact sheets. This fund is basically the S&P 500 index without fossil fuel companies.

When we first began the divestment in fossil fuel companies in early 2015, we anticipated there would be new products coming to market that addressed the issue of fossil fuel divestment. We are now seeing such products being introduced into the market. The benefits of this particular product are good diversification, low net expense ratio (20bps) and the lack of fossil fuel companies.

The Investment Policy Statement requires a comparison of fund performance to a benchmark over a 3 year period. Since this product is new, there is no 3 year performance history for comparison purposes. In addition, this product is an index so we do not expect it to deviate much from the applicable benchmark. We are requesting that the Board of Regents make an exception to the policy so that UBS may invest in this product.

Sincerely,

Ronald H. Kikawa
Senior Vice President – Investments
Senior Institutional Consultant

Karen Yasukawa
Senior Vice President – Investments
Institutional Consultant

Paul Yamashita, CFA
Account Vice President
Portfolio Manager
Why Fossil Fuel Free Investing is Gaining Momentum

by Chris McKnett, Head of Environmental, Social and Governance (ESG) Investments and Thomas Guarini, Product and Portfolio Consultant, SPDR ETFs and SSGA Funds

Introducing the SPDR® S&P 500® Fossil Fuel Free ETF (SPYX).

Key Takeaways
As more investors think about their portfolios in the context of climate change and how to divest from fossil fuels, interest in fossil fuel free investing (i.e., investing in companies that do not own fossil fuel reserves) is gaining momentum and urgency.

There is a long-term investment case for fossil fuel free investing as coal, oil and gas companies face the possibility that some reserves may remain underground and unburnable as "stranded assets," undermining valuations for energy firms.

The SPDR S&P 500 Fossil Fuel Free ETF (SPYX) is the first S&P 500 fossil fuel free ETF. SPYX offers a straightforward, low-cost vehicle to gain access to the fossil fuel reserve free components of the S&P 500 Index.

Why Fossil Fuel Free Investing?
A growing number of endowments, pension funds and other institutions are adapting their investment portfolios to accommodate for the risks associated with climate change. Concerned about the impact of rising global temperatures on the environment, more investors are focusing on low carbon investing and eliminating fossil fuels from their portfolios. Aside from environmental motivations, the sustainability of fossil fuels as a viable energy source in the long-run is coming into question amid more potential competition from alternative energy sources and changing carbon-restrictive regulations that from an investment standpoint, threaten turning certain of companies' fossil fuel reserves into "stranded assets," resulting in negative impact for their balance sheets and valuations.

Climate change action appears to be gaining further momentum, based on recent events such as the US-China 2014 agreement to lower emissions, and the European Union's decision to lower its carbon emissions. Similarly, the US, EU and China and many other nations—about 150 in total—made commitments to cut carbon emissions before the 2015 UN-backed climate summit in Paris. Meanwhile, pension funds, insurers and sovereign wealth funds around the globe are divesting from companies that own fossil fuels. In sum, 436 institutions representing $2.6 trillion in assets have committed to divest from companies that own fossil fuel reserves in 2015, a 50-fold increase from the previous year's total.

Figure 1: Global Greenhouse-Gas Emissions

Source: UNEP Climate Interactive as of 10/17/2015.
Why Fossil Fuel Free Investing is Gaining Momentum

The main fossil fuels are coal, oil and natural gas. Burning them for energy produces high levels of carbon dioxide, one of the greenhouse gases that cause global warming. The consensus scientific view is that global temperature increases need to be held below a 2°C threshold, to avoid major climate impact. Emissions need to plateau in the next few years and then be substantially curtailed by the middle of this century to meet the 2°C ceiling, according to this consensus scientific view (see Figure 1).

The Investment Case for Fossil Fuel Free

Many proponents of divesting are motivated by values and consider fossil fuels ethically undesirable from an environmental point of view, but increasingly there is also the question of whether or not they may become economically unsustainable. Bringing the notion of instability into a more immediate frame of reference, Bank of England Governor Mark Carney warned in a recent speech that climate issues could destabilize financial markets. Carney noted that by the time markets, left to their own devices, signal a real problem in terms of asset valuations, precious time will have been lost, deepening the dangers that may lurk ahead if the planet continues to warm. That said, a growing belief is taking hold that companies with high carbon footprints are likely to face increasingly higher costs, and will need to either reduce or limit their emissions due to new regulations, such as performance standards, emissions trading, and carbon taxes.

The deeper and substantive investment thesis surrounding climate change is that firms that own fossil fuels face the prospect of being saddled with stranded assets. In other words, the possibility appears to be growing that many of the reserves of coal, oil and gas on which their stock valuations are largely based will never be extracted and burned. Some analysts estimate that stranded assets could reach between 60 and 80 percent of all reserves (see Figure 2). That means coal, oil and gas stocks could face long-term pressure, even after the recent sell-off in energy commodities and related equities. The possibility that these assets could become stranded is exacerbated by competition from cleaner forms of energy such as wind and solar, which have grown at high rates. In terms of performance, global investors who divested from fossil fuels have outperformed broad market indices over the past five years, due in part to slumping oil prices and the poor performance of the coal sector.

Not owning companies that own fossil fuel reserves the five years before 2008 would have lowered performance relative to standard market benchmarks, such as the MSCI ACWI Index, a broad global equity benchmark that captures large- and mid-cap representation across developed and emerging markets. Yet since the financial crisis, excluding fossil fuels has consistently outperformed owning standard counterparts such as the MSCI ACWI. Historically, the energy sector, and more specifically its underlying industries, has been one of the more volatile components of the US equity markets. However, investors were traditionally rewarded for taking on this added risk as there has historically been a performance risk premium associated with these stocks. One has to wonder if this dynamic is changing (see Figure 3).

Figure 2: Stranded Assets

Known Fossil Fuel Resources in 2°C Carbon Budget Scenario

<table>
<thead>
<tr>
<th>Resources Within Budget (% of Total)</th>
<th>33%</th>
<th>Oil (54%)</th>
<th>Gas (31%)</th>
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</thead>
<tbody>
<tr>
<td>Stranded Resources (% of Total)</td>
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</tbody>
</table>

The amount of each major carbon source that would be burned or stranded to meet the IEA's budget for 33 percent of current reserves for keeping global temperatures from rising no more than 2°C. Measured in 2012–2050 GtCO₂ emissions during combustion.

Figure 3: Historical Risk Adjusted Performance*

<table>
<thead>
<tr>
<th>S&amp;P 500 Energy Equipment &amp; Services (Industry)</th>
<th>S&amp;P 500 Energy (Sector)</th>
</tr>
</thead>
</table>
| Past performance does not guarantee future results. It is not possible to invest in an index.

Source. Zephyr StyleAdvisor, as of 9/30/2015.

*Sharpe Ratio.
Why Fossil Fuel Free Investing is Gaining Momentum

The First S&P 500 Fossil Fuel Free ETF

State Street Global Advisors (SSGA) has managed environmental, social and governance (ESG) assets since 1986 and is one of the largest managers of these strategies in the world with $211.8 billion in ESG assets under management.1

The SPDR S&P 500 Fossil Fuel Free ETF (SPYX) is designed as a core holding for investors concerned about climate change. SPYX comes with all the benefits of the ETF structure, including relatively low costs, intraday liquidity, transparency and tax efficiency.

The S&P 500 Fossil Fuel Free Index starts with the S&P 500 Index and removes the companies that own fossil fuel reserves, which are the very energy companies that could be grappling with stranded assets in the coming years. This means that SPYX's tracking index will have an underweight to the energy sector relative to the S&P 500 — recently it had a 2.4 percent allocation to the energy sector compared to the 6.9 percent allocation to energy in the S&P 500.2

In summary, SPYX gives fossil fuel reserve free investors a precise, low-cost instrument to invest in the stocks in the S&P 500 Index. SPYX is a potential solution for investors who want to divest from fossil fuel reserves, whether due to concerns over climate change or from financial and investment motives.

1 “Climate curbs will slow temperature rise, more needed for 2°C goal: U.N.,” Reuters, October 30, 2015.
9 “Fossil fuels as dead as a dinosaur,” FTAdvisor, October 21, 2015.
10 Based on 10-year standard deviation, as of September 30, 2015. Source: Zephyr StyleAdvisor.
11 As of June 30, 2015.
12 spydxfx.com, as of September 30, 2015.

SPYX at a Glance

- Gross Expense Ratio: 0.25%
- Net Expense Ratio 0.20%**
- The SPDR S&P 500 Fossil Fuel Free ETF seeks to provide investment results that, before fees and expenses, correspond generally to the total return performance of the S&P 500 Fossil Fuel Free Index. ***

- SPYX’s tracking index, the S&P 500 Fossil Fuel Free Index, excludes companies with any ownership of fossil fuel reserves, including for third-party and in-house power generation. Companies are screened based on publicly available information, such as annual reports and other company publications.
- SPYX has the potential to allow climate aware investors to match their investment strategy and financial interests with their values.

** SSGA Funds Management, Inc. (the “Adviser”) has contractually agreed to waive its advisory fee and/or reimburse certain expenses, until October 31, 2017, so that the net annual fund operating expenses of the Fund will be limited to 0.20% of the Fund’s average daily net assets before application of any fees and expenses not paid by the Adviser under the Investment Advisory Agreement (except for acquired fund fees and expenses from holdings in acquired funds for non-cash management purposes), if any. The contractual fee waiver and/or reimbursement does not provide for the recoupment by the Adviser of any fees the Adviser previously waived. The Adviser may continue the waiver and/or reimbursement from year to year, but there is no guarantee that the Adviser will do so and the waiver and/or reimbursement may be cancelled or modified at any time after October 31, 2017. This waiver and/or reimbursement may not be terminated prior to October 31, 2017 except with the approval of the Fund’s Board of Trustees.

*** The Index is designed to measure the performance of companies in the S&P 500 Index that are “fossil fuel free,” which are defined as companies that do not own fossil fuel reserves. For purposes of the composition of the Index, fossil fuel reserves are defined as economically and technically recoverable sources of crude oil, natural gas and thermal coal but do not include metallurgical or coking coal, which are used in connection with steel production. The Index is a subset of the S&P 500 Index, (the “Underlying Index”), which serves as the initial universe of eligible securities for the Index. In constructing the Index, the initial universe is screened in an effort to exclude companies with any ownership of fossil fuel reserves, including for third-party and in-house power generation, as determined by publicly available information, such as annual reports and other company publications.

State Street Global Advisors
Why Fossil Fuel Free Investing is Gaining Momentum

For public use.

State Street Global Advisors One Lincoln Street, Boston, MA 02111-2900.
T: +1 666 787 2257.

Important Risk Information
ETFs trade like stocks, are subject to investment risk, fluctuate in market value and may trade at prices above or below the ETF’s net asset value. Brokerage commissions and ETF expenses will reduce returns.

Equity securities may fluctuate in value in response to the activities of individual companies and general market and economic conditions.

No fossil fuel reserve ownership may have an adverse effect on a company’s profitability and, in turn, the returns of the fund.

Passively managed funds hold a range of securities that, in the aggregate, approximates the full index in terms of key risk factors and other characteristics. This may cause the fund to experience tracking errors relative to performance of the index.

Concentrated investments in a particular industry or sector may be more vulnerable to adverse changes in that industry or sector.

The views expressed in this material are the views of Chris McKnett and Thomas Guarini through the period ended October 31, 2015 and are subject to change based on market and other conditions. This document contains certain statements that may be deemed forward-looking statements. Please note that any such statements are not guarantees of any future performance and actual results or developments may differ materially from those projected.

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Before investing, consider the funds’ investment objectives, risks, charges and expenses. To obtain a prospectus or summary prospectus which contains this and other information, call 866.787.2257 or visit spdrs.com. Read it carefully.

Not FDIC Insured • No Bank Guarantee • May Lose Value
**SPDR S&P 500 Fossil Fuel Free ETF (USD)**

**Overall Morningstar Rating™**
- **1,407 Large Blend**
- **Category Index**
- **Morningstar Cat**

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<tr>
<th>Year</th>
<th>1st Qtr</th>
<th>2nd Qtr</th>
<th>3rd Qtr</th>
<th>4th Qtr</th>
<th>Total %</th>
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<td>2015</td>
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**Trailing Returns**
- 1 Yr: 19.9
- 3 Yr: 19.9
- 5 Yr: 19.9
- 10 Yr: 19.9

**Morningstar Risk**
- 19.9

**Morningstar Return**
- 19.9

**Morningstar Rating**
- 19.9

**Performance Disclosure**
The Overall Morningstar Rating is based on risk-adjusted returns, derived from a weighted average of the three-, five-, and 10-year ratings (if applicable). Morningstar ratings.

The performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate; thus an investor's shares, when sold or redeemed, may be worth more or less than their original cost.

Current performance may be lower or higher than the quoted performance data shown. For performance data current to the most recent month-end, please call 765-771-2257 or visit www.spdrs.com.

**Fund Facts and Expenses**
- **Expense Ratio %**
- **Management Fees %**

**Fund Expenses Management Fees % 0.25**
- **131 Expense % 0.25**
- **Expense Ratio % 0.25**

**Morningstar Rating**
- 19.9

**Morningstar Risk**
- 19.9

**Morningstar Return**
- 19.9

**Morningstar Rating**
- 19.9

**Performance Data**
- **Asset Allocation % 12-31-2015**
- **Net% Long % Short %**
- **Cash 0.0% 0.0% 0.0%**
- **US Stocks 99.1% 99.1% 0.0%**
- **Non-US Stocks 0.7% 0.7% 0.0%**
- **Bonds 0.0% 0.0% 0.0%**
- **Other/Not Cldsp 0.3% 0.3% 0.0%**
- **Total 100.0% 100.0% 0.0%**

**Equity Style**
- **Equity Style Portfolio Statistics**
- **Port Cat**
- **Net Asset Value**

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<tr>
<th>Category</th>
<th>Performance</th>
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<th>Healthcare</th>
<th>Technology</th>
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**Sever Weights**
- **Equity**
- **Stocks %**

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<th>Rel Std Index</th>
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**Performance Chart**
- **Mkt Total Ret %**
- **NAV Total Ret %**
- **% Rank Cat**

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**Fund Exposures**
- **Expense Ratio %**
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**Morningstar Rating**
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**Morningstar Return**
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Standardized and Tax Adjusted Returns Disclosure Statement

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An investment in a money-market vehicle is not insured or guaranteed by the FDIC or any other government agency. The current yield quotation reflects the current earnings of the money market more closely than the total return quotation. Although money markets seek to preserve the value of your investment at $1.00 per share, it is possible to lose money by investing in them.

Standardized Returns assume reinvestment of dividends and capital gains. They depict performance without adjusting for the effects of taxation, but are adjusted to reflect sales charges and ongoing fund expenses.

If adjusted for taxation, the performance quoted would be significantly reduced.

For variable annuities, additional expenses will be taken into account, including M&E risk charges, fund-level expenses such as management fees and operating fees, contract-level administration fees, and charges such as surrender, contract, and sales charges.

After-tax returns are calculated using the highest individual federal marginal income tax rates, and do not reflect the impact of state and local taxes. Actual after-tax returns depend on the investor's tax situation and may differ from those shown. The after-tax returns shown are not relevant to investors who hold their fund shares through tax-deferred arrangements such as 401(k) plans or an IRA. After-tax returns exclude the effects of either the alternative minimum tax or phase-out of certain tax credits. Any taxes due are as of the time the distributions are made, and the taxable amount and tax character of each distribution are as specified by the fund on the dividend declaration date. Due to foreign tax credits or realized capital losses, after-tax returns may be greater than before-tax returns. After-tax returns for exchange-traded funds are based on net asset value.

<table>
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<tr>
<th>Standardized Returns (%)</th>
<th>7-day Yield</th>
<th>7-day Yield</th>
<th>1Yr</th>
<th>5Yr</th>
<th>10Yr</th>
<th>Since Inception</th>
<th>Inception Date</th>
<th>Max Front</th>
<th>Max Back</th>
<th>Gross Exp Ratio %</th>
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<th>Return after Tax (%)</th>
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<td>SPDR S&amp;P 500 Fossil Fuel Free ETF-NAV</td>
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ETF/ETN Detail Report
Disclosure Statement

The Exchange-traded Fund (ETF)/Exchange Traded Note (ETN) Detail report is supplemental sales literature, and therefore must be preceded or accompanied by the fund/note’s current prospectus or an equivalent statement. Please read this information carefully. In all cases, this disclosure statement should accompany the ETF/ETN Detail Report. Morningstar is not itself a FINRA member firm. All data presented is based on the most recent information available to Morningstar.

Exchange Traded Notes (ETN) are unsecured debt obligations of a particular issuer with returns that generally track the total return of an underlying index. Unlike standard debt securities, ETNs may not return the principal amount at maturity and, therefore, depending on the specific terms of the product, investors could lose all or a substantial portion of their investment based on the performance of the underlying index. Investors could also lose their entire investment if the issuer becomes insolvent. UBS Financial Services Inc. does not guarantee in any way the obligations or the financial condition of any issuer or the accuracy of any financial information provided by any issuer of ETNs. ETNs are not traditional investments and investing in ETNs can contain a call feature which allows the issuer to repurchase the ETN at its option prior to maturity. If this call feature is exercised, investors may not be able to reinvest the proceeds received at a comparable rate of return. While ETNs are generally listed on an exchange, the issuer is not obligated to maintain such listing or to ensure that there is a secondary market for the ETNs. As a result, there may be limited or no liquidity in the ETNs and investors should be prepared to hold their investment to maturity.

ETF/ETN’s trading on a secondary market may trade at, above, or below their net asset value (NAV) or closing indicative rate value. If an ETF/ETN’s shares trade at a price above their NAV, they are said to be trading at a “premium.” Conversely, if they are trading at a price below their NAV, they are said to be trading at a “discount.”

Holding company depository receipts (HOLDRs) are similar to ETF/ETNs, but they focus on narrow industry groups. HOLDRs initially own 20 stocks, which are unmanaged, and can become more concentrated due to mergers, or the disparate performance of their holdings. HOLDRs can only be bought in 100-share increments. Investors may exchange shares of a HOLDR for its underlying stocks at any time.

The market price noted on the Detail Report is the price of the ETF/ETN as of the close of trading on the last business day at month-end. This date is listed at the top of the Detail Report.

Performance

The performance data given represents past performance and should not be considered indicative of future results. Principal value and investment return will fluctuate, so that an investor’s shares, when sold, may be worth more or less than the original investment. Portfolio statistics change over time. ETFs, ETNs and HOLDRs are not FDIC-insured, may lose value, and are not guaranteed by a bank or other financial institution.

For ETF/ETNs, standardized total return is reflected as of month- and quarter-end time periods. It depicts performance without adjusting for brokerage commissions and the effects of taxation, but is adjusted to reflect all actual ongoing ETF/ETN expenses and assumes reinvestment of dividends and capital gains. If adjusted, the effects of brokerage commissions and taxation would reduce the performance quoted.

For HOLDRs, the standardized total return reflects performance at market price, without adjusting for the effects of taxation or brokerage commissions. These returns are adjusted to reflect all ongoing expenses and assume reinvestment of dividends and capital gains. If adjusted, the effects of taxation would reduce the performance quoted.

The 12-month yield is derived by summing the trailing 12-months’ income distributions and dividing the sum by the last month’s ending NAV, plus any capital gains distributed over the same period. Income refers only to interest payments from fixed-income securities and dividend payoffs from common stocks.

Growth of 10,000

This graph compares the growth of an investment of $10,000 (in the base currency of the fund) with that of an index and with that of the average for all funds in its Morningstar category. The NAV total returns are not adjusted to reflect the effects of taxation, but they are adjusted to reflect actual ongoing fund expenses and assume reinvestment of dividends and capital gains. If adjusted, the effect of taxation would reduce the performance quoted. Please note, while the investor obtaining an ETF/ETN through the secondary market does not obtain it at NAV, the purpose in presenting this graph based on NAV is to provide an illustration of the historical performance of the ETF strategy. In no way should this performance be considered indicative of or a guarantee of the future performance of this ETF/ETN nor should it be viewed as a substitute for an actual investor experience.

The index is an unmanaged portfolio of specified securities, and cannot be invested in directly. The index and the category average do not reflect any initial or ongoing expenses. A fund’s portfolio may differ significantly from the securities in the index. The index is chosen by Morningstar.

Risk Measures

The risk measures below are calculated for ETF/ETNs with at least a three-year history.

Standard deviation is a statistical measure of the volatility of the ETF/ETN’s NAV returns.

Mean represents the annualized geometric NAV return for the period shown.

The Sharpe ratio uses standard deviation and excess return to determine reward per unit of risk.

Alpha measures the difference between an ETF/ETN’s NAV returns and its expected performance, given its level of risk as measured by beta. Alpha is often seen as a measure of the value added or subtracted by a portfolio manager.

Beta is a measure of an ETF/ETN’s sensitivity to market movements. A portfolio with a beta greater than 1 is more volatile than the market, and a portfolio with a beta less than 1 is less volatile than the market.

R-squared reflects the percentage of an ETF/ETN’s movements that is explained by movements in its benchmark index, showing the degree of correlation between the ETF/ETN and the benchmark. This figure is also helpful in assessing how likely it is that alpha and beta are statistically significant.

Best fit index: Alpha, beta, and R-squared statistics are presented for a broad market index and a "Best fit" index. The Best-Fit index identified in this report was determined by Morningstar by calculating R-squared for the fund/note against approximately 100 indexes tracked by Morningstar. The index representing the highest R-squared is identified as the best-fit index. The best-
Asset Allocation

The weighting of the portfolio in various asset classes, including "Other" is shown in the table. "Other" includes security types that are not neatly classified in the other asset classes, such as convertible bonds and preferred stocks.

In the table, allocation to the classes is shown for long positions, short positions, and net (long positions net of short positions). These statistics summarize what the managers are buying and how they are positioning the portfolio. When short positions are captured in these portfolio statistics, investors get a more robust description of the fund/notes' exposure and risk.

Most managed product portfolios hold or track fairly conventional securities, such as long positions in stocks and bonds. Other portfolios use or track other investment strategies or securities, such as short positions or derivatives, to reduce transaction costs, enhance returns, or reduce risk. Some of these securities and strategies behave like conventional securities, while others have unique return and risk characteristics.

Most portfolios take or track long positions in securities. Long positions involve buying the security outright and then selling it later, with the hope that the security price rises over time. In contrast, short positions are taken to benefit from anticipated price declines. In this type of transaction, the investor borrows the security from another investor, sells it and receives cash, and then is obligated to buy it back at some point in the future. If the price falls after the short sale, the investor will have sold high and can now buy low to close the short position and lock in a profit. However, if the price of the security increases after the short sale, the investor will experience losses by buying it at a higher price than the sale price.

The strategy of selling securities short is prevalent in specialized portfolios, such as long-short, market-neutral, bear-market, and hedge funds. Most conventional portfolios do not typically short securities, although they may reserve the right to do so under special circumstances. Funds may also short derivatives, and this is sometimes more efficient than shorting individual securities. Short positions produce negative exposure to the security that is being shorted. This means that when the security rises in value, the short position will fall in value and vice versa. Morningstar's portfolio statistics will capture this negative exposure. For example, if a fund has many short stock positions, the percent of assets in stocks in the asset allocation breakdown may be negative. Funds must provide their broker with cash collateral for the short position, so funds that short often have a large cash position, sometimes even exceeding 100% cash.

Note that all other portfolio statistics presented in this report are based on the long holdings of the fund only.

Style Analysis

The Morningstar Style Box reveals a fund's investment style as of the date noted on this report.

For equity funds the vertical axis shows the market capitalization of the long stocks owned and the horizontal axis shows investment style (value, blend, or growth).

For fixed-income funds, the vertical axis shows the credit quality of the long bonds owned and the horizontal axis shows interest rate sensitivity as measured by a bond's effective duration.

Morningstar seeks credit rating information from fund companies on a periodic basis (e.g., quarterly). In compiling credit rating information Morningstar accepts credit ratings reported by fund companies that have been issued by all Nationally Recognized Statistical Rating Organizations (NRSROs). For a list of all NRSROs, please visit http://www.sec.gov/divisions/marketreg/ratingagency.htm. Additionally, Morningstar accepts foreign credit ratings from widely recognized or registered rating agencies. If two rating organizations/agencies have rated a security, fund companies are to report the lower rating; if three or more organizations/agencies have rated a security, fund companies are to report the median rating, and in cases where there are more than two organization/agency ratings and a median rating does not exist, fund companies are to use the lower of the two middle ratings. PLEASE NOTE: Morningstar, Inc. is not itself an NRSRO nor does it issue a credit rating on the fund. An NRSRO or rating agency ratings can change from time-to-time.

For credit quality, Morningstar combines the credit rating information provided by the fund companies with an average default rate calculation to come up with a weighted-average credit quality. The weighted-average credit quality is currently a letter that roughly corresponds to the scale used by a leading NRSRO. Bond funds are assigned a style box placement of "low," "medium," or "high" based on their average credit quality. Funds with a low credit quality are those whose weighted average credit quality is determined to be less than "BBB-"; medium are those less than "AA-", but greater or equal to "BBB-"; and high are those with a weighted-average credit quality of "AA+" or higher. When classifying a bond portfolio, Morningstar first maps the NRSRO credit ratings of the underlying holdings to their respective default rates (as determined by Morningstar's analysis of actual historical default rates). Morningstar then averages these default rates to determine the average default rate for the entire bond fund. Finally, Morningstar maps this average default rate to its corresponding credit rating along a convex curve.

For interest-rate sensitivity, Morningstar obtains from fund companies the average effective duration. Generally, Morningstar classifies a fixed-income fund's interest-rate sensitivity based on the effective duration of the Morningstar Core Bond Index (MCBI), which is currently three years. The classification of Limited will be assigned to those funds whose average effective duration is between 25% to 75% of MCBI's average effective duration; funds whose average effective duration is between 75% to 125% of the MCBI will be classified as Moderate; and those that are at 125% or greater of the average effective duration of the MCBI will be classified as Extensive.

For municipal bond funds, Morningstar also obtains from fund companies the average effective duration. In these cases static breakpoints are utilized. These breakpoints are as follows: (i) Limited: 4.5 years or less; (ii) Moderate: more than 4.5 years but less than 7 years; and (iii) Extensive: more than 7 years. In addition, for non-US taxable and non-US domiciled fixed income funds static duration breakpoints are used: (i) Limited: less than or equal to 3.5 years; (ii) Moderate: greater than 3.5 and less than equal to 6 years; (iii) Extensive: greater than 6 years.

Equity Portfolio Statistics

The referenced data elements below are a weighted average of the long equity holdings in the portfolio.

The Price/Earnings ratio is a weighted average of the price/earnings ratios of the stocks in the underlying fund's portfolio. The P/E ratio of a stock is calculated by dividing the current price of the stock by its trailing 12-months' earnings per share. In computing the average, Morningstar weights each portfolio holding by the percentage of equity assets it represents.

The Price/Cash Flow ratio is a weighted average of the price/cash-flow ratios of the stocks in a fund's portfolio. Price/cash-flow shows the ability of a business
to generate cash and acts as a gauge of liquidity and solvency.

The Price/Book ratio is a weighted average of the price/book ratios of all the stocks in the underlying fund’s portfolio. The P/B ratio of a company is calculated by dividing the market price of its stock by the company’s per-share book value. Stocks with negative book values are excluded from this calculation.

The geometric average market capitalization of a fund’s equity portfolio gives the investor an understanding of the size of the companies in which the mutual fund invests.

Fixed-Income Portfolio Statistics

The referenced data elements below are a weighted average of the long fixed income holdings in the portfolio.

Duration is a time measure of a bond’s interest rate sensitivity. Average effective duration is a weighted average of the duration of the underlying fixed income securities within the portfolio.

Average effective maturity is a weighted average of all the maturities of the bonds in a portfolio, computed by weighting each maturity date by the market value of the security.

Average weighted coupon is generated from the fund’s portfolio by weighting the coupon of each bond by its relative size in the portfolio. Coupons are fixed percentages paid out on a fixed-income security on an annual basis.

Average weighted price is generated from the fund’s portfolio by weighting the price of each bond by its relative size in the portfolio. This number reveals if the fund favors bonds selling at prices above or below face value (premium or discount securities, respectively). A higher number indicates a bias toward premiums. This statistic is expressed as a percentage of par (face) value.

Credit quality breakdowns are shown for corporate-bond holdings and depict the quality of bonds in the underlying portfolio. The report shows the percentage of fixed-income securities that fall within each credit quality rating as assigned by an NRSRO. Bonds not rated by an NRSRO are included in the not rated (NR) category.

Investment Risks

International/Emerging Market Equities: Investing in international securities involves special additional risks. These risks include, but are not limited to, currency risk, political risk, and risk associated with varying accounting standards. Investing in emerging markets may accentuate these risks.

Sector Strategies: Portfolios that invest exclusively in one sector or industry involve additional risks. The lack of industry diversification subjects the investor to increased industry-specific risks.

Non-Diversified Strategies: Portfolios that invest a significant percentage of assets in a single issuer involve additional risks, including share price fluctuations, because of the increased concentration of investments.

Small Cap Equities: Portfolios that invest in stocks of small companies involve additional risks. Smaller companies typically have a higher risk of failure, and are not as well established as larger blue-chip companies. Historically, smaller-company stocks have experienced a greater degree of market volatility than the overall market average.

Mid Cap Equities: Portfolios that invest in companies with market capitalization below $10 billion involve additional risks. The securities of these companies may be more volatile and less liquid than the securities of larger companies.

High-Yield Bonds: Portfolios that invest in lower-rated debt securities (commonly referred to as junk bonds) involve additional risks because of the lower credit quality of the securities in the portfolio. The investor should be aware of the possible higher level of volatility, and increased risk of default.

Tax-Free Municipal Bonds: The investor should note that this income from tax-free municipal bond funds may be subject to state and local taxation and the Alternative Minimum Tax.

Bonds: Bonds are subject to interest rate risk. As the prevailing level of bond interest rates rise, the value of bonds already held in a portfolio declines. Portfolios that hold bonds are subject to declines and increases in value due to general changes in interest rates.

HOLDRs: The investor should note that these are narrow industry-focused products that, if the industry is hit by hard times, will lack diversification and possible loss of investment would be likely. These securities can trade at a discount to market price, ownership is of a fractional share interest, the underlying investments may not be representative of the particular industry, the HOLDR might be delisted from the AMEX if the number of underlying companies drops below nine, and the investor may experience trading halts.

Hedge Funds: The investor should note that hedge fund investing involves specialized risks that are dependent upon the type of strategies undertaken by the manager. This can include distressed or event-driven strategies, long/short strategies, using arbitrage (exploiting price inefficiencies), international investing, and use of leverage, options and/or derivatives. Although the goal of hedge fund managers may be to reduce volatility and produce positive absolute return under a variety of market conditions, hedge funds may involve a high degree of risk and are suitable only for investors of substantial financial means who could bear the entire loss of their investment.

Bank Loan/Senior Debt: Bank loans and senior loans are impacted by the risks associated with fixed income in general, including interest rate risk and default risk. They are often non-investment grade; therefore, the risk of default is high. These securities are also relatively illiquid. Managed products that invest in bank loans/senior debt are often highly leveraged, producing a high risk of return volatility.

Exchange Traded Notes (ETNs): ETNs are unsecured debt obligations. Any repayment of notes is subject to the issuer’s ability to repay its obligations. ETNs do not typically pay interest.

Leveraged ETNs: Leveraged investments are designed to meet multiples of the return performance of the index they track and seek to meet their fund objectives on a daily basis (or other time period stated within the prospectus objective). The leverage/gearing ratio is the amount of excess return that a leveraged investment is designed to achieve in comparison to its index performance (e.g., 200%, 300%, -200%, or -300% or 2X, 3X, -2X, -3X). Compounding has the ability to affect the performance of the fund to be either greater or less than the index performance multiplied by the multiple stated within the funds objective over a stated time period.

Short Positions: When a short position moves in an unfavorable way, the losses are theoretically unlimited. The broker may demand more collateral and a manager might have to close out a short position at an inopportune time to limit further losses.
Long-Short: Due to the strategies used by long-short funds, which may include but are not limited to leverage, short selling, short-term trading, and investing in derivatives, these funds may have greater risk, volatility, and expenses than those focusing on traditional investment strategies.

Liquidity Risk: Closed-end fund, ETF, and HOLDR trading may be halted due to market conditions, impacting an investor’s ability to sell a fund.

Market Price Risk: The market price of ETFs, HOLDRs, and closed-end funds traded on the secondary market is subject to the forces of supply and demand and thus independent of the NAV. This can result in the market price trading at a premium or discount to the NAV, which will affect an investor’s value.

Market Risk: The market prices of ETFs and HOLDRs can fluctuate as a result of several factors, such as security-specific factors or general investor sentiment. Therefore, investors should be aware of the prospect of market fluctuations and the impact it may have on the market price.

Target-Date Funds: Target-date funds typically invest in other mutual funds and are designed for investors who are planning to retire during the target date year. The fund’s target date is the approximate date when investors expect to begin withdrawing their money. A target-date fund’s investment objective/strategy typically becomes more conservative over time, primarily by reducing its allocation to equity mutual funds and increasing its allocations in fixed-income mutual funds. An investor’s principal value in a target-date fund is not guaranteed at any time, including at the fund’s target date.

High double- and triple-digit returns: High double- and triple-digit returns were the result of extremely favorable market conditions, which may not continue to be the case. High returns for short time periods must not be a major factor when making investment decisions.

Benchmark Disclosure

Barclays US Agg Bond TR USD
This index is composed of the BarCap Government/Credit Index, the Mortgage-Backed Securities Index, and the Asset-Backed Securities Index. The returns we publish for the index are total returns, which includes the daily reinvestment of dividends. The constituents displayed for this index are from the following proxy: iShares Core US Aggregate Bond.

MSCI EAFE NR USD
This Europe, Australasia, and Far East Index is a market-capitalization-weighted index of 21 non-U.S., industrialized country indexes.

This disclosure applies to all MSCI indices: Certain information included herein is derived by Morningstar in part from MSCI’s Index Constituents (the “Index Data”). However, MSCI has not reviewed any information contained herein and does not endorse or express any opinion such information or analysis. MSCI does not make any express or implied warranties, representations or guarantees concerning the Index Data or any information or data derived therefrom, and in no event will MSCI have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) relating to any use of this information.

Russell 1000 TR USD
Consists of the 1000 largest companies within the Russell 3000 index, which represents approximately 98% of the investable US equity market. Also known as the Market-Oriented Index, because it represents the group of stocks from which most active money managers choose. The constituents displayed for this index are from the following proxy: iShares Russell 1000.

S&P 500 TR USD
A market capitalization-weighted index composed of the 500 most widely held stocks whose assets and/or revenues are based in the US; it’s often used as a proxy for the stock market. TR (Total Return) indexes include daily reinvestment of dividends. The constituents displayed for this index are from the following proxy: iShares Core S&P 500.

USTREAS T-Bill Auction Ave 3 Mon
Three-month T-bills are government-backed, short-term investments considered to be risk-free and as good as cash because the maturity is only three months. Morningstar collects yields on the T-bill on a weekly basis from the Wall Street Journal.
MEMORANDUM

TO: Eugene Bal, Chairperson
    Board of Regents Committee on Research and Innovation

VIA: David Lassner
    President

VIA: Robert Bley-Vroman
    Chancellor, UH Mānoa

VIA: Michael Bruno
    Vice Chancellor for Research, UH Mānoa

FROM: Vassilis L. Syrmos
    Vice President for Research and Innovation

SUBJECT: PROPOSED TRANSFER OF THE OFFICE OF RESEARCH COMPLIANCE (ORC) FROM THE UNIVERSITY OF HAWAI‘I AT MANOA OFFICE OF THE VICE CHANCELLOR FOR RESEARCH (OVCR) TO THE SYSTEM OFFICE OF THE VICE PRESIDENT FOR RESEARCH AND INNOVATION (OVPRI) TO IMPROVE SYSTEMWIDE RESEARCH COMPLIANCE SERVICES

SPECIFIC ACTION REQUESTED:

It is requested that the Board of Regents approve the proposed reorganization of the Office of Research Compliance (ORC) to effectively transfer oversight of the ORC from the UH Mānoa Office of the Vice Chancellor for Research (OVCR) to the UH System Office of the Vice President for Research and Innovation (OVPRI).

RECOMMENDED EFFECTIVE DATE:

The recommended effective date is March 1, 2016.
ADDITIONAL COST:

The OVPRI is requesting an estimated $600K in general funds from the Mānoa OVCR and $800K from the System Research and Training Revolving Fund (RTRF) to cover associated ORC operational expenses. It is estimated that the cost to sustain the ORC as a system office is approximately $1.4M annually.

PURPOSE:

Improve the efficiency and effectiveness of research compliance services provided to the UH research community by consolidating and realigning associated responsibilities of the OVPRI and OVCR; clearly establishing lines of authority and responsibility; and properly recognizing ORC as a system office.

BACKGROUND:

The ORC is responsible for assuring that UH research and scholarly work involving the use of vertebrate animals, human participants, and microbiological materials is performed responsibly and complies with applicable Federal, state and UH policies. Below is a brief overview of each of ORC’s four (4) programs:

- **Human Studies Program** directs and oversees the federally mandated human research protection program with responsibilities for: administering three Institutional Review Boards (IRB) that serve the UH and several partnership institutions; providing training, consultation and support to UH faculty and others who perform human participant research across the UH system; conducting on-site monitoring of active protocols involving human participants.

- **Animal Welfare and Biosafety Program** provides oversight and direction for the systemwide, federally mandated Institutional Animal Care and Use Committee (IACUC) and Institutional Biosafety Committee (IBC) for the UH with responsibilities for: reviewing and approving animal use protocols; consulting and advising on appropriateness of proposed and actual experimental procedures; processing biological material importation applications; conducting training for faculty, staff and students.

- **Animal and Veterinary Services Program** has systemwide responsibilities for overseeing the clinical care of all vertebrate animals used by the UH; operating vivariums and providing daily care for animals used for biomedical and neurobehavioral research and training; conducting training for faculty, staff, and students; providing consultation and education on fish health management.
- **Research Integrity Program** is responsible for handling allegations of research and scholarly misconduct and whistleblower retaliation, and for educating faculty, staff and students about responsible conduct of research.

Currently, the ORC resides within the Mānoa Office of the Vice Chancellor for Research (OVCR) though it performs systemwide duties and responsibilities by providing research compliance services for all 10 UH campuses.

The proposed reorganization seeks to transfer oversight of the ORC from the Mānoa OVCR to the System Office of the Vice President for Research and Innovation (OVPRI) for the purpose of: improving the efficiency and effectiveness of research compliance services provided to the UH research community.

As mentioned, the ORC currently provides research compliance services for all 10 UH campuses; thus the proposed reorganization and recognition of the ORC as a UH System office is a sensible decision made in consideration of ORC’s systemwide impact and ongoing endeavors to strengthen and maintain institutional compliance and service to the University research community.

The proposed reorganization is also being made in due consideration of 1) a recent Western Interstate Commission on Higher Education (WICHE) report which recommended that the university’s administrative effectiveness and efficiency could be improved by clearly defining and delineating the roles and responsibilities of system and campus-level administrative units and 2) the related Board of Regents directive to the President to seek administrative reorganizations designed to reduce costs, establish clear lines of authority and responsibility, minimize duplication of effort, and improve efficiencies and effectiveness via the consolidation and realignment of system-level and campus level offices (i.e. Vice President / Vice Chancellor level and below).

Information included in a recent report issued by the Research Compliance Task Force (RCTF) further reiterates how the proposed reorganization will improve the efficiency and effectiveness of research compliance services at UH. The RCTF was charged to identify and recommend improvements in research compliance that would reduce the administrative workload of researchers and address longstanding issues with research compliance procedures and processes at UH. To implement its charge, the RCTF conducted an extensive yearlong study involving: interviews with faculty members and administrators; review of regulations; review of reports prepared by national advisory groups, organizations, and ad hoc committees at UH; review of materials and policies of peer institutions, government websites, and UH’s compliance-related websites; and a system-wide web-based survey, among other methods of information gathering.
The RCTF identified three overarching recommendations and specific steps to achieve UH's research goals. One of the three recommendations, as included in the RCTF's October 2015 report, was to reorganize compliance structures to enable the UH research community to be more successful and efficient, while maintaining compliance with regulations. The RCTF specifically noted that the ORC should report to the OVPRI and that the reorganization of the reporting structure would increase transparency, accountability, and consistency across campuses and units.

The proposed transfer of the ORC from the Mānoa OVCR to the System OVPRI is expected to occur seamlessly, as duties, responsibilities and reporting relationships for the vast majority of ORC staff will remain the same and the implementation of the proposed reorganization will not result in a reduction in temporary or permanent staff. Aside from slight changes to position descriptions and reporting relationships of a few bargaining unit 8 employees due to operational requirements, the only other tangible change resulting from the proposed reorganization of ORC is the physical relocation of three (3) of the four (4) ORC program offices. With the exception of staff included in the Animal and Veterinary Services Program, ORC will physically relocate from its current offices in the Biomedical Sciences Building, 1960 East-West Road to Sinclair Library, 2425 Campus Road.

Below is a brief summary of the changes associated with the proposed reorganization:

- ORC will be removed from the purview of the Mānoa OVCR and placed under the direction of the System OVPRI.

- Assistant Vice Chancellor for Research Compliance (AVCRC) will report directly to the System Vice President for Research and Innovation instead of the Mānoa Vice Chancellor for Research. Accordingly, the AVCRC title will be changed to Assistant Vice President for Research Compliance.

- Administrative support positions currently residing within the ORC Office of the Vice Chancellor for Research Compliance will be organizationally relocated to the Animal and Veterinary Services Program (AVSP) due to operational requirements.

- With the exception of staff assigned to the AVSP, ORC staff offices will be physically relocated from the Biomedical Sciences building to Sinclair 10. The physical relocation of ORC staff will provide UH Mānoa with nearly 4,800 square feet of additional research/office space in the Biomedical Sciences building. Correspondingly, underutilized space within Sinclair 10 will be occupied with ORC staff who will have greater opportunity to work collaboratively alongside
other administrative offices (e.g. Office of Export Controls, Office of Technology Transfer and Economic Development) of the OVPRI.

By establishing ORC as a System office:

- ORC programs and services will be properly aligned within the OVPRI; this change is expected to expand and enhance ORC’s ability to more efficiently provide valuable research compliance services to faculty, staff and students.

- Enhanced cohesive communication and collaboration will result in support of OVPRI’s responsibilities to: provide leadership to research institutes and programs; develop systemwide research plans, goals, policies and objectives; and continually assess the UH’s research compliance endeavors.

- UH facilities will be more efficiently utilized. The planned physical relocation of ORC staff from the Biomedical Sciences building to Sinclair 10 will provide UH Mānoa with an additional 4,800 square feet of research/office space. Currently underutilized space within Sinclair 10 will be occupied with ORC staff who will have greater opportunity to work collaboratively alongside other administrative offices (e.g. Office of Export Controls, Office of Technology Transfer and Economic Development) of the OVPRI.

- Clear lines of authority and responsibility will be established, with ORC being better able to perform services as a System office. Efficiencies and responsiveness to internal (e.g. faculty, staff, students) and external (e.g. State and Federal government, regulatory agencies, community) stakeholders will be improved.

The proposed reorganization will result in an overall cost savings to the University; however, the OVPRI will incur new, additional costs (i.e. ORC operational costs). Because it is estimated that the cost to sustain the ORC as a system office will be approximately $1.4M annually, the OVPRI is requesting an estimated $600K in general funds from the Mānoa OVCGR and $800K from the Research and Training Revolving Fund (RTRF) to cover ORC operational expenses.

Additional details regarding the proposed reorganization are outlined in the attached Executive Summary and Narrative.
ACTION RECOMMENDED:

It is recommended that the Board of Regents approve the proposed reorganization of the Office of Research Compliance (CRC) to effectively transfer oversight of the CRC from the UH Mānoa Office of the Vice Chancellor for Research to the UH System Office of the Vice President for Research and Innovation (OVPRI).

Attachments
  - Executive Summary and Narrative
  - Reorganization proposal

c: Cynthia Quinn, Executive Administrator and Secretary to the Board of Regents
Reorganization Proposal
University of Hawai‘i
Office of Research Compliance

Executive Summary

I. Purpose:
   Explain the purpose of this reorganization and the anticipated overall impact.

The Office of Research Compliance (ORC) is responsible for assuring that UH research and scholarly work involving the use of vertebrate animals, human participants, and microbiological materials is performed responsibly and complies with applicable Federal, state and UH policies. Currently, the ORC resides within the Mānoa Office of the Vice Chancellor for Research (OVCR) though it performs systemwide duties and responsibilities by providing research compliance services for all ten UH campuses.

The proposed reorganization seeks to transfer oversight of the ORC from the Mānoa OVCR to the System Office of the Vice President for Research and Innovation (OVPRI) for the purpose of: improving the efficiency and effectiveness of research compliance services; consolidating and realigning associated responsibilities of the OVPRI and OVCR; clearly establishing lines of authority and responsibility; and properly recognizing ORC as a system office.

The anticipated impacts of the reorganization are:
- Proper alignment of ORC programs and services within OVPRI thereby expanding and enhancing ORC’s ability to more efficiently provide research compliance services to faculty, staff and students
- Establishment of appropriate reporting relationship between the Vice President for Research Innovation and the Assistant Vice President for Research Compliance (i.e. current Assistant Vice Chancellor for Research Compliance)
- Maximization of existing facilities, as it is proposed that three (3) of four (4) ORC programs be relocated from the Biomedical building to Sinclair 10. Thus, UH Mānoa will gain approximately 4,800 square feet in research/office space in the Biomedical Sciences building.
- Establishment of appropriate lines of authority and responsibility regarding issues of related to research compliance.
- Cost savings associated with physical and organizational efficiencies.

II. Major Elements of the Proposal:
   Explain or list the key changes being proposed in this reorganization relative to purpose and results.
Below are key elements included in the proposed ORC reorganization:

- ORC will be removed from the purview of the Mānoa OVCR and placed under the direction of the System OVPRi. During fiscal year 2015, the total operational cost for the ORC under the Mānoa OVCR was $2.5 million. The System OVPRi estimates that the cost to sustain the ORC as a System Office will be approximately $1.4 million annually; this estimation is based on an analysis of ORC’s FY15 operating costs; an assessment of ORC’s FY15 budget surplus; the continued success of the Animal and Veterinary Services Program as a self-sustaining entity; and ongoing endeavors to review and analyze how to increase operational efficiencies to achieve the estimated cost saving goals.

- Assistant Vice Chancellor for Research Compliance (AVCRC) will report directly to the System Vice President for Research and Innovation instead of the Mānoa Vice Chancellor for Research. Accordingly, the AVCRC title will be changed to Assistant Vice President for Research Compliance.

- Administrative support positions currently residing within the ORC Office of the Vice Chancellor for Research Compliance will be organizationally relocated to the Animal and Veterinary Services Program (AVSP) due to operational requirements.

- With the exception of staff assigned to the AVSP, ORC staff offices will be physically relocated from the Biomedical Sciences building (1960 East-West Road) to Sinclair 10 (2425 Campus Road). The physical relocation of ORC staff will provide UH Mānoa with nearly 4,800 square feet of additional research/office space in the Biomedical Sciences building. Correspondingly, underutilized space within Sinclair 10 will be occupied by ORC staff who will have greater opportunity to work collaboratively alongside other administrative offices (e.g. Office of Export Controls, Office of Technology Transfer and Economic Development) of the OVPRi.

- All staff of the Animal and Veterinary Services Program will remain at the Biomedical Sciences building due to their associated responsibilities for providing daily care for animals in the vivaria located in the Biomedical Sciences building.

III. Resource Impact:

Explain the resources impacted as a result of this reorganization. If there is no impact, reflect "None" for each category as appropriate.

A. Budget:

1. What is the estimated cost of the reorg?

While the proposed reorganization will result in an overall cost savings to the University, the OVPRi will incur new, additional costs (i.e. ORC operational costs). It is estimated that the cost to sustain the ORC as a system office will be approximately $1.4M annually. Thus, the OVPRi is requesting an estimated $600K in general funds from the Mānoa OVCR and the use of $800K from the
Research and Training Revolving Fund (RTRF) to cover ORC operational expenses.

2. Are additional funds needed? If so, how will the cost of the reorg be funded?

As mentioned, the OVPRI will be required to utilize approximately $800K in RTRF to cover ORC operational expenses assuming that $600K in general funds is obtained from OVCR.

3. Will the reorg result in cost savings or be cost neutral?

Based on current estimates, the reorganization is expected to result in an overall, ongoing cost savings to the University.

B. Operational:

1. What is the overall impact on faculty and staffing responsibilities, if any?

Overall, the proposed reorganization will not impact faculty and staffing responsibilities. Duties and responsibilities for the majority of ORC positions will remain unchanged. However, updates will be made to the position descriptions of administrative support staff whom will be organizationally relocated from the ORC Office of the Assistant Vice Chancellor to the ORC Animal and Veterinary Services Program (AVSP). These special-fund positions were initially established to support the AVSP (formerly known as Lab Animal Sciences). Relocating the positions restores the intended purpose and placement of the positions. Position descriptions of the foregoing positions will be updated to appropriately reflect administrative duties pertaining to the AVSP versus administrative duties encompassing all of ORC. Aside from the foregoing, the proposed reorganization will not result in changes to ORC faculty and staffing responsibilities.

2. Will additional faculty/support personnel be required? If so, what is the plan to obtain the additional faculty/staffing to successfully implement the reorganization?

Implementation of the proposed ORC reorganization will not require additional faculty/support personnel.

3. Will there be a reduction in faculty/staff? If so, what steps are planned or have been taken to ensure proper consultation?

Implementation of the proposed ORC reorganization will not result in a reduction in temporary or permanent staff.
4. Identify faculty/staff positions impacted by the anticipated changes.

Below is a listing of all permanent and temporary positions currently allocated to the Office of Research Compliance. As mentioned, the proposed reorganization seeks to transfer oversight of all ORC positions from the Mānoa Office of the Vice Chancellor for Research to the System Office of the Vice President for Research and Innovation. Any additional, anticipated impacts to positions are specified below.

<table>
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<th>Pos. No.</th>
<th>Title</th>
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</tr>
</thead>
<tbody>
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<td>Assistant Vice Chancellor</td>
<td>Title change to Assistant VP; New reporting line to 89538; Physical relocation to Sinclair 10</td>
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<tr>
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<td>Relocate to AVSP; Physical relocation within Biomed</td>
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</tr>
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<tr>
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<tr>
<td>81179</td>
<td>Research Associate</td>
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</tr>
</tbody>
</table>

C. Space

1. Will additional space outside own resources/allocations be required?
Additional space will not be required since ORC staff will be relocated to underutilized space currently available in Sinclair 10. Conversely, with the relocation of ORC staff, UH Mānoa will gain approximately 4,800 sq. ft. of additional space in the Biomedical Sciences building for research labs and/or other purposes.

IV. Consultation:

Explain or list the individuals and groups consulted and the key comments/feedback received.

Executive leadership at both the System and Mānoa levels (e.g., President Lassner, Chancellor Robert Bley-Vroman, former Interim Vice Chancellor Brian Taylor) were consulted with regard to the subject proposal; no comments in opposition were received.

The All Campus Council of Faculty Senate Chairs was also consulted regarding the subject proposal; no comments in opposition were received.

Hawai‘i Government Employees Association (HGEA) and University of Hawai‘i Professional Assembly (UHPA)

Pursuant to statutory and contractual requirements, the HGEA and UHPA were both consulted with regard to the proposed transfer of ORC from Mānoa OVCR to System OVPRI. Comments from HGEA and UHPA were generally related to: how proposed cost savings would be achieved; whether adequate space has been allocated to accommodate incoming ORC programs within Sinclair 10; whether or not the proposed reorganization will result in a reduction in staff; and questions regarding impacts to staff responsibilities. In response to the foregoing questions and comments, below is a summary of information conveyed:

- The total operational cost for the ORC under the UHM VCR was $2.5 million. The OVPRI estimates that the cost to sustain the ORC as a System office will be approximately $1.4 million based on an analysis of ORC’s FY15 operating costs; an assessment of ORC’s FY15 budget surplus; the continued success of the Animal and Veterinary Services Program as a self-sustaining entity; and ongoing endeavors to review and assess methods resulting in increased operational efficiencies to achieve cost savings.
- The space allocated within Sinclair 10 will sufficiently and reasonably accommodate incoming ORC programs.
- The ORC reorganization will not result in a reduction in temporary or permanent staff.
- The transfer of the ORC from the OVCR to the OVPRI is expected to occur seamlessly as duties, responsibilities and reporting relationships for the majority of ORC staff will remain the same.

Through meaningful dialogue and discussion, including but not limited to: requesting and considering the input, opinion, and comments of the HGEA and UHPA, we
believe the contractual and statutory duty to consult over the subject organizational transfer of ORC has been fulfilled. However, the implementation of the overall physical relocation plan (e.g. space allocation, timelines) will require additional discussion and with the HGEA and UHPA as plans develop.

Mānoa Faculty Senate (MFS)
The OVPRI also consulted with the MFS regarding the proposed ORC reorganization. The Committee on Administration and Budget (CAB) reviewed the proposal and presented a resolution at the January 20, 2016 MFS meeting in opposition to the reorganization; the resolution was submitted with 48 votes in favor, 1 opposed and 1 abstained.

The CAB’s recommendation to oppose the proposed reorganization was based on their assessment that a clear rationale was not provided by the OVPRI to merit the proposed transfer of positions and functions. In general, the CAB’s concerns were related to proposed cost savings; potential impacts to the Mānoa VCR; funds necessary to support ORC operations if transferred to the OVPRI; and changes to authority, roles and responsibilities.

The OVPRI acknowledges the comments and opposition expressed by the MFS; however, we believe adequate information and responses were provided and made available to address these concerns. Below is a summary of some of the information provided:

- Because the ORC currently encompasses systemwide responsibilities, its designation as a “system” office will appropriately recognize ORC’s functions and authority, with appropriate oversight by the OVPRI.
- The total operational cost for the ORC under the UHM VCR was $2.5 million. The OVPRI estimates that the cost to sustain the ORC as a System office will be approximately $1.4 million based on an analysis of ORC’s FY15 operating costs; an assessment of ORC’s FY15 budget surplus; the continued success of the Animal and Veterinary Services Program as a self-sustaining entity; and ongoing endeavors to review and assess methods resulting in increased operational efficiencies to achieve cost savings.
- Clear lines of authority and responsibility will be established, with ORC being better able to perform services as a System office. Efficiencies and responsiveness to internal (e.g. faculty, staff, students) and external (e.g. State and Federal government, regulatory agencies, community) stakeholders will be improved.
- The subject reorganization aligns with recommendations by the Research Compliance Task Force (RCTF) that ORC be placed under the OVPRI rather than the UH Manoa OVCR to improve research compliance efficiency to enable the UH research community to be more successful and efficient, while maintaining compliance with regulations.
V. Implementation:

Explain when and how this reorganization will be implemented. Identify anticipated effective date.

This reorganization will be implemented upon approval by the Board of Regents. The physical relocation of ORC staff from Biomedical Sciences to Sinclair 10 is expected to occur in the latter part of 2016.
Narrative

Changes to the Organization, Functions and Reporting Relationships of the Office of the Vice President for Research and Innovation (OVPRI)

In accordance with Administrative Procedures A3.101, University of Hawai‘i Organizational and Functional Changes, the following information is provided:

1. Description of the conditions or factors prompting the proposed reorganization, e.g., new program requirements, changes in the environment, new legal or policy considerations.

The Office of Research Compliance (ORC) was established in 2012 under the UH Mānoa Office of the Vice Chancellor for Research (OVCR) for the purpose of centralizing existing compliance services and providing optimal support for the UH’s growing research enterprise. At that time, the ORC was placed under the direction of the UHMānoa OVCR though it was recognized that the office would be providing systemwide services, support, and programs. This decision was largely attributed to the fact that UH Mānoa would be the primary beneficiary of ORC’s services given its robust research programs.

The ORC currently provides research compliance services for all 10 UH campuses; thus the proposed reorganization and recognition of the ORC as a UH System office is a sensible decision made in consideration of ORC’s systemwide impact and responsibilities and ongoing endeavors to strengthen and maintain institutional compliance and service to the University research community.

The proposed reorganization is also being made in due consideration of 1) the recent Western Interstate Commission on Higher Education (WICHE) report which recommended that the university’s administrative effectiveness and efficiency could be improved by clearly defining and delineating the roles and responsibilities of system and campus-level administrative units and 2) the related Board of Regents directive to the President to seek administrative reorganizations designed to reduce costs, establish clear lines of authority and responsibility, minimize duplication of effort, and improve efficiencies and effectiveness via the consolidation and realignment of system-level and campus level offices (i.e. Vice President / Vice Chancellor level and below). Thus, the intent of the reorganization is to: improve the efficiency and effectiveness of research compliance services by consolidating and realigning associated responsibilities of the OVPRI and OVCR; clearly establishing lines of authority and responsibility; and properly recognizing ORC as a system office.
2. **Explanation of how the proposed reorganization will address these conditions or factors.**

By establishing ORC as a System office:

- ORC programs and services will be properly aligned within the OVPR1; this change is expected to expand and enhance ORC's ability to more efficiently provide valuable research compliance services to faculty, staff and students
- Appropriate reporting relationship between the Vice President for Research and Innovation and the Assistant Vice Chancellor for Research Compliance (i.e. Assistant Vice President for Research Compliance) will be established, providing for more strategic decision-making in regards to research compliance
- With the physical relocation of ORC staff to Sinclair 10, UH Mānoa will gain approximately 4,800 square feet in research/office space in the Biomedical building, thereby maximizing the use of existing facilities.
- Clear lines of authority and responsibility will be established, with ORC being better able to perform services as a System office. Efficiencies and responsiveness to internal (e.g. faculty, staff, students) and external (e.g. State and Federal government, regulatory agencies, community) stakeholders will be improved
- Alignment of ORC within the OVPR1 will establish appropriate lines of authority and responsibility regarding issues of research compliance

Information included in a recent report issued by the Research Compliance Task Force (RCTF) further reiterates how the proposed reorganization will improve the efficiency and effectiveness of research compliance services at UH. The RCTF was established by the Vice President for Research and Innovation, Vassilis L. Syrmos, in response to a request by the UH System Research Advisory Board (RAB). The RCTF was charged to identify and recommend improvements in research compliance that would reduce the administrative workload of researchers and address longstanding issues with research compliance procedures and processes at UH. To implement its charge, the RCTF conducted an extensive yearlong study involving: interviews with faculty members and administrators; review of regulations; review of reports prepared by national advisory groups, organizations, and ad hoc committees at UH; review of materials and policies of peer institutions, government websites, and UH's compliance-related websites; and a system-wide web-based survey, among other methods of information gathering.

The RCTF identified three overarching recommendations and specific steps to achieve UH's research goals. One of the three recommendations included in the RCTF's October, 2015 report was to reorganize compliance structures to enable the UH research community to be more successful and efficient, while maintaining compliance with regulations. Specifically, the RCTF noted the following:
• Barriers to collaboration among research administrative units and between campuses are costly. Relationships among the UH research community must be strengthened to cope with the growing regulatory burden.

• Interoperability of electronic systems between ORC and [the System] Office of Research Services (ORS) is essential. There should be greater collaboration between ORC and other units, such as the Office for Information Technology. ORC can benefit from the expertise of these other units.

• The ORC should report to the UH Vice President for Research and Innovation (OVPRI). The VPRI has oversight over all campuses in the UH System, and every campus has some activities that deal with research compliance issues. While the ORC currently reports to the UH Mānoa Vice Chancellor for Research, compliance issues and activities are not restricted to that campus alone.

• Reorganization of reporting structure is also needed for consistency across campuses and units. It will increase transparency and accountability, and it will enable a realistic and comprehensive assessment of budget needs.

• The VPRI should provide the leadership and facilitation for collaboration among ORS, ITS, RCUH, and the UH Business Process Council to assist ORC and EHSO to provide seamless services. Only the VPRI can ensure that research compliance services are distributed across the UH System and that authority is appropriately delegated while responsibility is consolidated.

3. Description of how the organization's operational, organizational, functional and programmatic relationships will be affected, including impact on services to students, other target groups and relationships with other segments of the university.

Establishing ORC as a UH System office will effectively:

• Enhance cohesive communication and collaboration in support of OVPRI's responsibilities to: provide leadership to research institutes and programs; develop systemwide research plans, goals, policies and objectives; and continually assess the UH's research compliance endeavors.

• Enable ORC programs to serve faculty members more efficiently and effectively, while continuing to protect the university from potential federal or state sanctions and any potential negative impacts. For example, assigning dedicated administrative support staff to the Animal and Veterinary Services Program will provide the resources necessary to more efficiently manage the purchasing, billing, reporting, and customer service that is critical to the profitability and sustainability of a recharge center and a vivarium.

• UH facilities will be more efficiently utilized. The physical relocation of ORC staff from the Biomedical Sciences building to Sinclair 10 will provide UH Mānoa with an additional 4,800 square feet of research/office space. Currently underutilized space within Sinclair 10 will be occupied with ORC staff who will have greater opportunity to work collaboratively alongside
other administrative offices (e.g. Office of Export Controls, Office of Technology Transfer and Economic Development) of the OVPRI.

4. **Discussion of the efficiencies, service improvements or other benefits that will be achieved as a result of the organization.**

Please refer to responses to items 2 and 3.

5. **Complete description of the resource requirement or savings associated with the reorganization, including funding, positions, space, equipment and other resources.**

During fiscal year 2015, the total operational cost for the ORC under the Mānoa OVCR was $2.5 million. The System OVPRI estimates that the cost to sustain the ORC as a System Office will be approximately $1.4 million annually; this estimation is based on an analysis of ORC’s FY15 operating costs; an assessment of ORC’s FY15 budget surplus; the continued success of the Animal and Veterinary Services Program as a self-sustaining entity; and ongoing endeavors to review and analyze how to increase operational efficiencies to achieve the estimated cost saving goals.

While the proposed reorganization will result in an overall cost savings to the University, the OVPRI will incur new, additional costs (i.e. ORC operational costs). Because it is estimated that the cost to sustain the ORC as a system office will be approximately $1.4M annually, the OVPRI is requesting an estimated $600K in general funds from the Mānoa OVCR and $800K from the Research and Training Revolving Fund (RTRF) to cover ORC operational expenses.

With the relocation of ORC staff to available space within Sinclair 10, UH Mānoa will gain approximately 4,800 sq. ft. of additional space in the Biomedical Sciences building for research labs and/or other purposes.

6. **Explanation of the source of resources needed to implement the reorganization, e.g., reallocation from within the program or major unit, or new revenue.**

The OVPRI is requesting an estimated $600K in general funds from the Mānoa OVCR and utilization of $800K from the System Research and Training Revolving Fund (RTRF) to cover ORC operational expenses. The System OVPRI estimates that the cost to ORC as a system office is $1.4 million annually.

7. **Discussion of the programmatic impacts of the proposed reorganization on the university.**

As mentioned, establishing ORC as a System office will effectively:

- Enhance cohesive communication and collaboration in support of OVPRI’s responsibilities to: provide leadership to research institutes and programs;
develop systemwide research plans, goals, policies and objectives; and continually assess the UH's research compliance endeavors.

- Enable ORC programs to serve faculty members more efficiently and effectively, while continuing to protect the university from potential federal or state sanctions and any potential negative impacts.
- Provide ORC programs greater opportunity to work collaboratively alongside other administrative offices (e.g. Office of Export Controls, Office of Research Services Office of Technology Transfer and Economic Development) of the OVPR.
- Support increased transparency and accountability and enable a realistic and comprehensive assessment of research compliance needs.
University of Hawai‘i  
Allocated and Authorized BJ/BT Positions Impacted by the Reorganization  
Office of Research Compliance

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Chart No.</th>
<th>Affected Position No(s)</th>
<th>Classification/Organizational/Functional Change</th>
<th>Basis for Change/Impact on Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>III-A, IV</td>
<td>89119 (F)</td>
<td>Office of the VC for Research</td>
<td>Office of the VP for Research and Innovation</td>
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<tr>
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<td>Title change to Assistant VP; new reporting line to VPRI (89358); physical relocation to Sinclair 10</td>
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<td>Relocate to AVSP; new reporting line to 85282; physical relocation within Biomedical Sciences</td>
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<td>Office of the VP for Research and Innovation</td>
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[Signatures and dates]  
Administrator's Signature, Name and Title:  
02/04/2016  
956-5006  
HR Review  
OFA Review
CURRENT
Organizational Chart and Functional Statement

Vice President for Research and Innovation
OFFICE OF THE PRESIDENT
UNIVERSITY OF HAWAII SYSTEM

OFFICE OF THE VICE PRESIDENT
FOR RESEARCH AND INNOVATION
Org Code: SWPRI

Vice President, #88538  1.00
Administrative Officer, PBC, #81001  1.00 (W)
Contracts & Grants Specialist, PBD, #81317  1.00
Administrative Services Manager, PBD, #77804  1.00
Administrative Officer, PBC, #80038  1.00 (W)

OFFICE OF RESEARCH SERVICES
CHART II

OFFICE OF TECHNOLOGY TRANSFER AND ECONOMIC DEVELOPMENT
CHART III

UNIVERSITY CONNECTIONS
NON-APPROPRIATED POSITIONS

STATE OF HAWAI'I
UNIVERSITY OF HAWAI'I
OFFICE OF THE VICE PRESIDENT
FOR RESEARCH AND INNOVATION

POSITION ORGANIZATION CHART I

General Fund:  21.00
Revolving Fund (W):  2.00

Appropriated, pending reorganization, 8.00 General Fund (A) Positions: 77571, 77294, 77862, 78020, 77584, 80151, 78129, 78459

Appropriated, pending transfer, 10.00 General Fund (A) Positions: 94834F, 80272, 70286, 86736, 86736, 86721, 76305, 76309, 76310, 76311
INTRODUCTION

The office of the Vice President for Research and Innovation has systemwide leadership responsibility for planning, developing, and coordinating systemwide research policies and procedures of the University of Hawai‘i. Serves as chief research policy advisor to the President and other University executives.

MAJOR FUNCTIONS

- Provides policy leadership and administrative support to systemwide and Mānoa campus research institute and programs. Fosters and monitors inter-campus collaborative research efforts.
- Develops systemwide research plans, goals, policy, and objectives in consultation with campus senior executives. Coordinates in consultation with campus senior executives, systemwide policies reflecting research priorities and direction.
- Develops systemwide research policies and procedures, including long-range and planning studies.
- Develops and maintains an international standard of research excellence. Serves as the University’s expert on research policy matters.
- Coordinates and monitors research efforts of statewide concern.
- Monitors and assesses the University’s administrative compliance and recommends revisions as necessary.
- Represents the University in systemwide policy research issues involving governmental, private, international, and other external agencies.
- Assures efficient and effective financial management of all extramural research and training contracts and grants that are entered into by the University.
- Facilitates and encourages technology transfer and economic development activities by the University on a systemwide basis.
CURRENT
Organizational Chart and Functional Statement

Vice Chancellor for Research
OFFICE OF THE CHANCELLOR

OFFICE OF THE VICE CHANCELLOR FOR RESEARCH
Org Code: MAVCRG

Vice Chancellor, #89112 1.00
Secretary IV, SR-18, #900322 1.00
Administrative Officer, PBB, #79588 1.00
Associate Vice Chancellor, #89455 1.00
Administrative Officer, PBB, #77573 1.00
Administrative Officer, PBB, #90406 1.00

STATE OF HAWAI'I
UNIVERSITY OF HAWAI'I
UNIVERSITY OF HAWAI'I AT MĀNOA
OFFICE OF THE VICE CHANCELLOR FOR RESEARCH
POSITION ORGANIZATION CHART III

General Funds: 8.00 FTE
TOTAL GENERAL FUNDS: 14.00 FTE
(B) TOTAL SPECIAL FUNDS: 5.00 FTE

OFFICE OF RESEARCH COMPLIANCE
Org Code: MARGCP
Chart III-A

SCHOOL OF OCEAN AND EARTH
SCIENCE AND TECHNOLOGY
Org Code: MAOEST

WAIKIKI AQUARIUM
Org Code: MAWA

UH CANCER CENTER
Org Code: MACRCH

LYON ARBORETUM
Org Code: MALYON

INSTITUTE FOR ASTRONOMY
Org Code: MAIFA

WATER RESOURCES
RESEARCH CENTER
Org Code: MAWRRC

ENVIRONMENTAL HEALTH AND SAFETY OFFICE
Org Code: MAEHSO

CENTER ON AGING
Org Code: MACOA
Director, #70174 1.00
Admin & Fiscal Supp Sp, PBA, #79381 1.00

Footnotes:
+ Academic matters within the School of Ocean and Earth Science and Technology will be administered in coordination with the Vice Chancellor for Academic Affairs
FUNCTIONAL STATEMENT

OFFICE OF THE VICE CHANCELLOR FOR RESEARCH (OVCR) – Org Code: MAVCRG

Overview of Office:
In support of the deans and directors and in collaboration with the Office of the Vice Chancellor for Academic Affairs, this Office has leadership responsibility for the planning, direction, initiation, development and coordination of research programs of the University of Hawai‘i at Mānoa. The Vice Chancellor for Research (VCR) serves as the chief policy advisor to the Chancellor in these areas and the chief operating officer for University of Hawai‘i at Mānoa research programs.

Authority:
The OVCR has the authority to develop new research programs within the applicable campus executive and Board of Regents policies, to allocate or reallocate budgets of the Research and Training Revolving Funds in support of the research enterprise, to develop and promulgate policies for compliance of the research faculty and staff with Federal and State regulations, and to take actions to improve the research climate at the University of Hawai‘i at Mānoa. Leadership, direction and oversight is provided to select organized research units (ORUs), and the School of Ocean and Earth Science and Technology.

Interactions with other UHM Vice Chancellors
The VCR works with the Vice Chancellor for Academic Affairs to ensure that the research programs of the academic units are provided with the best possible support; with the VC for Administration, Finance and Operations to ensure responsible allocation and expenditure of financial resources, to ensure that the research enterprise is well-represented in the media, to ensure that researchers have access to the best information technology available at the University, and to ensure that personnel actions taken are reasonable and compliant; to ensure that physical facilities are adequate for research needs; and with the VC for Students to ensure optimal involvement of students in the research activities of the University of Hawai‘i at Mānoa.

Major Functions of the Office
In support of and under the direction of the Chancellor, the Office directs the University of Hawai‘i at Mānoa’s research programs through the development of governing policies, the conduct of program planning and assessment, the determination of directions, the setting of priorities in response to new research opportunities, the formulation of goals and objectives, and the allocation of resources.

The Office is actively involved in encouraging and developing new research initiatives, in providing an environment conducive to research, in establishing approved new research programs, and in restructuring existing programs within policy. The Office facilitates and encourages technology transfer and economic development activities by the University of Hawai‘i at Mānoa.

The responsibilities of this Office also include the following:
• Initiates and develops long-range planning studies for research at the University of Hawai‘i at Mānoa.
• Administers a policy of continuing qualitative evaluation of each of the major efforts relative to the development and maintenance of an international standard of excellence.
• Coordinates the activities of the research units and programs through the respective academic deans and directors.
• Selects/appoints University of Hawai‘i at Mānoa representatives to various external and internal boards and committees associated with University research programs.
• Serves as the Chancellor’s representative for research with a variety of individuals, groups and agencies, both inside and outside the University of Hawai‘i at Mānoa, such as Federal and State agencies, other research institutes and universities, legislators, and the general public, which have the potential to take appropriate actions to enhance the University of Hawai‘i at Mānoa's research programs and capabilities.
• Serves as the University of Hawai‘i at Mānoa source of expertise on the subject of research programs and activities.
• Manages strategic initiatives, research program development, research information systems, business operations of the Office of the VCR, and interacts with the Office of Research Services; oversees research and technology transfer, research commercialization and industrial support.
• Finds means by which the research environment can be improved and made more conducive to research and educating faculty concerning research funding opportunities and proposal preparation.
• Identifies opportunities for Federal funding of research and helping researchers obtain the Federal financial support they need.
• Manages the Research and Training Revolving Funds, the fiscal management of campus wide research initiative headed by the office of the VCR, the management of internal resource allocations within the office of the VCR and the interaction with the Research Corporation of the University of Hawaii in fiscal matters.
• Interacts with the Office of Research Services to provide appropriate procedures to foster research and training activities at the University of Hawai‘i at Mānoa.
• Provides general oversight of the appointment, compensation, and service conditions of post-doctoral fellows.
• Serves as the Chancellor’s representative and advisor on interactions with the Research Corporation of the University of Hawai‘i.
• Provides advice, assistance, financial support, and administrative guidance for new research centers and institutions during the formative or start-up phases.
• Supports the Chancellor in other matters as directed.

The following units report to the Vice Chancellor:
• School of Ocean and Earth Science and Technology – Org Code: MAOEST
• UH Cancer Center – Org Code: MACRCH
• Waikīkī Aquarium – Org Code: MAWA
• Lyon Arboretum – Org Code: MALYON
• Institute for Astronomy – Org Code: MAIFA
• Water Resources Research Center – Org Code: MAWRRC
• Environmental Health & Safety Office – Org Code: MAEHSO
• Center on Aging – Org Code: MACOA  
  o The University of Hawai‘i Center on Aging offers graduate and undergraduate 15-credit certificates in gerontology, with students taking courses from professors across campus in the fields of family resources, law, medicine, nursing, public health, psychology, social work, sociology, etc.
  o Support the UH chapter of Sigma Phi Omega (gerontological honor society), provide service to the community, and conduct research on aging.
  o Conducts program development and evaluation.
• Office of Research Compliance – Org Code: MARGCP
  o Human Studies Program – Org Code: MARCHS  
    o Oversees and directs the federally-mandated human research protection program.
    o Designed to function as the federally mandated Institutional Review Board (IRB) for the University of Hawai‘i System.
    o Responsible for monitoring all research involving human subjects.
  o Animal Welfare and Biosafety Program – Org Code: MARCAW
Oversees and directs the federally mandated Institutional Animal Care and Use Committee (IACUC), and Institutional Biosafety Committee (IBC) for the University of Hawai‘i System.

Animal and Veterinary Services Program – Org Code: MARCAV
- Responsible for administering the Program of Humane Care and Use of all vertebrate animals for the University of Hawai‘i System.

Research Integrity Program – Org Code: MARCRI
- Responsible for administering compliance in the areas of Research and Scholarly Misconduct, Responsible Conduct of Research (RCR), and Conflicts of Interest (COI) for the University of Hawai‘i System.
FUNCTIONAL STATEMENT

OFFICE OF RESEARCH COMPLIANCE (ORC) – Org Code: MARGCP

Major Functions of the Office:

In support of and under the direction of the Vice Chancellor for Research, the Office is responsible for ensuring compliance of research and scholarly work involving the use of vertebrate animals, human participants, microbiological materials, and issues related to the research and scholarly misconduct, and responsible conduct of research. This office is also responsible for appropriate veterinary care, and for the health and well-being for all animals used at the institution, and for managing and operating university animal facilities involved in biomedical and neuroscience research and training on the UH Manoa campus and at the John A. Burns School of Medicine at Kaka'ako.

Human Studies Program – Org Code: MARCHS

Human Studies Program directs and oversees the federally-mandated human research protection program under a Federal wide Assurance (FWA), an agreement executed between the University of Hawai‘i and the DHHS Office for Human Research Protections (OHRP).

The Human Studies Program staff members perform the following tasks:

1. Administers three Institutional Review Boards (IRB) that serve the University of Hawai‘i and several partnership institutions
2. Reviews all exempt research protocols involving human participants
3. Oversees the initial and continuing review of all non-exempt research protocols involving human participants or their private identifiable information
4. Provides education, training, consultation and support to UH faculty and others who perform human participant research across the University of Hawai‘i system
5. Develops and implements policies and procedures to ensure compliance with applicable federal regulations and University policies
6. Maintains documentation of protocol review, approval and oversight
7. Follows up on allegations of non-compliance with applicable regulations and policies.
8. Conducts on-site monitoring visits of active protocols involving human participants.

Animal Welfare and Biosafety Program – Org Code: MARCAW

The Animal Welfare and Biosafety Program provides oversight and direction for the system-wide, federally-mandated Institutional Animal Care and Use Committee (IACUC) and Institutional Biosafety Committee (IBC) for the University of Hawai‘i.

The Animal Welfare Program staff members perform the following tasks:

1. Review and approve animal use protocols
2. Inspect animal facilities and specific programs
3. Investigate alleged and confirmed non-compliant adverse events
4. Consult and advise on appropriateness of proposed and actual experimental procedures to meet criteria for scientific data gathering
5. Review and confirm extramural award information conformity with actual animal use protocol design
6. Provide administrative support for IACUC
The Biosafety Program staff members perform the following tasks:
1. Conduct training for faculty, staff, and students
   a. General Biological Safety
   b. Transportation of Biological Commodities
   c. Blood Borne Pathogen Standards and Sharps Hazard Prevention
   d. Select Agents
   e. Biosafety Cabinet Use
2. Conduct laboratory biosafety inspections
   a. Annual Review
   b. Unannounced
   c. Permitting and IBC Protocols
3. Process biological material importation applications
4. Dispose biological waste
5. Provide administrative support for IBC

Animal and Veterinary Services Program – Org Code: MARCAV

Animal and Veterinary Services (AVS) fulfills three functions at the University of Hawai‘i (UH):
1. The Office of the University Veterinarian (UV) has System-wide responsibilities for overseeing the health and well-being and clinical care of all vertebrate animals used by the UH, as required by United States federal law. As such the Office of the UV assists Principal Investigators with the development and review of Institutional Animal Care and Use Committee (IACUC) protocols, and conducts at least semi-annual scheduled visits to facilities where vertebrate animals are housed or used for research, training, or other activities. The Office of the UV may provide veterinary care for animals used on IACUC protocols.
2. AVS operates the vivariums and provides daily care for animals used for biomedical and neurobehavioral research and training on the Manoa campus and at the John A. Burns School of Medicine (JABSOM) at Kaka‘ako.
3. AVS helps fulfill the federal mandate that personnel involved with care and use of vertebrate animals are adequately trained, and/or qualified in the basic principles of animal care and use to ensure quality research and animal well-being. As such AVS provides necessary training of personnel using or caring for animals on behalf of the UH.
4. Provides consultation on fish health management through its fish diagnostic laboratory and providing education for the UH fish facilities and the community.

Research Integrity Program – Org Code: MARCRI

Staff of the Research Integrity Program are responsible for handling allegations of Research and Scholarly Misconduct and whistleblower retaliation, and for educating faculty, staff and students about Responsible Conduct of Research.

The Research Integrity Program staff members perform the following tasks:

Research and Scholarly Misconduct:
1. Receive misconduct allegations; assist in gathering information and completing the assessment, inquiry and investigation, as appropriate.
2. Provide staff support for all aspects of misconduct cases, concerns, conflicts, and Ethics Committee (EC).
4. Manage case records
5. Transcribe interviews
6. Update misconduct policy/program as required by federal regulations
7. Provide training sessions or workshops related to misconduct
8. Provide assistance as needed to Vice Chancellor for Research in fact-finding investigations and other areas of concern

Responsible Conduct of Research (RCR):
1. Monitor on-line RCR training (CITI) component
2. Prepare and deliver interactive RCR training sessions
3. Manage database for RCR training completions
4. Maintain communication with other campuses for collaboration related to RCR
5. Update RCR plan/program as required by federal regulations
PROPOSED
Organizational Chart and Functional Statement

Vice President for Research and Innovation
STATE OF HAWAI’I
UNIVERSITY OF HAWAI’I
OFFICE OF THE VICE PRESIDENT
FOR RESEARCH AND INNOVATION

POSITION ORGANIZATION CHART I

PROPOSED

OFFICE OF THE PRESIDENT
UNIVERSITY OF HAWAI’I SYSTEM

OFFICE OF THE VICE PRESIDENT
FOR RESEARCH AND INNOVATION
Org Code: SWPRI

Vice President, #89538 1.00
Administrative Officer, PBC, #81001 1.00 (W)
Contracts & Grants Specialist, PBD, #81317 1.00
Administrative Services Manager, PBD, #77804 1.00
Administrative Officer, PBC, #80038 1.00 (W)

OFFICE OF RESEARCH SERVICES

OFFICE OF TECHNOLOGY TRANSFER
AND ECONOMIC DEVELOPMENT

OFFICE OF RESEARCH COMPLIANCE

UNIVERSITY CONNECTIONS

NON-APPROPRIATED POSITIONS

Appropriated, pending reorganization, 8.00 General Fund (A) Positions: 77571, 77294, 77862, 78020, 77894, 80151, 78129, 78459

Appropriated, pending transfer, 10.00 General Fund (A) Positions: 94834F, 80272, 70286, 86736, 86739, 86721, 76308, 76309, 76310, 76311

General Fund: 21.00
Revolving Fund (W): 2.00
STATE OF HAWAI‘I
UNIVERSITY OF HAWAI‘I
OFFICE OF THE PRESIDENT
OFFICE OF THE VICE PRESIDENT
FOR RESEARCH AND INNOVATION

FUNCTIONAL STATEMENT
PROPOSED

INTRODUCTION

The office of the Vice President for Research and Innovation has systemwide leadership responsibility for planning, developing, and coordinating systemwide research policies and procedures of the University of Hawai‘i. Serves as chief research policy advisor to the President and other University executives.

MAJOR FUNCTIONS

• Provides policy leadership and administrative support to systemwide and Mānoa campus research institute and programs. Fosters and monitors inter-campus collaborative research efforts.
• Develops systemwide research plans, goals, policy, and objectives in consultation with campus senior executives. Coordinates in consultation with campus senior executives, systemwide policies reflecting research priorities and direction.
• Develops systemwide research policies and procedures, including long-range and planning studies.
• Develops and maintains an international standard of research excellence. Serves as the University's expert on research policy matters.
• Coordinates and monitors research efforts of statewide concern.
• Monitors and assesses the University's research compliance and recommends revisions as necessary.
• Represents the University in systemwide policy research issues involving governmental, private, international, and other external agencies.
• Assures efficient and effective financial management of all extramural research and training contracts and grants that are entered into by the University.
• Facilitates and encourages technology transfer and economic development activities by the University on a systemwide basis.
STATE OF HAWAI'I
UNIVERSITY OF HAWAI'I
OFFICE OF THE VICE PRESIDENT
FOR RESEARCH AND INNOVATION
OFFICE OF RESEARCH COMPLIANCE
POSITION ORGANIZATION CHART IV

PROPOSED

General Funds: 6.00
Special Funds (B): 5.00
OFFICE OF RESEARCH COMPLIANCE (ORC) – Org Code:

Major Functions of the Office:

In support of and under the direction of the Vice President for Research and Innovation, the Office is responsible for ensuring compliance of research and scholarly work involving the use of vertebrate animals, human subjects, microbiological materials, and issues related to the research and scholarly misconduct, and responsible conduct of research. This office is also responsible for appropriate veterinary care, and for the health and well-being for all animals used at the institution, and for managing and operating university animal facilities involved in biomedical and neuroscience research and training on the UH Mānoa campus and at the John A. Burns School of Medicine at Kaka'ako.

Human Studies Program – Org Code:

Human Studies Program directs and oversees the federally-mandated human research protection program under a Federal wide Assurance (FWA), an agreement executed between the University of Hawaii and the DHHS Office for Human Research Protections (OHRP).

The Human Studies Program staff members perform the following tasks:
1. Administers three Institutional Review Boards (IRB) that serve the University of Hawaii and several partnership institutions
2. Reviews all exempt research protocols involving human subjects
3. Oversees the initial and continuing review of all non-exempt research protocols involving human subjects or their private identifiable information
4. Provides education, training, consultation and support to UH faculty and others who perform human subjects research across the University of Hawai'i system
5. Develops and implements policies and procedures to ensure compliance with applicable federal regulations and University policies
6. Maintains documentation of protocol review, approval and oversight
7. Follows up on allegations of non-compliance with applicable regulations and policies.

Animal Welfare and Biosafety Programs – Org Code:

Animal Welfare and Biosafety Programs provides oversight and direction for the system-wide, federally-mandated Institutional Animal Care and Use Committee (IACUC) and Institutional Biosafety Committee (IBC) for the University of Hawai'i.

The Animal Welfare Program staff members perform the following tasks:
1. Review and approve animal use protocols
2. Inspect animal facilities and specific programs
3. Investigate alleged and confirmed non-compliant adverse events
4. Consult and advise on appropriateness of proposed and actual experimental procedures to meet criteria for scientific data gathering
5. Review and confirm extramural award information conformity with actual animal use protocol design
6. Provide administrative support for IACUC

The Biosafety Program staff members perform the following tasks:
1. Conduct training for faculty, staff, and students
   a. General Biological Safety
   b. Transportation of Biological Commodities
   c. Blood Borne Pathogen Standards and Sharps Hazard Prevention
   d. Select Agents
   e. Biosafety Cabinet Use
Conduct laboratory biosafety inspections
f. Annual Review
g. Unannounced
h. Permitting and IBC Protocols
2. Process biological material importation applications
3. Dispose biological waste
4. Provide administrative support for IBC

Animal and Veterinary Services Program – Org Code:
Animal and Veterinary Service (AVS) fulfills three functions at the University of Hawai‘i (UH):
1. The Office of the University Veterinarian (UV) has System-wide responsibilities for overseeing the health and well-being and clinical care of all vertebrate animals used by the UH, as required by United States federal law. As such the Office of the UV assists Principal Investigators with the development and review of Institutional Animal Care and Use Committee (IACUC) protocols, and conducts at least semi-annual scheduled visits to facilities where vertebrate animals are housed or used for research, training, or other activities. The Office of the UV may provide veterinary care for animals used on IACUC protocols.
2. AVS operates the vivariums and provides daily care for animals used for biomedical and neurobehavioral research and training on the Manoa campus and at the John A. Burns School of Medicine (JABSOM) at Kaka‘ako.
3. AVS helps fulfill the federal mandate that personnel involved with care and use of vertebrate animals are adequately trained, and/or qualified in the basic principles of animal care and use to ensure quality research and animal well-being. As such AVS provides necessary training of personnel using or caring for animals on behalf of the UH.

Research Integrity Program – Org Code:
Staff members of the Research Integrity Program are responsible for handling allegations of Research and Scholarly Misconduct and whistleblower retaliation, and for educating faculty, staff and students about Responsible Conduct of Research.
The Research Integrity Program staff members perform the following tasks:

Research and Scholarly Misconduct:
1. Receive misconduct allegations; assist in gathering information and completing the assessment, inquiry and investigation, as appropriate.
2. Provide staff support for all aspects of misconduct cases, concerns, conflicts, and Ethics Committee (EC).
3. Communicate with key parties: Complainant, Respondent, Witnesses, EC, Vice President, Deciding Official, and federal Office of Research Integrity.
4. Manage case records
5. Transcribe interviews
6. Update misconduct policy/program as required by federal regulations
7. Provide training sessions or workshops related to misconduct
8. Provide assistance as needed to Vice President for Research and Innovation in fact-finding investigations and other areas of concern

Responsible Conduct of Research (RCR):
1. Monitor on-line RCR training (CITI) component
2. Prepare and deliver interactive RCR training sessions
3. Manage database for RCR training completions
4. Maintain communication with other campuses for collaboration related to RCR
5. Update RCR plan/program as required by federal regulations
PROPOSED
Organizational Chart and Functional Statement

Vice Chancellor for Research
OFFICE OF THE VICE CHANCELLOR FOR RESEARCH
Org Code: MAVCRG

Vice Chancellor, #89112 1.00
Secretary IV, SR-18, #900322 1.00
Administrative Officer, PBB, #79588 1.00
Associate Vice Chancellor, #99455 1.00
Administrative Officer, PBB, #77673 1.00
Administrative Officer, PBB, #80406 1.00

OFFICE OF THE CHANCELLOR

SCHOOL OF OCEAN AND EARTH SCIENCE AND TECHNOLOGY
Org Code: MAOEST

UH CANCER CENTER
Org Code: MACRCH

WAIKIKI AQUARIUM
Org Code: MAWA

LYON ARBORETUM
Org Code: MALYON

INSTITUTE FOR ASTRONOMY
Org Code: MAIFA

WATER RESOURCES
RESEARCH CENTER
Org Code: MAWRRRC

ENVIRONMENTAL HEALTH AND SAFETY OFFICE
Org Code: MAEHSO

CENTER ON AGING
Org Code: MACOA

Director, #70174 1.00
Admin & Fiscal Supp Sp, PBA, #79381 1.00

PROPOSED

General Funds: 8.00 FTE

Footnotes:
+ Academic matters within the School of Ocean and Earth Science and Technology will be administered in coordination with the Vice Chancellor for Academic Affairs
OFFICE OF THE VICE CHANCELLOR FOR RESEARCH (OVCR) – Org Code: MAVCRG

Overview of Office:
In support of the deans and directors and in collaboration with the Office of the Vice Chancellor for Academic Affairs, this Office has leadership responsibility for the planning, direction, initiation, development and coordination of research programs of the University of Hawai‘i at Mānoa. The Vice Chancellor for Research (VCR) serves as the chief policy advisor to the Chancellor in these areas and the chief operating officer for University of Hawai‘i at Mānoa research programs.

Authority:
The OVCR has the authority to develop new research programs within the applicable campus executive and Board of Regents policies, to allocate or reallocate budgets of the Research and Training Revolving Funds in support of the research enterprise, to develop and promulgate policies for compliance of the research faculty and staff with Federal and State regulations, and to take actions to improve the research climate at the University of Hawai‘i at Mānoa. Leadership, direction and oversight is provided to select organized research units (ORUs), and the School of Ocean and Earth Science and Technology.

Interactions with other UHM Vice Chancellors:
The VCR works with the Vice Chancellor for Academic Affairs to ensure that the research programs of the academic units are provided with the best possible support; with the VC for Administration, Finance and Operations to ensure responsible allocation and expenditure of financial resources, to ensure that the research enterprise is well-represented in the media, to ensure that researchers have access to the best information technology available at the University, and to ensure that personnel actions taken are reasonable and compliant; to ensure that physical facilities are adequate for research needs; and with the VC for Students to ensure optimal involvement of students in the research activities of the University of Hawai‘i at Mānoa.

Major Functions of the Office:
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The responsibilities of this Office also include the following:
- Initiates and develops long-range planning studies for research at the University of Hawai‘i at Mānoa.
- Administers a policy of continuing qualitative evaluation of each of the major efforts relative to the development and maintenance of an international standard of excellence.
• Coordinates the activities of the research units and programs through the respective academic deans and directors.
• Selects/appoints University of Hawai'i at Mānoa representatives to various external and internal boards and committees associated with University research programs.
• Serves as the Chancellor's representative for research with a variety of individuals, groups and agencies, both inside and outside the University of Hawai'i at Mānoa, such as Federal and State agencies, other research institutes and universities, legislators, and the general public, which have the potential to take appropriate actions to enhance the University of Hawai'i at Mānoa’s research programs and capabilities.
• Serves as the University of Hawai'i at Mānoa source of expertise on the subject of research programs and activities.
• Manages strategic initiatives, research program development, research information systems, business operations of the Office of the VCR, and interacts with the Office of Research Services; oversees research and technology transfer, research commercialization and industrial support.
• Serves as the Vice Chancellor's representative for research with a variety of individuals, groups and agencies, both inside and outside the University of Hawai'i at Mānoa, such as Federal and State agencies, other research institutes and universities, legislators, and the general public, which have the potential to take appropriate actions to enhance the University of Hawai'i at Mānoa's research programs and capabilities.
• Provides general oversight of the appointment, compensation, and service conditions of post-doctoral fellows.
• Serves as the Chancellor's representative and advisor on interactions with the Research Corporation of the University of Hawai'i.
• Provides advice, assistance, financial support, and administrative guidance for new research centers and institutions during the formative or start-up phases.
• Supports the Chancellor in other matters as directed.

The following units report to the Vice Chancellor:
• School of Ocean and Earth Science Technology – Org Code: MAOEST
• UH Cancer Center – Org Code: MACRCH
• Waikīkī Aquarium – Org Code: MAWA
• Lyon Arboretum – Org Code: MALYON
• Institute for Astronomy – Org Code: MAIFA
• Water Resources Research Center – Org Code: MAWRRC
• Environmental Health and Safety Office – Org Code: MAEHSO
• Center on Aging – Org Code: MACOA
  o The University of Hawai'i Center on Aging offers graduate and undergraduate 15-credit certificates in gerontology, with student taking courses from professors across campus in the fields of family resources, law, medicine, nursing, public health, psychology, social work, sociology, etc.
  o Support the UH chapter of Sigma Phi Omega (gerontological honor society), provide service to the community, and conduct research on aging.
  o Conducts program development and evaluation.
Office of Research Compliance (ORC) Reorganization

Vassilis L. Syrmos
Vice President for Research and Innovation
Purpose of Reorganization

• The proposed ORC reorganization is based, in part, on the recommendations of the Western Interstate Commission on Higher Education (WICHE) report and related Board of Regents directive to pursue organizational changes designed to improve the efficiency and effectiveness of support services. In addition, the reorganization proposal aligns with recent recommendations made by the Research Compliance Task Force (RCTF).
Background

• 2000 – President Mortimer delegated down the Committee on Human Studies (CHS) compliance responsibilities to Dr. Teramura, Senior Vice President for Research and Dean of the Graduate Division.

• 2001 – Senior VP stepped down when the Mānoa Chancellor’s Office was established. Dr. Neubauer, Interim Chancellor appointed Dr. Laws as the Interim Vice Chancellor for Research and Graduate Education (VCRGE).

• September 2001 – President Dobelle appointed Interim VC Laws as the designated institutional official (DIO) for Human Studies, and appointed Dr. Perkins, Assistant VP for Research and Graduate Education, as DIO for Animal Studies.
Background (continued)

- March 2003 – President Dobelle appointed Dr. McClain as Interim VP for Research and appointed him as the DIO for Human Studies and Research Integrity.
- July 2003 – Dr. Gaines was appointed as Interim VP for Research.
- June 2006 – Interim VP Gaines requested approval from President McClain to transfer CHS' Executive Secretary position number, and G-funds associated with the position, from Mānoa to System, but it was not approved. Mānoa continued oversight of CHS under the OVCRGE.
- January 2012 – Dr. Hinshaw, UH Mānoa Chancellor, approved the proposal to establish the ORC and reorganize the UH Mānoa OVCR for the purpose of centralizing existing compliance services systemwide and to support UH's growing research enterprise. CHS and Lab Animal Services (LAS) moved from a direct report to the OVCRGE to the ORC.
Savings Analysis

• In FY 2015, total operational costs of ORC under OVCR was $2.5M.

• OVPRI estimates the cost to sustain the ORC as a System Office will be approximately $1.4M.

• The projected savings to the University will be approximately $1.1M by placing permanent positions within ORC (currently on RTRF) on G-Funds along with associated fringe benefits.
## Savings Analysis (continued)

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<td><strong>Savings Projected</strong></td>
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<td><strong>Savings Projected</strong></td>
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**Office of the Vice President for Research and Innovation**

[www.hawaii.edu/research](http://www.hawaii.edu/research)
Consultation Process

- Vice Presidents: No comments received in opposition

- Chancellors: No comments received in opposition

- UHPA/HGEA: Engaged in meaningful discussion and dialogue fulfilling the contractual and statutory duty to consult over the proposed reorganization. In regards to the implementation of overall relocation plans (i.e. physical relocation of three ORC units from Biomedical Sciences to Sinclair 10), communications and discussion with the unions will be ongoing as plans develop.

- All Campus Council of Faculty Senate Chairs (ACCFSC): No comments received from other faculty senates when the proposed reorganization was discussed during their November 20, 2015 meeting.

- Mānoa Faculty Senate (MFS): VP Syrmos met with the MFS Committee on Administration and Budget (CAB) on November 4, 2015 to discuss the proposed reorganization and provided follow-up responses to questions posed during the November meeting.
Benefits

• Improve the efficiency and effectiveness of research compliance services by consolidating and realigning associated responsibilities of OVPRI and OVCR, and clearly establish lines of authority and responsibility.
• Estimated cost savings of $1.1M to the University.
• UH Mānoa will gain approximately 4,800 sq ft in research laboratory and office space in the Biomedical Sciences Building.
MEMORANDUM

TO: Randolph G. Moore  
   Chairperson, Board of Regents

VIA: David Lassner  
   President

VIA: Jan Gouveia  
   Vice President for Administration

VIA: Robert Bley-Vroman  
   Chancellor

FROM: Donna Kiyosaki  
   Associate Vice President for Administration and Interim Associate Vice Chancellor for the Mānoa Office of Planning and Facilities

SUBJECT: Approval of a Construction Contract for the University of Hawai‘i at Mānoa, Kennedy Theatre – General Repairs and Code Compliance (UHM 14-541-800)

SPECIFIC ACTION REQUESTED:

In accordance with Board of Regents' Policy 8.201, it is requested that the Board of Regents ("Board") authorize the University of Hawai‘i at Mānoa ("UHM") to enter into a construction contract for the Kennedy Theatre – General Repairs and Code Compliance project.

COST:

The total cost for the project is estimated to be $7,196,177. Design costs total $628,177 (previously encumbered) and construction and other construction related costs are estimated to be $6,568,000. This project is funded through General Obligation bonds which will lapse on June 30, 2016.
RECOMMENDED EFFECTIVE DATE:

Upon Board approval.

BACKGROUND INFORMATION:

Board of Regents' Policy 8.201 states the following:

Construction projects, including repair and maintenance projects, in excess of and/or totaling more than $5,000,000 shall require the board's prior approval.

Built in 1963, Kennedy Theatre is the flagship performing arts center on the UHM campus. The need for major repair, maintenance and upgrade work is long overdue. There has been no interior renovation work done in over 50 years. The catwalk system over the Ernst Lab Theatre was cited in 2012 by the Occupational Safety and Health Administration (OSHA). Other spaces in the facility require renovations to be compliant with current building codes. These problems preclude the full utilization of this iconic facility.

PROJECT SCOPE:

Project scope includes:

- Installation of a safety cage around the existing 80-foot height spiral staircase for fall protection and to provide safety work lighting for the staircase and catwalk systems;
- Replacement of the existing catwalk system at the Ernst Lab Theatre to meet OSHA requirements;
- Replacement of the existing sand bag rigging system at the Ernst Lab Theatre with a new steel counterweight rigging system with adequate loading capacity;
- Replacement of the Main Theatre theatrical dimming system and the catwalk systems;
- Replacement of the Main Stage curtains, partition walls, and termite-damaged doors;
- Replacement of the floors at the Ernst Lab Theatre and the Main Stage with resilient flooring suitable for dance performances;
- Provision of numerous other safety improvements such as, a dust collection system and ventilation systems for the paint spray booth and dye vat and a new roof hatch and fall protection at the mechanical room;
- Replacement of existing mezzanine office and storage structure in the Scene Shop with a building code compliant structure; and
- Installation of an access card system to enhance security of the facility.
This project is necessary to address numerous health and safety concerns and building code compliance issues. This project will also reduce the deferred maintenance backlog by over $1.3 million.

ACTION RECOMMENDED:

It is recommended that the Board of Regents authorize UHM to enter into a construction contract exceeding $5,000,000 for the Kennedy Theatre – General Repairs and Code Compliance project to ensure that OSHA and building code requirements are met and that the health and safety of occupants and staff at Kennedy Theatre is secured.

c: Executive Administrator and Secretary to the Board Quinn
MEMORANDUM

TO: Randolph G. Moore
   Chairperson, Board of Regents

VIA: David Lassner
     President

VIA: Jan Gouveia
     Vice President for Administration

VIA: Robert Bley-Vroman
     Chancellor

FROM: Donna Kiyosaki
      Associate Vice President for Administration and Interim Associate Vice
      Chancellor for the Mānoa Office of Planning and Facilities

SUBJECT: Approval of a Construction Contract for the University of Hawai‘i at
Mānoa, Saunders Hall – Exterior Repairs and Reroof (UHM-13-541-310)

SPECIFIC ACTION REQUESTED:

In accordance with Board of Regents’ Policy 8.201, it is requested that the Board of
Regents ("Board") authorize the University of Hawai‘i at Mānoa ("UHM") to enter into a
construction contract for the exterior repairs and reroof of Saunders Hall.

COST:

The total cost for the project is estimated to be $5,268,276. Design costs total $268,276
(previously encumbered) and construction and other construction related costs are
estimated to be $5,000,000. This project is funded through General Obligation bonds
which will lapse on June 30, 2016.
RECOMMENDED EFFECTIVE DATE:

Upon Board approval.

BACKGROUND INFORMATION:

Board of Regents' Policy 8.201 states the following:

Construction projects, including repair and maintenance projects, in excess of and/or totaling more than $5,000,000 shall require the board’s prior approval.

Constructed in 1973, Saunders Hall was designed by renowned architect Vladimir Ossipoff. The 7-story concrete structure is built around an open atrium that allows natural light into the central core of the building. The building design symbolizes a Brutalist architectural style with exposed aggregate finishes along the horizontal window walls and a bush hammer ribbed texture at the vertical shafts.

In 2011, UHM was compelled to hire a contractor to remove delaminated concrete on the building’s exterior walls due to concerns that loose concrete pieces posed falling hazards. After removal of the loose concrete, the contractor applied a coating to the exposed steel reinforcement to prevent further corrosion and to slow the deterioration of the concrete. This was done as a temporary fix to ensure the continued safety of people entering and exiting the building and traversing the surrounding area. To ensure the structural integrity of the building, a permanent patching and finishing project needs to be completed.

The Saunders Hall roof has not been replaced since it was installed in 1973. Over the last 5 years, Saunders Hall has experienced at least 8 roof leaks requiring temporary fixes and patching to allow continued occupancy. This project will install a new roof and appurtenances to ensure that the facility can continue to function and provide classroom environments that promote learning and office environments conducive to productivity.

PROJECT SCOPE:

This project is necessary to preserve the structural integrity of the building and to ensure the safety of occupants and surrounding passersby.

The scope of work includes:

- Repair and refinish of the exterior walls;
- Replacement of all glass panel railings and existing operable aluminum louvers;
- Removal, replacement and resealing of deck coating and joints;
• Replacement of rooftop, balcony and stair doors & frames;
• Repainting of existing exterior doors, interior stairwells and handrails;
• Lead paint abatement;

• Replacement/installation of new roofing system including roof drains, guardrails, and appurtenances; and
• Installation of updated signage where required.

This project will reduce deferred maintenance on the Mānoa campus by over $1.7 million.

ACTION RECOMMENDED:

It is recommended that the Board of Regents authorize UHM to enter into a construction contract exceeding $5,000,000 for the exterior repairs and reroof of Saunders Hall.

c: Executive Administrator and Secretary to the Board Quinn
MEMORANDUM

TO: Randolph G. Moore  
Chairperson, Board of Regents  

VIA: David Lassner  
President  

VIA: Robert Bley-Vroman  
Chancellor  

FROM: Donna Kiyosaki  
Associate Vice President for Administration and Interim Associate Vice Chancellor for the Mānoa Office of Planning and Facilities  

SUBJECT: Approval of the University of Hawai'i at Mānoa, Hamilton Library Addition, Phase III – Upgrade Controls, Central Plant and Reheat Systems (UHM 10-541-265A)

SPECIFIC ACTION REQUESTED:

In accordance with Board of Regents' Policy 8.201, it is requested that the Board of Regents ("Board") authorize the University of Hawai'i at Mānoa ("UHM") to enter into a construction contract for the Hamilton Library Addition, Phase III – Upgrade Controls, Central Plant and Reheat Systems project.

COST:

The total cost for the project is estimated to be $5,191,580. Design costs total $691,580 (previously encumbered) and construction and other construction related costs are estimated to be $4,500,000. Board approval is being sought should the low bid exceed the $5,000,000 construction threshold. This project is funded through General Obligation bonds which will lapse on June 30, 2016.
RECOMMENDED EFFECTIVE DATE:
Upon Board approval.

BACKGROUND INFORMATION:

Board of Regents' Policy 8.201 states the following:

Construction projects, including repair and maintenance projects, in excess of and/or totaling more than $5,000,000 shall require the board’s prior approval.

Hamilton Library Addition Phase III was completed in 2000. While the heating, ventilation, and air conditioning (HVAC) system is currently operational, it does not meet temperature and humidity performance requirements necessary to protect the library’s resources and to ensure the comfort of the users of the library. Components of the HVAC system equipment, particularly the equipment located on the roof top, have experienced premature degradation and failure and are in urgent need of replacement. The HVAC system is also, by today’s standards, inefficient in design and operation

The compelling issue, making this a priority project, is addressing the unstable and unacceptable temperature and humidity conditions that are impacting our valuable library resources and the quality of the facility for our students, faculty, staff and the general public.

PROJECT SCOPE AND PURPOSE:

This project will improve and stabilize the indoor air quality of Hamilton Library, which will preserve its collection of books, manuscripts, and records and provide a more conducive learning and working environment to support our students, faculty and staff. Currently, in order to control unacceptably high humidity levels in portions of Hamilton Library, temperature for the HVAC system must be set lower than optimal settings resulting in uncomfortably cold conditions. There are documented complaints of chilly conditions in Hamilton Library from students, faculty, and staff, which is a likely reason for the low student occupancy

In addition to energy savings that will result from proper temperature settings, this project will also improve the operational efficiency of the air distribution system and central chiller plant which will further increase energy savings. The air handler systems will be resized to approximately 20%-40% less than the existing design capacity and will be monitored with automatic controls. Dehumidification system equipment will be consolidated and replaced with newer, more efficient equipment. The existing cooling towers, which have
replaced with newer, more efficient equipment. The existing cooling towers, which have been problematic with failures, deterioration of components and unreliable operation over the past 8 years, will be replaced, which will reduce annual operational costs by greatly enhancing operating efficiency. This is the final phase of a 3-phase project to upgrade Hamilton Library, which in total is projected to realize annual energy savings of over $600,000.

**ACTION RECOMMENDED:**

It is recommended that the Board of Regents authorize UHM to enter into a construction contract exceeding $5,000,000 for the Hamilton Library, Phase III – Upgrade Controls, Central Plant and Reheat Systems project to improve the indoor air quality at the library, reduce energy costs, and provide a reliable, upgraded system.

c: Executive Administrator and Secretary to the Board Cynthia Quinn
MEMORANDUM

TO: Randolph G. Moore
    Chair, Board of Regents

FROM: David Lasner
    President

SUBJECT: Retitling of the Academic, Executive Class, Vice President for Academic Affairs, and abolishment of the Non-Academic, Executive Class, Vice President for Student Affairs and University/Community Relations, University of Hawai‘i System

SPECIFIC ACTION REQUESTED:

It is requested that the Board approve the retitling of the academic, executive class, Vice President for Academic Affairs to Vice President for Academic Planning and Policy, and the abolishment of the non-academic, executive class, Vice President for Student Affairs and University/Community Relations, University of Hawai‘i System.

EFFECTIVE DATE:

Upon Board approval.

ADDITIONAL COST:

There is no additional cost to amend the Executive and Managerial Classification and Compensation Plan.

PURPOSE:

The purpose of this request is to retitle the class Vice President for Academic Affairs to Vice President for Academic Planning and Policy and abolish the class Vice President for Student Affairs and University/Community Relations to reflect the current organizational structure and direction for the system functional areas.
BACKGROUND INFORMATION:

In accordance with Executive Policy 9.112, Delegation of Authority for Personnel Actions, the Board of Regents is responsible for establishing, amending and abolishing executive and managerial classes that directly report to the Board of Regents or to the President. The two, existing classes are direct reports to the President, and based on current organizational structure and direction, I am requesting to officially retitle the class Vice President for Academic Affairs and abolish the class Vice President for Student Affairs and University/Community Relations.

Vice President for Academic Planning and Policy
Historically, this single-position class has been retitled over the years to reflect the institutional needs of the position. In 2010 and 2014, the Board approved amendments and retitling of this class. Upon recruitment of the position and in November 2014, the Board subsequently approved a retitling of the class to Vice President for Academic Affairs (deleted Executive from the title) to bring consistency to the titles of all University vice presidents.

The proposed retitling to emphasize the academic planning and policy areas will recognize the executive leadership responsibilities for these critical institutional areas. The Vice President for Academic Planning and Policy remains responsible for providing senior leadership in the development of long-range institutional and academic planning, accreditation, articulation, academic policies and procedures, and of system wide institutional master and strategic plans. The position oversees program offices of academic affairs/planning and policy, international and strategic initiatives, institutional research and analysis, Hawai‘i P-20 partnerships for education, and student affairs. The amendment to the attached class specification is to only retitle the single position class as the class concept remains the same.

Vice President for Student Affairs and University/Community Relations
Historically, this single position class reflected senior executive leadership in student affairs. In 2006, the function was then assigned to an Associate Vice President for Student Affairs. In 2010, the former Vice President position was reestablished with the added responsibility of senior executive leadership of university and community relations. In November 2014, the Board approved the reorganization of the system offices. With the function of student affairs positively aligned with planning and policy, and the function of university and community relations securely under the Vice President for Administration, this class is no longer needed and I recommend abolishment.
SPECIFIC ACTION RECOMMENDED:

It is recommended that the Board of Regents approve the retitling of the academic, executive class, Vice President for Academic Affairs to Vice President for Academic Planning and Policy, and the abolishment of the non-academic, executive class, Vice President for Student Affairs and University/Community Relations, to be effective upon Board approval.

Attachment
MEMORANDUM

TO: Randolph G. Moore  
Chairperson, Board of Regents

VIA: David Lassner  
President

VIA: Kalbert K. Young  
Vice President for Budget and Finance/Chief Financial Officer

VIA: Carrie K.S. Okinaga  
Vice President for Legal Affairs and University General Counsel

FROM: Vassilis L. Syrmos  
Vice President for Research and Innovation

SUBJECT: Approval to Indemnify the Regents of the University of California and the United States Government to Allow UH Personnel Use of the Joint Genome Institute

SPECIFIC ACTION REQUESTED:

It is respectfully requested that the University of Hawai'i ("UH") Board of Regents ("Board") approve indemnification provisions in favor of The Regents of the University of California ("CONTRACTOR") and the United States Government ("U.S. Government") as set forth in a standard form U.S. Department of Energy ("U.S. DOE") Non-Proprietary User Agreement ("NPUA"). This request arises in connection with UH's need to submit materials to the Joint Genome Institute ("JGI") at the Ernest Orlando Lawrence Berkeley National Laboratory ("LBNL"), for Deoxyribonucleic Acid ("DNA") sequencing. CONTRACTOR is the facility operator of JGI, which is a U.S. DOE user facility at LBNL.

RECOMMENDED EFFECTIVE DATE:

The recommended effective date is upon the Board’s approval.

ADDITIONAL COST:

There are no costs associated with this request.
PURPOSE:

The U.S. Government has a system of national laboratories ("National Laboratories") created for the purpose of housing and operating world-class research equipment. Before any user is granted use of any facility operated by a National Laboratory, the user must sign a standard form NPUA. These NPUAs are also usually required to open and maintain financial accounts to support users of the facilities. Among other obligations, these NPUAs require the user to indemnify the U.S. Government and the National Laboratory facility operator.

UH policy requires approval from the Board, in writing, before UH is authorized to undertake any indemnification obligation. Accordingly, the purpose of this request is to obtain approval for UH to indemnify CONTRACTOR and the U.S. Government as required by the JGI NPUA.

BACKGROUND:

This request is made pursuant to Hawai‘i Revised Statutes § 304A-110 (Indemnification), appended as "Attachment 1" to this Memorandum.

The National Laboratory System

There are approximately 20 U.S. DOE National Laboratories which support scientific research by the U.S. Government. These National Laboratories include, but are not limited to, LBNL, Lawrence Livermore National Laboratory ("LLNL"), Fermilab, Oak Ridge National Laboratory, Princeton Plasma Physics, Argonne National Laboratory, Los Alamos National Laboratories, and the National Accelerator Laboratory operated by Stanford University (aka SLAC). The primary areas of research conducted at these National Laboratories include nuclear physics, biological and environmental research, advanced scientific computing research, DNA sequencing, and fusion energy sciences. In FY 2014, over 30,000 researchers from universities, industry, and government laboratories accessed and/or utilized services from these National Laboratories.

There are numerous federal user facilities associated with National Laboratories which provide scientists with particle accelerators, supercomputers, light and neutron sources, tools for studying the nanoworld, the environment, and the atmosphere, and other equipment for modern scientific research. Generally speaking, a federal user facility is a federally sponsored research facility associated with a National Laboratory that is made available for external use to advance scientific or technical knowledge. Access to these facilities are generally allowed under the following principles:

- The user facility is open to all interested potential users without regard to nationality or institutional affiliation.
- Allocation of facility resources is determined by merit review of the proposed work.
- User fees are not charged for non-proprietary work if the user intends to publish the research results in open literature.
- The facility capability does not compete with an available private sector capability.

The JGI unites the expertise of genomic capabilities of three partner institutions: LBNL, LLNL, and HudsonAlpha Institute for Biotechnology. The JGI provides collaborators around the world
with access to massive-scale DNA sequencing to underpin modern systems biology research and provide fundamental data on key genes that may link to biological functions, including microbial metabolic pathways and enzymes that are used to generate fuel molecules, affect plant biomass formation, degrade contaminants, or capture carbon dioxide (CO2). The information can then be used to optimize organisms for biofuels production and other U.S. DOE missions.

Indemnity Protection to be Provided by UH to CONTRACTOR and the U.S. Government

By letter dated October 16, 2015, UH received notice from LBNL, which is operated by CONTRACTOR on behalf of the U.S. DOE, that UH Principal Investigator, Dr. Edward DeLong was identified on a recently approved sequencing proposal under the Community Sequencing Program ("CSP"). Attached to the letter was a draft NPUA, No. FP00002778 (hereinafter "JGI NPUA"), and an Appendix, each for DNA sequencing and DNA synthesis.

Under the proposed JGI NPUA, UH will be required to commit to the following indemnity obligations in favor of CONTRACTOR and the U.S. Government:

ARTICLE VII: INDEMNITY AND LIABILITY***

A. Personnel Relationships - USER shall be responsible for the acts or omissions of Participants.

B. Product Liability – To the extent permitted by United States ("US") and US State law of the USER, if USER utilizes the Work derived from this Agreement in the making, using, or selling of a product, process or service, then USER hereby agrees to hold harmless and indemnify CONTRACTOR and the US Government, their officers, agents and employees from any and all liability, claims, damages, costs and expenses, including attorney fees, for injury to or death of persons, or damage to or destruction of property, as a result of or arising out of such utilization of the Work by or on behalf of USER, its assignees or licensees.

C. General Indemnity – To the extent permitted by US and US State law, USER hereby agrees to indemnify and hold harmless CONTRACTOR and the US Government, their officers, agents and employees from any and all liability, claims, damages, costs and expenses, including attorney fees, for injury to or death of persons, or damage to or destruction of property, to the extent such liability, claims, or damages is caused by or contributed to the negligence or intentional misconduct of USER or its employees or representatives during the performance of the Work under this Agreement.

D. Patent and Copyright Indemnity – Limited – To the extent permitted by US and US State law, USER shall fully indemnify the US Government and CONTRACTOR and their officers, agents, and employees for infringement of any United States patent or copyright arising out of any acts required or directed or performed by USER under the Agreement to the extent such acts are not normally performed at the User Facility.
E. The liability and indemnity provisions in paragraphs B, C and D above shall not apply unless USER shall have been informed as soon as practicable by CONTRACTOR or the US Government of the suit or action alleging such infringement, and such indemnity shall not apply to a claimed infringement that is settled without the consent of USER unless required by a court of competent jurisdiction.

F. General Disclaimer — (intentionally omitted as this paragraph is not an indemnification clause).

The letter further indicated that the JGI NPUA and blanket Appendices would cover this, and all future facility-approved sequencing and synthesis proposals for UH researchers. Per the JGI NPUA, the term of this agreement will be five (5) years from the effective date. Accordingly, if the Board approves execution of the indemnity provisions in this JGI NPUA, future UH proposals that are approved by JGI within five (5) years of the effective date will not require a new NPUA to be executed as approved proposals would fall under this JGI NPUA and blanket Appendices.

While processing this JGI NPUA through the UH system, we learned that UH received another proposal that was approved by JGI for UH Principal Investigator, Dr. Michael Rappe. Accordingly, there are two projects that will currently be covered under this JGI NPUA as of the date of this memo: Dr. Edward DeLong (CSP 1933); and Dr. Michael Rappe (CSP 1982). The following is a brief summary of each project:

Dr. Edward DeLong (CSP 1933): Dr. DeLong has proposed to sequence 1000 SAGs (single amplified genomes) throughout the water column at station ALOHA. Preserved cells from four different samples will be sent to JGI to be sorted, aiming to sequence 125 SAGs sequenced from each of these four samples. He will also supply target taxon-enriched, sorted cells as well, from six other samples/depths. The single cell sorted samples that he supplies to JGI will be used to generate SAGs and sequence the remaining targeted 500 SAG genomes. He will also supply microgram quantities of high MW DNA for PacBio metagenome sequencing.

Dr. Michael Rappe (CSP 1982): Dr. Rappe and his collaborators will supply the JGI with 93 environmental DNA samples, 20 environmental RNA samples, and five environmental samples preserved for single cell sorting from samples they have collected from crustal fluids of the Juan de Fuca Ridge flank. The JGI will perform minimal draft metagenome DNA sequencing from 89 environmental DNA samples, standard draft metagenome sequencing from four environmental DNA samples, metatranscriptome sequencing from 20 RNA samples and whole genome DNA sequencing from 60 sorted single cells resulting from the five preserved environmental samples. The resulting sequence data will be analyzed and published collaboratively between UH team and bioinformaticists with JGI.

Note: Both Projects require the technical and computational resources and capabilities of JGI program staff to achieve their goals for sequencing and analysis. Without the JGI staff, they are not able to conduct proper sequencing and assembly. No one from UH will need physical access to JGI for these projects.
Negotiation of JGI NPUA with CONTRACTOR

UH was advised that the U.S. DOE recently created a standard form NPUA for use by all U.S. DOE National Laboratory user facilities; this standard form was implemented as part of the U.S. DOE's goal to update its National Laboratory access to best practices, and to assure uniformity across its various facilities. Among other standard contractual provisions, all U.S. DOE NPUAs now require users to indemnify the U.S. Government and facility operators, before use of any facility is granted. The standard indemnification language that is being used is part of the JGI NPUA.

Although UH was told that there may be some circumstances in which indemnification may not be absolutely required in all cases, it is now U.S. DOE policy to have the same indemnification provisions in all standard form NPUAs; and that although negotiation is possible, it will be extremely difficult to negotiate to remove and/or insert alternative language unless the DOE and the facility are agreeable to do so, and only after considerable evaluation and lengthy delay. Further evidence that this is true is evident by the fact that (1) other National Laboratories have identified this same posture during negotiation of other recent matters involving UH researchers who want to conduct work at other National Laboratories (see Memorandum currently before this Board relating to Indemnification of Fermi National Accelerator Laboratory); and (2) other universities have also identified this issue by way of their websites. For example, the Stanford SLAC website notes that: "IMPORTANT NOTE: We have very limited flexibility to modify the DOE templates. Any changes must be approved by SLAC and the DOE which will likely delay user access to the user facility."

UH recognizes that all National Laboratory facilities will now be highly reluctant to negotiate user agreements on a case-by-case basis, to fit the circumstances of each individual user, even though some National Laboratory facilities have agreed to do so in the past. Accordingly, we expect to see more UH projects requiring Board approval for use of National Laboratories. It is our hope that other National Laboratories and facilities adopt a policy like LBNL and JGI, in which they are agreeable to execute a single NPUA with blanket Appendices, that cover all UH researchers who will work with, or at, a particular National Laboratory facility, for a reasonable period of time.

Risk Analysis

There are five areas of indemnification coverage under "ARTICLE VII: INDEMNITY AND LIABILITY" of the JGI NPUA: (1) "A. Personnel Relationships;" (2) "B. Product Liability;" (3) "C. General Indemnity;" (4) "D. Patent and Copyright Indemnity;" and (5) "E." – which is applicable to B, C, and D, above. Each area is analyzed separately below.

(1) A. Personnel Relationships.
This section requires UH to be responsible for the acts or omission of UH participants. All of the work at JGI will be performed by JGI staff. No UH employee will need access to JGI for this work as UH will only be submitting samples to JGI for DNA sequencing. The risks of the research and use of the equipment are minimal, at most, since the work to be performed at JGI will be conducted by JGI staff; and the work to be performed by JGI is part of their normal DNA sequencing program which has been
operating for years. It is therefore highly unlikely that this provision would ever be invoked.

(2) B. Product Liability.
This section requires that if the University utilizes the work derived from this NPUA in the making, using, or selling of a product, process or service, then UH agrees to hold harmless and indemnify CONTRACTOR and the U.S. DOE from any and all liability incurred as a result of such utilization of the work. This project does not involve the making, using, or selling of any product, process or service based on work derived from the JGI NPUA. In addition, the terms of the agreement require that none of the work is considered proprietary, and the information will be publicly releasable and may be used by anyone. Therefore, it is highly unlikely that this provision would be invoked.

(3) C. General Indemnity.
This section requires UH to indemnify CONTRACTOR and the U.S. DOE from any and all liability claims or damages caused by the negligence or intentional misconduct of UH or its employees. For the same reasons as identified in A, B, and D, it is unlikely that this provision would need to be invoked.

(4) D. Patent and Copyright – Limited.
This section requires UH to fully indemnify CONTRACTOR and the U.S. DOE for any U.S. Patent or Copyright infringement. Dr. DeLong and Dr. Rappe have provided assurances that their projects do not involve any patents or copyrights. Therefore, the Patent and Copyright Indemnity clause is highly unlikely to be invoked.

(5) E. This provision imposes a limitation on the indemnity or liabilities discussed in paragraphs B, C, and D above. It merely states that B, C and D above shall not apply unless USER shall have been informed as soon as practicable by CONTRACTOR or the U.S. Government of the suit or action alleging such infringement, and such indemnity shall not apply to a claimed infringement that is settled without the consent of USER unless required by a court of competent jurisdiction.

ACTION RECOMMENDED:
It is recommended that the Board approve acceptance of the indemnification provisions in the JGI NPUA because of the significant benefits to UH in having use of JGI's massive-scale DNA sequencing facility at no cost the UH. In addition, the risks associated with the indemnification are limited given how both researchers intend to use the JGI facility and staff. Accordingly, we respectfully request your approval of the aforementioned indemnity and hold harmless protections in favor of CONTRACTOR and the U.S. Government.

Attachment

c: Cynthia Quinn, Executive Administrator and Secretary to the Board of Regents
Attachment 1

[§304A-110] Indemnification.

(a) Notwithstanding any other law to the contrary, the board of regents may agree in writing to an indemnity provision by which the university agrees to indemnify, defend, and hold harmless any person, corporation, or entity that sponsors research at the university when all of the following conditions are satisfied:

(1) The person, corporation, or entity requires an indemnity in writing as a condition for providing a grant, benefit, service, or interest in or right to use property;

(2) The president, or the president's designee, following a favorable review by the university general counsel or the counsel's designee, approves the proposed indemnification; and

(3) The chief financial officer, pursuant to section 304A-108, has obtained an insurance policy or policies in an amount sufficient to cover the liability of the university that may be reasonably anticipated to arise under the indemnity provision or has determined that it is not in the best interest of the university to obtain insurance.

(b) Nothing in this section shall be construed to expand the scope of liability of the university beyond that set forth in chapters 661 and 662.

(c) Nothing in this section shall be construed to waive the immunity of the university from suit in federal courts guaranteed by the Eleventh Amendment to the United States Constitution. An indemnity provision not in strict compliance with this section shall not give rise to a claim against the university under this chapter or chapter 661 or otherwise waive the university's sovereign immunity.
MEMORANDUM

TO: Randolph G. Moore  
   Chairperson, Board of Regents

VIA: David Lassner  
    President

VIA: Kalbert K. Young  
    Vice President for Budget and Finance/Chief Financial Officer

VIA: Carrie K.S. Okinaga  
    Vice President for Legal Affairs and University General Counsel

FROM: Vassilis L. Syromos  
    Vice President for Research and Innovation

SUBJECT: Approval to Indemnify Fermi Research Alliance, LLC and the United States Government to Allow UH Personnel Access and Use of Fermi National Accelerator Laboratory

SPECIFIC ACTION REQUESTED:

It is respectfully requested that the University of Hawai‘i ("UH") Board of Regents ("Board") approve indemnification provisions in favor of Fermi Research Alliance, LLC ("CONTRACTOR") and the United States Government ("U.S. Government") as set forth in a standard form U.S. Department of Energy ("U.S. DOE") Non-Proprietary User Agreement ("NPUA"). This request arises in connection with UH's need to have personnel work on-site at the Fermi National Accelerator Laboratory ("FERMILAB"), on experiments that are associated with the Fermilab Accelerator Complex and/or the Compact Muon Solenoid. CONTRACTOR is the facility operator of FERMILAB, which is a U.S. DOE user facility.

RECOMMENDED EFFECTIVE DATE:

The recommended effective date is upon the Board's approval.

ADDITIONAL COST:

There are no costs associated with this request.
PURPOSE:

The U.S. Government has a system of national laboratories ("National Laboratories") created for the purpose of housing and operating world-class research equipment. Before any user is granted use of any facility operated by a National Laboratory, the user must sign a standard form NPUA. These NPUAs are also usually required to open and maintain financial accounts to support users of the facilities. Among other obligations, these NPUAs require the user to indemnify the U.S. Government and the National Laboratory facility operator.

UH policy requires approval from the Board, in writing, before UH is authorized to undertake any indemnification obligation. Accordingly, the purpose of this request is to obtain approval for UH to indemnify CONTRACTOR and the U.S. Government as per the requirements set forth in the FERMILAB NPUA.

BACKGROUND:

This request is made pursuant to Hawai'i Revised Statutes § 304A-110 (Indemnification), appended as "Attachment 1" to this Memorandum.

The National Laboratory System

There are approximately 20 U.S. DOE National Laboratories which support scientific research by the U.S. Government. These National Laboratories include, but are not limited to, FERMILAB, Lawrence Berkeley National Laboratory ("LBNL"), Lawrence Livermore National Laboratory ("LLNL"), Oak Ridge National Laboratory, Princeton Plasma Physics, Argonne National Laboratory, Los Alamos National Laboratories, and the National Accelerator Laboratory operated by Stanford University (aka SLAC). The primary areas of research conducted at these National Laboratories include nuclear physics, biological and environmental research, advanced scientific computing research, DNA sequencing, and fusion energy sciences. In FY 2014, over 30,000 researchers from universities, industry, and government laboratories accessed and/or utilized services from these National Laboratories.

There are numerous federal user facilities associated with National Laboratories which provide scientists with particle accelerators, supercomputers, light and neutron sources, tools for studying the nanoworld, the environment, and the atmosphere, and other equipment for modern scientific research. Generally speaking, a federal user facility is a federally sponsored research facility associated with a National Laboratory that is made available for external use to advance scientific or technical knowledge. Access to these facilities are generally allowed under the following principles:

- The user facility is open to all interested potential users without regard to nationality or institutional affiliation.
- Allocation of facility resources is determined by merit review of the proposed work.
- User fees are not charged for non-proprietary work if the user intends to publish the research results in open literature.
- The facility capability does not compete with an available private sector capability.
FERMILAB is the premier particle physics laboratory in the U.S. Collaborating with scientists from around the world, FERMILAB performs pioneering research, operates world-leading particle accelerators and experiments, and develops technologies for science.

Indemnity Protection to be Provided by UH to CONTRACTOR and the U.S. Government

By e-mail dated August 27, 2015, UH received notice from FERMILAB that effective October 15, 2015, FERMILAB would require a current NPUA for all institutions who have personnel working on-site at FERMILAB on experiments that are associated with the Fermilab Accelerator Complex and/or the Compact Muon Solenoid. UH received this notice as UH has nine researchers who were covered under a previously executed blanket NPUA. Attached to the e-mail was a draft FERMILAB NPUA, Agreement Number: NUA FRA-2015-0227 (hereinafter "FERMILAB NPUA").

Under the proposed FERMILAB NPUA, UH will be required to commit to the following indemnity obligations in favor of CONTRACTOR and the U.S. Government:

ARTICLE VII: INDEMNITY AND LIABILITY***

A. Personnel Relationships – USER shall be responsible for the acts or omissions of Participants.

B. Product Liability – To the extent permitted by US and US State law, if USER utilizes the work derived from this Agreement in the making, using, or selling of a product, process or service, then USER hereby agrees to hold harmless and indemnify CONTRACTOR and the United States Government, their officers, agents and employees from any and all liability, claims, damages, costs and expenses, including attorney fees, for injury to or death of persons, or damage to or destruction of property, as a result of or arising out of such utilization of the work by or on behalf of USER, its assignees or licensees.

C. General Indemnity – To the extent permitted by US and US State law, USER hereby agrees to indemnify and hold harmless CONTRACTOR and the United States Government, their officers, agents and employees from any and all liability, claims, damages, costs and expenses, including attorney fees, for injury to or death of persons, or damage to or destruction of property, to the extent such liability, claims, or damages is caused by or contributed to the negligence or intentional misconduct of USER or its employees or representatives during the performance of the work under this Agreement.

D. Patent and Copyright Indemnity-Limited – To the extent permitted by US and US State law, USER shall fully indemnify the Government and CONTRACTOR and their officers, agents, and employees for infringement of any United States patent or copyright arising out of any acts required or directed or performed by USER under the Agreement to the extent such acts are not normally performed at the facility.
E. The liability and indemnity provisions in paragraphs B, C and D above shall not apply unless USER shall have been informed as soon as practicable by CONTRACTOR or the Government of the suit or action alleging such infringement, and such indemnity shall not apply to a claimed infringement that is settled without the consent of USER unless required by a court of competent jurisdiction.

F. General Disclaimer – (intentionally omitted as this paragraph is not an indemnification clause).

Negotiation of FERMILAB NPUA with CONTRACTOR

UH contacted CONTRACTOR in an attempt to modify the indemnification requirement and/or negotiate alternative language of the FERMILAB NPUA, based on UH's status as a state agency. UH was advised that the U.S. DOE recently created a standard form NPUA for use by all U.S. DOE National Laboratory user facilities; this standard form was implemented as part of the U.S. DOE's goal to update its National Laboratory access to best practices, and to assure uniformity across its various facilities. Among other standard contractual provisions, all U.S. DOE NPUAs now require users to indemnify the U.S. Government and facility operators, before use of any facility is granted. The standard indemnification language that is being used is that which has been identified above, as part of the FERMILAB NPUA.

While processing this FERMILAB NPUA through the UH system, we learned that UH received another NPUA from the Joint Genome Institute ("JGI") at LBNL. That matter involves two UH researchers participating in two recently awarded proposals to UH from JGI, and a separate memorandum is being submitted to the Board at the same time, for review and approval (see Memorandum currently before this Board relating to Indemnification of JGI). UH learned that there may be some rare circumstances in which indemnification is not absolutely required; however, because it is now U.S. DOE policy to have the same indemnification provisions in all standard form NPUAs, it will be extremely difficult to negotiate to remove and/or insert alternative language unless the U.S. DOE and the facility are agreeable to do so, and only after considerable evaluation and lengthy delay.

UH recognizes that all National Laboratory facilities will now be highly reluctant to negotiate user agreements on a case-by-case basis, to fit the circumstances of each individual user, even though some National Laboratory facilities have agreed to do so in the past. Accordingly, we expect to see more UH projects requiring Board approval for use of National Laboratories. It is our hope that other National Laboratories and facilities adopt a policy like FERMILAB, as well as JGI, in which they are agreeable to execute a single NPUA with Blanket Appendices, that cover all UH researchers who will work with, or at, a particular National Laboratory facility, for a reasonable period of time.

Risk Analysis

There are five areas of indemnification coverage under “ARTICLE VII: INDEMNITY AND LIABILITY” of the FERMILAB NPUA: (1) “A. Personnel Relationships;” (2) “B. Product Liability;”
(3) "C. General Indemnity;" (4) "D. Patent and Copyright Indemnity;" and (5) "E." – which is applicable to B, C, and D, above. Each area is analyzed separately below.

(1) **A. Personnel Relationships.**

This section requires UH to be responsible for the acts or omission of UH participants. All of the work at FERMILAB is performed by, with, or at the direction of FERMILAB staff. In addition, UH personnel are subject to administrative and technical supervision and control of CONTRACTOR, and must comply with all applicable rules of CONTRACTOR and U.S. DOE with regard to admission to, and use of, FERMILAB facilities, including safety, operating and health-physics procedures, environment protection, access to information, cyber-security, hours of work, and conduct, etc. As previously stated, there are currently nine UH researchers who have been previously authorized to work at FERMILAB. The work that they do at the lab is carefully planned and vetted by FERMILAB staff. In other words, users are not allowed to freely use the facility as they wish, with no review, approval and/or supervision of FERMILAB staff. It is also important to note that we were unable to identify any claims, allegations or findings of liability in the UH system that is attributable to UH faculty or researchers conducting work at any National Laboratory facility, including but not limited to FERMILAB. It is therefore unlikely that this provision would ever be invoked.

(2) **B. Product Liability.**

This section requires that if the University utilizes the work derived from this NPUA in the making, using, or selling of a product, process or service, then UH agrees to hold harmless and indemnify CONTRACTOR and the U.S. Government from any and all liability incurred as a result of such utilization of the work. To our knowledge, none of the work completed by UH researchers at FERMILAB has ever involved the making, using, or selling of any product, process or service based on work derived from FERMILAB; and there is no reason to believe that this is likely to change as we have been informed that it is customary that UH researchers using these facilities are not involved with research projects for such use. In addition, the terms of the agreement specifically require that none of the work is considered proprietary, and the information will be publically releasable and may be used by anyone. Therefore, it is highly unlikely that this provision would be invoked.

(3) **C. General Indemnity.**

This section requires UH to indemnify CONTRACTOR and the U.S. Government from any and all liability claims or damages caused by the negligence or intentional misconduct of UH or its employees. For the reasons set forth above, particularly in Section (1) A. Personnel Relationships, it is unlikely that this clause will be invoked. UH personnel who will work at FERMILAB are highly trained and knowledgeable in their areas and interests of study.

(4) **D. Patent and Copyright – Limited.**

This section requires UH to fully indemnify CONTRACTOR and the U.S. DOE for any U.S. Patent or Copyright infringement. Based on discussions with UH researchers who have conducted work at FERMILAB, it is customary that most research at FERMILAB does not involve patent or copyright issues. This does not mean that it is not possible for a patent or copyright issue to be applicable, but it is unlikely to be based on the research conducted by
UH personnel at the facility. Because the NPUA specifically states that research and information will be publically releasable and may be used by anyone, the Patent and Copyright Indemnity clause is unlikely to be invoked.

(5) E. This provision imposes a limitation on the indemnity or liabilities discussed in paragraphs B, C, and D above. It merely states that B, C and D above shall not apply unless USER shall have been informed as soon as practicable by CONTRACTOR or the U.S. Government of the suit or action alleging such infringement, and such indemnity shall not apply to a claimed infringement that is settled without the consent of USER unless required by a court of competent jurisdiction.

(6) F. General Disclaimer. (intentionally omitted as this paragraph is not an indemnification clause).

ACTION RECOMMENDED:

It is recommended that the Board approve acceptance of the indemnification provisions in the FERMILAB NPUA because of the significant benefits to UH in having use of FERMILAB's high tech facilities at no cost to UH. In addition, the risks associated with the indemnification are limited given the training and knowledge of UH personnel, as well as the past experience UH personnel have had using the FERMILAB facility without incident. Accordingly, we respectfully request your approval of the aforementioned indemnity and hold harmless protections in favor of CONTRACTOR and U.S. Government.

Attachment

c: Cynthia Quinn, Executive Administrator and Secretary to the Board of Regents
§304A-110 Indemnification.

(a) Notwithstanding any other law to the contrary, the board of regents may agree in writing to an indemnity provision by which the university agrees to indemnify, defend, and hold harmless any person, corporation, or entity that sponsors research at the university when all of the following conditions are satisfied:

(1) The person, corporation, or entity requires an indemnity in writing as a condition for providing a grant, benefit, service, or interest in or right to use property;

(2) The president, or the president's designee, following a favorable review by the university general counsel or the counsel's designee, approves the proposed indemnification; and

(3) The chief financial officer, pursuant to section 304A-108, has obtained an insurance policy or policies in an amount sufficient to cover the liability of the university that may be reasonably anticipated to arise under the indemnity provision or has determined that it is not in the best interest of the university to obtain insurance.

(b) Nothing in this section shall be construed to expand the scope of liability of the university beyond that set forth in chapters 661 and 662.

(c) Nothing in this section shall be construed to waive the immunity of the university from suit in federal courts guaranteed by the Eleventh Amendment to the United States Constitution. An indemnity provision not in strict compliance with this section shall not give rise to a claim against the university under this chapter or chapter 661 or otherwise waive the university's sovereign immunity.
R E S O L U T I O N
Supporting a Life Sciences Building on the Mānoa Campus

WHEREAS, the University of Hawai`i at Mānoa ("UH Mānoa") is at a critical point where the outdated functionality and overall condition of its facilities are affecting the ability to provide a quality learning and research environment;

WHEREAS, there is a recognition that this problem developed over several decades and will take hundreds of millions of dollars to bring under control;

WHEREAS, the Board of Regents for the University of Hawai`i strives to address this challenge from a strategic and holistic manner that incorporates current technology and best practices in the areas of space utilization, innovative learning environments, and modern facilities;

WHEREAS, this approach transforms the way UH Mānoa has historically addressed programmatic and accompanying space needs from an insular focus to a more synergistic design that incorporates multiple disciplines and delivers a more vibrant and inspiring learning environment;

WHEREAS, while there is a recognition that there will always be a need for preventive maintenance and repair projects to address deferred maintenance, a more holistic approach that incorporates the aforesaid principles through entire building modernization is the preferred method that delivers the highest and best use of our capital funding;

WHEREAS, the University administration has presented a four-phase plan that strategically addresses these goals and objectives and results in a decrease to the campus’s overall capital renewal and deferred maintenance program by $40 million and a reduction of more than 10,000 square feet of building space; and

WHEREAS, the first phase of this plan calls for the construction of a new Life Sciences Building on the site currently occupied by Henke Hall, which will address both permanent and surge space challenges.

NOW, THEREFORE, BE IT RESOLVED that the University of Hawai`i Board of Regents supports funding and constructing a $55 million Life Sciences Building on the site currently occupied by Henke Hall that incorporates current technology and best practices in the areas of space utilization, innovation, and modern facilities through strategically incorporating multiple disciplines that deliver a more vibrant, inspiring, and integrated learning and research environment.

Adopted by the Board of Regents
University of Hawai`i
___________, 2016
Item VIII.A.3.b
NO MATERIALS/ITEM TO BE DISCUSSED AT MEETING
Overview

- Tuition Process and Schedule
- BOR Policy Considerations and Assumptions
- Tuition Proposal
- 3-Year Deferred Maintenance Plan
- Summary
# Tuition Process and Schedule

<table>
<thead>
<tr>
<th>Step</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Research, policy review and proposal preparation</td>
<td>Fall 2015 - ongoing</td>
</tr>
<tr>
<td>2. BOR tuition setting discussion</td>
<td>January 2016</td>
</tr>
<tr>
<td>3. BOR reviews tuition proposal prior to public meetings</td>
<td>February 2016</td>
</tr>
<tr>
<td>5. Revisions</td>
<td>May 2016</td>
</tr>
<tr>
<td>6. BOR consideration and action</td>
<td>June 2016</td>
</tr>
<tr>
<td>7. Filing with Lt. Governor</td>
<td>June 2016</td>
</tr>
</tbody>
</table>
Tuition Process

- The purpose of today’s presentation is to share the proposal for the next tuition schedule and to receive feedback. This is an informational item only.

- Following the Board’s feedback, the UH administration will hold public meetings to solicit feedback from internal and external stakeholders per HRS Chapter 92 requirements.

- The UH administration will modify the tuition proposal based on feedback received at the public meetings, and will present a final proposal for Board consideration and approval in June 2016.
BOR Policy Considerations and Assumptions
Guiding Documents

RP 6.202: Tuition

“The ultimate intent of this policy is that every qualified Hawai‘i resident shall have an opportunity to pursue postsecondary education within the university system.”


The objectives of the policy are to:

- Provide students and others with timely notice, distribution, and explanation of tuition

- Ensure that students and others have the opportunity to present testimony on UH tuition proposals
RP 6.202 Requires the Following Considerations in Setting Tuition

1. Relative standing in terms of tuition charges at like regional and national institutions of higher education
2. Differential tuition rates by unit missions, student level (undergraduate, graduate, professional), and by residency
3. Accessibility and the mix of students (ethnic background, income levels, residents and non-residents, etc.)
4. Financial aid availability and use
5. The cost of education and the sharing of that cost between students and the general public
1. Relative standing in terms of tuition charges at like regional and national institutions of higher education

RP 6.202 Tuition Setting Considerations

Analysis

- UH tuitions for resident students are at or slightly above the median for comparable institutions.

- UH tuitions for non-resident students are significantly above the median for comparable institutions, creating a competitive disadvantage for recruiting international or mainland students.

- UH tuitions for some professional schools are above the median of comparable institutions, creating disadvantages in recruiting students.
Cost Comparisons (Relative Standing)

2015-16 UH Undergraduate Tuition & Required Fees as a Percentage of WICHE/Flagship Medians

Sources: The College Board Annual Survey of Colleges (for flagship) and WICHE.
1. Relative standing in terms of tuition charges at like regional and national institutions of higher education

**RP 6.202 Tuition Setting Considerations**

**Conclusion**

- Relative standing is reasonably comparable and therefore should not be a significant consideration in the establishment of any resident tuition rate increase.

- If there is a rate increase, non-resident tuition rates should increase by the same dollar amount as resident rates, not by percentage, to bring UH closer to the median for comparable institutions.
2. Differential tuition rates by unit missions, student level (undergraduate, graduate, professional), and by residency

**RP 6.202 Tuition Setting Considerations**

**Analysis**

- UH tuitions are appropriately differentiated by mission, level, and residency status.
- With the implementation of the current tuition schedule, UH Hilo and UH West O‘ahu tuitions are now aligned.
# Annual Full-Time Tuition

## 2016-17

<table>
<thead>
<tr>
<th></th>
<th>UH Mānoa</th>
<th>UH Hilo</th>
<th>UH West O‘ahu</th>
<th>UHCC 1/</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Resident</strong></td>
<td></td>
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<tr>
<td>Undergraduate</td>
<td>$10,872</td>
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<tr>
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<td>$36,768</td>
<td>$26,328</td>
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<td></td>
</tr>
</tbody>
</table>

Excludes fees.

1/ Based on 12 credits per semester.
2. Differential tuition rates by unit missions, student level (undergraduate, graduate, professional), and by residency

**RP 6.202 Tuition Setting Considerations**

**Conclusion**

- No differential tuition rate increases are needed across units (Mānoa, Hilo/West O‘ahu, UHCC) to improve the relative alignment of tuition within UH.
3. Accessibility and the mix of students (ethnic background, income levels, residents and non-residents, etc.)

**RP 6.202 Tuition Setting Considerations**

**Analysis**

- Overall affordability of higher education and reduced debt loads on students remain important institutional and public policy considerations.

- Tuition increases over the past several years have not had a negative impact on enrollment of underrepresented minority students.

- Based on HIDOE and UH data, Native Hawaiian, Filipino, and Pacific Islander enrollments have not been affected by previous tuition increases.
Tracking Traditionally Underrepresented Minorities from the HIDOE Class of 2015

- The percentage of HIDOE graduates in the following three groups increased at UH since 2006.
  - Native Hawaiians comprised…
    - 24% of total HIDOE graduates in spring 2015
    - 20% of the HIDOE graduates who enrolled at UH in fall 2015
  - Filipinos comprised…
    - 27% of total HIDOE graduates in spring 2015
    - 31% of the HIDOE graduates who enrolled at UH in fall 2015
  - Pacific Islanders comprised…
    - 7% of total HIDOE graduates in spring 2015
    - 3% of the HIDOE graduates who enrolled at UH in fall 2015

Source: Hawai‘i DXP using HIDOE definitions of ethnicity
3. Accessibility and the mix of students (ethnic background, income levels, residents and non-residents, etc.)

RP 6.202 Tuition Setting Considerations

Conclusion

- UH has made good progress overall on reducing the enrollment gaps of underrepresented groups but must continue to explore solutions, particularly at the 4-year institutions.

- It does not appear that raising tuition in order to increase financial aid would be a necessary or appropriate strategy. Rather, increased scholarship opportunities through the capital campaign and continued education and support on accessing federal aid offer better alternatives.
4. Financial aid availability and use

RP 6.202 Tuition Setting Considerations

Analysis

- UH scholarships funded through tuition have been a major positive factor in maintaining access to higher education, particularly during the last decade of tuition increases. Existing policies can now benefit from consolidation and clarification.

- Utilization of federal Pell grant aid has significantly increased through aggressive education on accessing federal resources.

- There remains unmet direct cost need (tuition, fees, and books) that ideally should be met through scholarships and grants rather than loans.

- Financial aid for “gap” income students, those not qualified by federal standards, but for whom the direct costs are a barrier, needs to be addressed.
Financial Aid

- Institutional aid has increased from $28M in 2010 to $47M in 2015.
- The percentage of students receiving Pell has increased from 14% in 2006 ($20M in awards) and ranged between 25-28% from 2010-2015 ($61M to $68M in awards).
- Average debt upon graduation per undergraduate student in 2014-15
  - Amount of debt is in line with peer institutions
  - Percent of undergraduate students who graduate with debt is lower than peers

<table>
<thead>
<tr>
<th>Unit</th>
<th>Avg Total Debt of Graduates w/ Debt</th>
<th>% of Graduates w/Debt</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>UH</td>
<td>IPEDS Peers*</td>
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<tr>
<td>UH Mānoa</td>
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<td></td>
</tr>
<tr>
<td>UHCC</td>
<td>$12,152</td>
<td></td>
</tr>
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</table>
Conclusion

- UH should continue its commitments and solidify policies on tuition-funded scholarships for both need and merit.
- Opportunities for increasing leverage and impact on completion should be explored and implemented.
- Efforts should continue to ensure maximum use and leverage of available federal and private scholarships.
- Additional scholarship programs should be developed through private philanthropy, partnerships, and targeted state scholarship programs.
5. The cost of education and the sharing of that cost between students and the general public

RP 6.202 Tuition Setting Considerations

University of Hawai‘i Operating Appropriations
Net of Fringe and Debt Service
(DB&F 12/10/15)

<table>
<thead>
<tr>
<th></th>
<th>FY08</th>
<th>FY09</th>
<th>FY10</th>
<th>FY11</th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17*</th>
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<tr>
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<td>629.4</td>
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<td>675.0</td>
<td>713.6</td>
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<td>General Fund</td>
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<td>192.7</td>
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<td>240.0</td>
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<td>303.9</td>
<td>303.7</td>
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<td>Tuition and Special Fund</td>
<td>432.6</td>
<td>463.9</td>
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<td>409.7</td>
<td>427.6</td>
<td>438.1</td>
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Enrollment – Full Time Equivalent (Thousands)**

<table>
<thead>
<tr>
<th></th>
<th>FY08</th>
<th>FY09</th>
<th>FY10</th>
<th>FY11</th>
<th>FY12</th>
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<td>0.8</td>
<td>0.9</td>
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<td>1.7</td>
<td>1.8</td>
<td>1.9</td>
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<td>Comm College</td>
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<td>16.3</td>
<td>18.5</td>
<td>19.8</td>
<td>19.5</td>
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<td>18.8</td>
<td>17.8</td>
<td>17.5</td>
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<tr>
<td>Total</td>
<td>34.4</td>
<td>36.1</td>
<td>39.0</td>
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<td>40.9</td>
<td>40.4</td>
<td>39.3</td>
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<td>38.5</td>
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</table>

* FY 17 represents the Executive Request
** FY’s 16 & 17 reflect draft enrollment projection, December 2015

5. The cost of education and the sharing of that cost between students and the general public

RP 6.202 Tuition Setting Considerations

Analysis of Cost Projections

- Both salary increases and health costs will increase and will primarily be addressed through general fund collective bargaining augmentation in line with state collective bargaining settlements.

- Utility costs will not have a significant increase over the next 3 years.

- Overall enrollment growth over the next 3 years will be modest at best and driven primarily by opportunities to reach new students and improve recruitment and retention efforts.

- Other operating expenses will likely rise at 1-2% per year in line with inflation rates and must be addressed through cost containment across the system.
Analysis of Cost Projections

Deferred maintenance remains a significant cost for UHM and a smaller but still significant cost for the UHCCs. Deferred maintenance is not a cost factor for UHH and UHWO.

- UH should continue to rely on State General Obligation bonds for regular capital renewal and for major new construction.

- To date, we have not found a sustainable solution to address our substantial deferred maintenance backlog and prevent its recurrence. Under this tuition proposal:
  - UH would address deferred maintenance at UHM and UHCC through a multi-year phased plan funded by revenue bonds serviced with new tuition revenue.
  - Over the long term, maintenance issues would also be addressed through the establishment of sinking funds.

5. The cost of education and the sharing of that cost between students and the general public

RP 6.202 Tuition Setting Considerations
5. The cost of education and the sharing of that cost between students and the general public

RP 6.202 Tuition Setting Considerations

Conclusion

- There is no basis for a tuition rate increase for general operating expenses over the next 3 years.

- Deferred maintenance reduction should be addressed through a multi-year plan, with revenue bonds serviced by new tuition revenue used to provide funding to eliminate approximately $100M of deferred maintenance over the next 3 years.

- UHH and UHWO should begin addressing future capital renewal and maintenance through the establishment of sinking funds.
Tuition Schedule Proposal
Our Commitment

To invest in our facilities and to keep college affordable. This proposal is part of a long-term plan, and intends to eliminate approximately $100M of our current $500M deferred maintenance backlog in the next three years.
Tuition Proposal Basics

Establish a 3-year schedule with zero to **maximum** 2% increases from AY 2017-18 through AY 2019-20

- A resident rate increase of 2% each year for UHM solely for the purpose of addressing the deferred maintenance backlog. Non-resident rates should be increased at the same dollar value.

- A resident rate increase of 0% in Year 1 and 1% in each of Years 2 and 3 for UHH and UHWO for the purpose of establishing a sinking fund for capital renewal and maintenance. Non-resident rates should be increased at the same dollar value.

- A resident lower division rate increase of 0% in Year 1 and 2% in each of Years 2 and 3 and a resident upper division rate increase of 0% in Year 1 and 1% in each of Years 2 and 3 for UHCC solely for the purpose of addressing the deferred maintenance backlog. Non-resident rates should be increased at the same dollar value.
Tuition Proposal Assumptions

- Maintain commitment to institutional financial aid at current percentage levels.

- Project tuition revenues based on AY 2015-16 enrollments or campus enrollment projections and hold them constant for the duration of the proposed tuition schedule. Fluctuations in enrollments will be handled within campus operating budgets.

- Manage campus operating budgets within current general fund allocations and tuition revenues derived from current rates.

- Use additional tuition revenues generated by modest rate increases to address deferred maintenance backlog and facilities maintenance only.

- Assume that UH will have revenue bond authority.
Tuition Proposal

UH Mānoa

- **Full-Time Resident Undergraduates**: $216 increase per year (2% increase at $9 per credit hour x 24 credits)

- **Full-Time Resident Graduates**: $312 increase per year (2% increase at $13 per credit hour x 24 credits)

- **Full-Time Non-Resident Undergraduates and Graduates**: Same $ amount increases as residents ($216 and $312 per year, respectively)

- **Professional Schools**: No increases
Tuition Proposal

UH Hilo

- **Full-Time Resident Undergraduates**: No increase in Year 1; $72 increase in each of Years 2-3 (1% increase at $3 per credit hour x 24 credits)

- **Full-Time Resident Graduates**: No increase in Year 1; $120 increase in each of Years 2-3 (1% increase at $5 per credit hour x 24 credits)

- **Non-Resident Undergraduates and Graduates**: Same $ amount increases as residents ($0 in Year 1, then $72 and $120, respectively, in each of Years 2-3)

- **Graduate Nursing**: No increase in Year 1; $192 increase in each of Years 2-3 (1% increase at $8 per credit hour x 24 credits)

- **College of Pharmacy**: $240 increase per year (1% increase at $10 per credit hour x 24 credits)
Tuition Proposal (cont.)

UH West O‘ahu

- **Full-Time Residents**: No increase in Year 1; $72 increase in each of Years 2-3 (1% increase at $3 per credit hour x 24 credits)

- **Full-Time Non-Residents**: Same $ amount increases as residents ($0 in Year 1; $72 increase in each of Years 2-3)
Tuition Proposal (cont.)

UHCCs

- **Lower Division – Full-Time Residents**: No increase in Year 1; $72 increase in each of Years 2-3 (2% increase at $3 per credit hour x 24 credits)

- **Upper Division – Full-Time Residents**: No increase in Year 1; $72 increase in each of Years 2-3 (1% increase at $3 per credit hour x 24 credits)

- **Lower and Upper Division – Full-Time Non-Residents**: Same $ amount increase as residents ($0 in Year 1; $72 in each of Years 2-3)

- **Apprenticeship Fees**: No increases
## Proposed Annual Full-Time Tuition
### By Residency and Level

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Resident</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Undergraduate</td>
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<td>$11,088</td>
<td>$11,304</td>
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<tr>
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<td>$15,600</td>
<td>$15,912</td>
<td>$16,224</td>
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<td><strong>Non-Resident</strong></td>
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</tr>
<tr>
<td>Undergraduate</td>
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<td>$37,392</td>
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AY 2016-17 rates were approved by BOR on 5/21/15.
## Proposed Annual Full-Time Tuition
### By Residency and Level

<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td><strong>UH Hilo</strong></td>
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<td></td>
</tr>
<tr>
<td><strong>Resident</strong></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Undergraduate</td>
<td>$7,200</td>
<td>$7,200</td>
<td>$7,272</td>
<td>$7,344</td>
</tr>
<tr>
<td>Graduate</td>
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<td>$11,496</td>
<td>$11,616</td>
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<tr>
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<td>$18,936</td>
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<tr>
<td>Pharmacy</td>
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<td>$23,616</td>
<td>$23,856</td>
<td>$24,096</td>
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<tr>
<td><strong>Non-Resident</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Undergraduate</td>
<td>$20,160</td>
<td>$20,160</td>
<td>$20,232</td>
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<tr>
<td>Graduate</td>
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AY 2016-17 rates were approved by BOR on 5/21/15.
# Proposed Annual Full-Time Tuition

By Residency and Level

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<th></th>
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<tbody>
<tr>
<td><strong>UH West O‘ahu</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Resident</td>
<td>$7,200</td>
<td>$7,200</td>
<td>$7,272</td>
<td>$7,344</td>
</tr>
<tr>
<td>Non-Resident</td>
<td>$20,160</td>
<td>$20,160</td>
<td>$20,232</td>
<td>$20,304</td>
</tr>
<tr>
<td><strong>UHCCs</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lower Division</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Resident</td>
<td>$3,024</td>
<td>$3,024</td>
<td>$3,096</td>
<td>$3,168</td>
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<tr>
<td>Non-Resident</td>
<td>$8,160</td>
<td>$8,160</td>
<td>$8,232</td>
<td>$8,304</td>
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<tr>
<td>Upper Division</td>
<td></td>
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</tr>
<tr>
<td>Resident</td>
<td>$7,200</td>
<td>$7,200</td>
<td>$7,272</td>
<td>$7,344</td>
</tr>
<tr>
<td>Non-Resident</td>
<td>$20,160</td>
<td>$20,160</td>
<td>$20,232</td>
<td>$20,304</td>
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*Proposed; AY 2015-16 and 2016-17 rates were approved by BOR on 5/21/15.*
## Projected Net Tuition Revenue per AY

**UH Mānoa**

<table>
<thead>
<tr>
<th></th>
<th>2016-17</th>
<th>2017-18 Projected</th>
<th>2018-19 Projected</th>
<th>2019-20 Projected</th>
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</thead>
<tbody>
<tr>
<td>Proposed Resident Undergraduate Increase</td>
<td></td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>Enrollment (Fall + Spring)</td>
<td>33,565</td>
<td>33,565</td>
<td>33,565</td>
<td>33,565</td>
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<tr>
<td>Tuition (Net of Waivers) ($M)</td>
<td>$190.4</td>
<td>$193.3</td>
<td>$196.2</td>
<td>$199.1</td>
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<tr>
<td>Scholarships ($M)</td>
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<td>$155.4</td>
<td>$157.8</td>
<td>$160.1</td>
<td>$162.5</td>
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<td>Change in Net Tuition Revenue over Previous Year ($M)</td>
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<td>$2.36</td>
<td>$2.36</td>
<td>$2.36</td>
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<tr>
<td>Change in Net Tuition Revenue, Cumulative ($M)</td>
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<td>$2.36</td>
<td>$4.72</td>
<td>$7.08</td>
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</table>

Note: Student fees are excluded.
## Projected Net Tuition Revenue
### UH Hilo

<table>
<thead>
<tr>
<th></th>
<th>2016-17</th>
<th>2017-18 Projected</th>
<th>2018-19 Projected</th>
<th>2019-20 Projected</th>
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</thead>
<tbody>
<tr>
<td>Proposed Resident</td>
<td></td>
<td>0%</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>Undergraduate Increase</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enrollment (Fall + Spring)</td>
<td>7,313</td>
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<td>$.26</td>
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<tr>
<td>Change in Net Tuition Revenue, Cumulative ($M)</td>
<td>$.06</td>
<td>$.32</td>
<td>$.57</td>
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Note: Student fees are excluded.
### Projected Net Tuition Revenue
**UH West O‘ahu**

<table>
<thead>
<tr>
<th></th>
<th>2016-17</th>
<th>2017-18 Projected</th>
<th>2018-19 Projected</th>
<th>2019-20 Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proposed Resident Undergraduate Increase</td>
<td>0%</td>
<td>1%</td>
<td>1%</td>
<td></td>
</tr>
<tr>
<td>Enrollment (Fall + Spring)</td>
<td>5,225</td>
<td>5,225</td>
<td>5,225</td>
<td>5,225</td>
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<tr>
<td>Tuition (Net of Waivers) ($M)</td>
<td>$14.8</td>
<td>$14.8</td>
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<tr>
<td>Scholarships ($M)</td>
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<td>$1.8</td>
<td>$1.8</td>
<td>$1.8</td>
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<td>$13.0</td>
<td>$13.0</td>
<td>$13.1</td>
<td>$13.3</td>
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<tr>
<td>Change in Net Tuition Revenue over Previous Year ($M)</td>
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<td>$.13</td>
<td>$.13</td>
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</tr>
<tr>
<td>Change in Net Tuition Revenue, Cumulative ($M)</td>
<td>$.00</td>
<td>$.13</td>
<td>$.25</td>
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*Note: Student fees are excluded.*
# Projected Net Tuition Revenue

**UH Community Colleges**

<table>
<thead>
<tr>
<th></th>
<th>2016-17</th>
<th>2017-18 Projected</th>
<th>2018-19 Projected</th>
<th>2019-20 Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proposed Resident Undergraduate Increase</td>
<td></td>
<td>0%</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>Enrollment (Fall + Spring)</td>
<td>57,020</td>
<td>57,020</td>
<td>57,020</td>
<td>57,020</td>
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<tr>
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<td>$71.6</td>
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<td>Scholarships ($M)</td>
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<td>$6.2</td>
<td>$6.3</td>
<td>$6.4</td>
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<td>Net Tuition Revenue ($M)</td>
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<td>$1.3</td>
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<td></td>
</tr>
<tr>
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<td>$0.0</td>
<td>$1.3</td>
<td>$2.6</td>
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</tbody>
</table>

Note: Student fees are excluded.
Proposed Tuition Schedule

UH Mānoa Undergraduate Tuition & Fees

<table>
<thead>
<tr>
<th>Year</th>
<th>Non-Resident</th>
<th>Resident</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016-17</td>
<td>$33,724</td>
<td>$11,692</td>
</tr>
<tr>
<td>2017-18*</td>
<td>$34,372</td>
<td></td>
</tr>
<tr>
<td>2018-19*</td>
<td></td>
<td>$12,340</td>
</tr>
<tr>
<td>2019-20*</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Projected

Note: Medians exclude Hawai‘i. WICHE/Flagship medians are projected from 2016-17 forward
Proposed Tuition Schedule

UH Mānoa Graduate Tuition & Fees†

$37,608 Non-Resident $38,544

$16,128 Resident $17,064

2016-17 2017-18* 2018-19* 2019-20*

UHM NR  WICHE NR Median  Flagship NR
UHM Res  WICHE Res Median  Flagship Res

† Based on 20 cr/yr.
* Projected

WICHE/Flagship medians are projected from 2016-17 forward
Proposed Tuition Schedule

UH Hilo Undergraduate Tuition & Fees

*Projected
WICHE medians are projected from 2016-17 forward
Proposed Tuition Schedule

UH Hilo Graduate Tuition & Fees†

- Non-Resident:
  - 2016-17: $26,748
  - Projected 2017-18: $26,988

- Resident:
  - 2016-17: $11,916
  - 2017-18: $12,156

† Full-time
* Projected

WICHE medians are projected from 2016-17 onward.
Proposed Tuition Schedule

UH West O‘ahu Tuition & Fees

Non-Resident

$20,400

$20,544

Resident

$7,440

$7,584

*Projected
WICHE medians are projected form 2016-17 forward
Proposed Tuition Schedule

UH Community Colleges Average Tuition & Fees†
Lower Division

<table>
<thead>
<tr>
<th>Year</th>
<th>Non-Resident</th>
<th>Resident</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016-17</td>
<td>$8,228</td>
<td>$3,092</td>
</tr>
<tr>
<td>2017-18*</td>
<td>$8,372</td>
<td>$3,236</td>
</tr>
<tr>
<td>2018-19*</td>
<td>$8,372</td>
<td>$3,236</td>
</tr>
<tr>
<td>2019-20*</td>
<td>$8,372</td>
<td>$3,236</td>
</tr>
</tbody>
</table>

† Based on 30 cr/yr. Maui not included in NR avg.
* Projected
WICHE medians are projected form 2016-17 forward
3-Year Deferred Maintenance Plan
Current Deferred Maintenance Backlog
(Fiscal Year)

Note: No backlog at UH West O'ahu
Projected Deferred Maintenance Backlog with Zero Funding

UH System Total

Projected

Actual

$ Millions


$351 $368 $334 $455 $461 $487 $445 $503 $494 $576 $649 $733 $814

OVPAA Feb 2016
Capital Renewal and Deferred Maintenance Plan Over Next Three Years

Capital Renewal Assumption

- Continued funding of $60M-$80M/year in GO bonds

Deferred Maintenance Plan

- **UHM**
  - Tuition revenue increases will be used to eliminate deferred maintenance backlog using revenue bonds.

- **UHH / UHWO**
  - Tuition revenue increases will be used to establish sinking funds for capital renewal and maintenance, consistent with national best practices.

- **UHCC**
  - Tuition revenue increases will be used to fund $17M per year in revenue bonds to eliminate the entire deferred maintenance backlog (using funds from prior years for Year 1).
Summary
Tuition Proposal Summary

A 3-year tuition schedule (2017-18 to 2019-20) with zero to 2% maximum increases and using tuition revenue increases to address deferred maintenance backlog and facilities maintenance only.

UH Mānoa

- **Full-Time Resident Undergraduates**: $216 increase per year (2% increase at $9 per credit hour x 24 credits)

- **Full-time Resident Graduates**: $312 increase per year (2% increase at $13 per credit hour x 24 credits)

- **Full-Time Non-Resident Undergraduates and Graduates**: Same $ amount increases as residents

- **Professional Schools**: No increases
Tuition Proposal Summary (cont.)

UH Hilo

- **Full-Time Resident Undergraduates**: No increase in Year 1; $72 increase in each of each of Years 2-3 (1% increase at $3 per credit hour x 24 credits)

- **Full-Time Resident Graduates**: No increase in Year 1; $120 increase in each of Years 2-3 (1% increase at $5 per credit hour x 24 credits)

- **Full-Time Non-Resident Undergraduates and Graduates**: Same $ amount increases

- **Graduate Nursing**: No increase in Year 1; $192 increase in each of Years 2-3 (1% increase at $8 per credit hour x 24 credits)

- **College of Pharmacy**: $240 increase per year (1% increase at $10 per credit hour x 24 credits)
Tuition Proposal Summary (cont.)

UH West O‘ahu

- **Full-Time Residents**: No increase in Year 1; $72 increase in each of Years 2-3 (1% increase at $3 per credit hour x 24 credits)

- **Full-Time Non-Residents**: Same $ amount increases as residents

UHCCs

- **Lower Division - Full-time Residents**: No increase in Year 1; $72 increase in each of Years 2-3 for (2% increase at $3 per credit hour x 24 credits)

- **Upper Division - Full-Time Residents**: No increase in Year 1; $72 increase in each of Years 2-3 (1% increase at $3 per credit hour x 24 credits)

- **Full-Time Non-Residents (Upper and Lower Divisions)**: Same $ amount increases as residents

- **Apprenticeship Fees**: No increases
## Tuition Process and Schedule

<table>
<thead>
<tr>
<th>Step</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Research, policy review and proposal preparation</td>
<td>Fall 2015 - ongoing</td>
</tr>
<tr>
<td>2. BOR tuition setting discussion</td>
<td>January 2016</td>
</tr>
<tr>
<td>3. BOR reviews tuition proposal prior to public meetings</td>
<td>February 2016</td>
</tr>
<tr>
<td>5. Revisions</td>
<td>May 2016</td>
</tr>
<tr>
<td>6. BOR consideration and action</td>
<td>June 2016</td>
</tr>
<tr>
<td>7. Filing with Lt. Governor</td>
<td>June 2016</td>
</tr>
</tbody>
</table>
Mahalo!

tuition@hawaii.edu

www.hawaii.edu/offices/aa/tuition.html
Item VIII.B.2
NO
MATERIALS/
ITEM TO BE
DISCUSSED
AT MEETING
Summary

The University of Hawai‘i Office of Sustainability (UHOS) was formally established in February 2015 with the electronic signing of the Executive Sustainability Policy by UH President David Lassner.

UHOS functions as a backbone organization, providing support to the campuses to enhance the existing sustainability work under way, and much-needed coordination capacity for campuses to share information and resources with each other so that our institution as a whole can become more agile, more intelligent and highly impactful.

In its start-up year, UHOS has also worked closely with the statewide sustainability planning efforts currently underway, representing the University of Hawai‘i at the statewide coalition of public, private and community organizations that are working to establish targets, goals and metrics to track and measure our statewide progress in 6 key areas: Clean Energy, Waste Reduction, Natural Resource Management, Local Food, Smart Sustainable Communities, and Green Workforce and Education (visit the State of Hawai‘i’s online Sustainability Dashboard, and Hawai‘i Green Growth website for more information).
Policy and Planning

In order to teach sustainability effectively, we must first demonstrate our commitment to sustainability by developing ways and means to operate our facilities today without compromising the needs of future generations, and plan to meet future needs whilst enhancing future generations’ ability to create vibrant and thriving livelihoods.
Systemwide Sustainability Councils

Two formal systemwide councils have been formed with representatives from each campus who are experienced practitioners in the areas focused upon by each council.

The councils help to enhance the sensory capacity of executive management in order to improve our decision-making abilities; strategic integration of the various formal and informal networks that comprise our Adaptive Operating systems to our formal Command-Control institutional hierarchies support the university to reach its full potential as a knowledge enterprise.

- **Sustainability (Operations) Council:** Focus on integrating sustainability values into how we operate our campuses to reduce negative environmental impact, lower operating costs, and modernize campus facilities.
• **Sustainability Curriculum Coordination Council**: Focus on coordinating existing sustainability-related curriculum to develop robust sustainability studies programs utilizing existing assets and resources, supports new sustainability curriculum development.

The councils meet on an on-going, as-needed basis and are currently focused on two primary strategic initiatives:

1. Coordinating *Campus Sustainability Plans* into a shared systemwide framework to track, measure and report on progress.
2. Coordinating *Sustainability Curricula* across campuses to develop world-class Sustainability Studies teaching and learning program(s).
Campus Sustainability Plans
Since President Lassner formalized the Executive Sustainability Policy in February 2015, all ten campuses have been drafting Campus Sustainability Plans (CSPs) to present at the 4th Annual Hawai‘i Sustainability in Higher Education Summit (March 10-12, 2016).

Representatives from the Campus Sustainability Committees will be participating in two half-day working sessions at the annual summit to share key elements of their draft CSPs to each other so that common principles can be distilled and compiled into a framework to measure and report progress system-wide, whilst supporting each campus to plan and implement in a way that is appropriate and authentic to its unique context.

Energy Management
Ten years after the University of California (UC) system established its Sustainability Office, UC consolidated its Energy Management office and its Sustainability Office in order to realize efficiencies in data tracking and reporting, and staffing (impact ratios).

UHOS is working to establish the UH Energy Management office within its unit so that a dedicated team can be developed to focus on identifying, implementing, tracking and reporting on improved energy performance towards our Net Zero Energy goals.

Key internal and external stakeholders including Planning and Facilities staff from all campuses, the electric utility, Hawai‘i Energy, the PUC, the Energy Excellerator, Blue Planet, Ulupono Initiative, and the Hawai‘i State Energy Office have been working together to help develop a Strategic Energy Partnership to help UH develop a comprehensive and holistic strategy to reduce energy consumption across the campuses.

UHOS is also working closely with the utility, HNEI, and other partners to develop the proposed UHWO mauka lands Solar PV project. An initial feasibility study has determined that it is technically possible to develop a 100MW utility-scale solar farm on the land above the freeway at UHWO campus. Work to address the fiscal and regulatory issues facing the project is ongoing.

In May of 2014, President Lassner convened members of the UH Board of Regents, UH administration, facilities managers, and key partners to explore how we can reduce costs and improve the energy efficiency, energy management and renewable energy opportunities on our campuses.
The key priorities identified at this event are addressed below:

**Priority One: Building Submeters**

Over 60 electrical submeters have been installed across 23 buildings at UH Mānoa campus since May 2014. Fundamental to successful energy savings transformation is the prerequisite of smart building level submetering, monitoring and energy benchmarking of campus buildings:

**UH Mānoa Submetering Phase I & II**

[Diagram showing submetering phase I & II]

**Priority Two: Administrative Commitment, Clear Targets, and Right-Sized Planning**

In June of 2015, Governor Ige passed into law Act 99 (Session Laws of Hawai‘i 2015) which established a collective goal for the University of Hawai‘i “to become net-zero with respect to energy use, producing as much (renewable) energy as the system consumes across all campuses by January 1, 2035.”

Net-Zero Energy is achieved when an organization’s total energy consumption is equal to the total renewable energy provided (via on-site generation or purchased from certified renewable energy providers). ¹

¹ Click [here](#) to access the read the Annual report to the 2016 State Legislature on Net-Zero Energy for UH.
There are two primary variables that must be managed:

1. **Energy efficiency** (reducing total energy use)
2. **Renewable energy** (providing enough to provide for total energy used)

<table>
<thead>
<tr>
<th>NET-ZERO DASHBOARD BASELINE FY2014-15</th>
<th>kWh</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Energy Consumed(^2)</td>
<td>195,006,402</td>
</tr>
<tr>
<td>Total Renewable Energy Provided</td>
<td>3,768,606</td>
</tr>
</tbody>
</table>

**KEY PERFORMANCE INDICATORS FY2014-15:**

- **Energy Consumed:** 195,006,402 KWH
- **Energy Efficiency Savings\(^3\):** (656,866) KWH
- **Renewable Energy Produced:** 3,768,606 KWH

**Priority Three: Resources – Funding and Staffing**

UHOS has been working to establish a dedicated source of low-cost capital to accelerate implementation of energy efficiency projects at all campuses via a Green Revolving Fund (GRF).

A GRF is an internal fund dedicated to implementation of energy efficiency, renewable energy, and other sustainability projects that generate cost savings. These savings are tracked and used to replenish the fund for the next round of green investments, thus establishing a sustainable funding cycle while reducing operating costs and environmental impact.

Critical to the success of a GRF is campus-level buy-in to commit savings realized from energy efficiency investments to replenish the initial capital outlay for redeployment towards additional projects; a BOR policy mandate to support this would help the University to achieve the Executive Sustainability Policy directive EP 4.202, Section I.D to “establish mechanisms to track and re-invest savings from sustainability initiatives in order to maximize efficiencies and reduce waste.”

GRFs have gained momentum across the nation. According to the Association for the Advancement of Sustainability in Higher Education, there are at least 85 universities that use GRFs as part of their sustainability programs, like Boston University, George Washington University, Stanford University and University of Notre Dame.

\(^2\) Includes non-campus facilities.

\(^3\) Estimated kWh savings data provided by Hawai‘i Energy based on rebate incentives paid FY 2014-15.
One of the first GRF pilot projects underway with UH Mānoa Electrical Engineering Dept and Richardson Law Library is an LED lighting retrofit that is anticipated to repay the entire project costs via energy savings realized in under 24 months.

UH Hilo is developing an exterior bi-level LED lighting upgrade which is anticipated to repay its project costs via energy savings realized in just over 5 years, and UHWO is working on an upgrade to thermostat controls in its buildings that is anticipated to repay its project costs in just under 2 years.

Working in conjunction with Hawai‘i Energy and other partners, approximately $3.8M in potential energy efficiency projects have been identified by UHOS that will yield in excess of an estimated $900k in energy cost savings. When internally managed via a GRF, this expenditure would repay itself in approximately 3 years, yielding a cash-on-cash ROI of 34%.

HB2240 and SB2013 are proposed bills currently under consideration by the 2016 State Legislature that would establish a green special fund to create a statutory framework to house the GRF within.

**Priority Four: Address Procurement and Processes**
Work to address procurement and implementation processes is integrated into the GRF pilot projects, which allow for new procedures to be trialed in real time at a scale that permit our planning, facilities, and fiscal teams to learn and improve quickly together.

For example, UH has entered into an MOU with Blue Pillar and Carbon Lighthouse, two companies in the current Energy Excellerator cohort to trial innovative technology that could allow us to ‘leapfrog’ our current energy data access challenges.

The MOU is structured utilizing a cost-share that has the companies fronting almost $1M in upfront costs to deploy their technology to optimize energy performance at the building level, and transfers risk to the companies by committing the university to participate only if the deployment identifies energy projects that are financially and technically viable as determined by UH.

**Priority Five: Attitude Transformation - Education, Communication, Coordination, and Fostering Change**
UHOS is focused on addressing this priority by ‘creating the conditions for cultural change to occur’. It is disingenuous to ask our campus community to change their behaviors to save energy when certain campus facilities are obviously lagging in energy performance.
Therefore our strategy is to focus short-term efforts on implementing high-impact energy efficiency projects (such as the LED retrofit currently under way at Richardson Law Library) whilst working with students to develop coordinated student-driven outreach and education to foster sustainable behavior change utilizing a science-based, field-proven methodology known as Community-Based Social Marketing (CBSM).

Hawai‘i Energy funded two part-time Energy Fellows beginning January 2016 to conduct the research and planning necessary to craft a CBSM campaign designed to reduce energy usage in campus offices. The students are planning to complete this work by autumn 2016 for launch in Spring 2017, and are creating a CBSM handbook so that other projects to foster sustainability behavior can be developed utilizing this framework.

In addition, one of the Energy Fellows is working with Hawai‘i Energy engineers to conduct a lighting audit of UH Athletics facilities which will identify other potential low-risk / high-impact energy efficiency projects.

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**Teaching and Learning**

President Lassner recently shared a personal epiphany with key leaders from UH, Kamehameha Schools, and Master Navigator Kalepa Babayan: the president has been having the same conversations around sustainability with many different groups across the campuses who are doing incredible work, but are not yet working with each other.

Therefore President Lassner convened a gathering of leaders at UH-Hilo on February 12, 2016 which included leaders in Hawaiian Studies, STEM, and Sustainability curriculum development to begin this effort to collaborate and coordinate this work so that we can maximize our positive impact.

Master Navigator Nainoa Thompson addressed the assembly, and highlighted the urgent need for a rapid response from the university to help our local and global communities rise to overcome the many complex challenges presented by a rapidly changing climate.

This work will continue at the March Sustainability Summit, where key faculty from each campus who are actively developing sustainability curriculum will be participating in two
half-day working sessions at the annual summit to share campus programming with each other so that an inventory of sustainability courses can be compiled.

This working session will also be looking at models of how other institutions have catalyzed institutional transformation through integration of sustainability into their core mission and business, so that we can adapt and apply proven models to develop a strategy and implementation plan for rapid transformation at the University of Hawai‘i.

**Student Engagement**
In 2015 UHOS was able to support 4 paid student positions, including:
- 1 x Student Sustainability Coordinator
- 1 x Student Sustainability Fellow  
  (in partnership w/ UH Mānoa Office of Student Affairs)
- 2 x Energy Fellows  
  (in partnership w/ Hawai‘i Energy)

**President’s Green Initiative Awards**
In November 2015, the President’s Green Initiative Awards were launched across all ten campuses. With financial support from private sector partners Johnson Controls and Hawaiian Electric Industries, the student award categories were designed to create additional financial resources to support students’ academically anchored sustainability work, and increase the number of civically engaged students on UH campuses involved in meaningful sustainability-related projects with real-time positive impact.

- **Green Project Implementation Awards** - Up to $10,000 for student-led sustainability project with measurable outcomes on UH campus or in the community.
- **Green Student Leader Awards** - up to $5,000 cash awards for students who take on leadership roles in sustainability related activities.

18 student-led sustainability projects were submitted, and 27 students were nominated by their peers as ‘Green Student Leaders’ in just under two months. All nominees / project submittals have been invited to attend the 4th Annual Hawai‘i Sustainability in Higher Education Summit in March to be recognized, present their project proposals, and find out who the final winners (two in in each category for total of $25k in cash awarded to students). In addition, 39 staff / faculty were nominated to be recognized for their leadership in sustainability.

Alaska Airlines donated $70k to establish a student sustainability scholarship over the next three years that will be announced and awarded at the March Sustainability Summit.
Summary of funds raised towards student sustainability efforts
calendar year 2015:

<table>
<thead>
<tr>
<th>Scholarship/Initiative</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alaska Airlines Scholarship</td>
<td>$70,000.00</td>
</tr>
<tr>
<td>President’s Green Initiative Awards</td>
<td>$25,000.00</td>
</tr>
<tr>
<td>Sustainability Summit Sponsorship</td>
<td>$35,000.00</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$130,000.00</strong></td>
</tr>
</tbody>
</table>

The following report on student sustainability coordination and activities was submitted in January 2016 by Kristen Jamieson, UH System Student Sustainability Coordinator:

**UH Mānoa Soup**

*October 14th, 2015 Halau o Haumea (UH Mānoa Hawaiian Studies)*  

HNL Soup is a microgranting dinner supporting creative and sustainable projects that benefit the community and the planet. The concept is that for a donation of $12, attendees receive soup, salad, bread and a vote. At the event, attendees eat, talk, share resources, and vote on the project they think benefits the city the most.

At the end of the night, the organizers collect the ballots and the winner walks home with funds to carry-out their project. At the first UH Mānoa SOUP, over 60 people participated in the event. The winner, Elia Bruno, received $600 to begin the HNL Tool Library project. The funds have allowed him to create a website and register as a non-profit organization- the first steps in a vibrant and empowering project that encourages sharing over ownership and “access over excess.”
Show Me Your Cans Tailgate Recycling Campaign  
*September 23rd, 2015 Facilities Parking Lot  /  October 16th, 2015 Legacy Pathway*

Aloha Stadium only collects recyclables if a volunteer organization agrees to pick up and sort the recyclables off site. In collaboration between UH Facilities, Aloha Stadium, SOFT, Sustainable UH, Geology Club, Mānoa Maniacs, TKE Fraternity and KEO Fraternity, we successfully diverted over 150 lbs of recyclables from the landfill.

UH Facilities transported the recyclables from Aloha Stadium to UH Mānoa and provided us with bins, bags and gloves, as well as a truck for redeeming the recyclables. Student volunteers bravely hand sorted hundreds of bags of recyclables and rubbish to be redeemed. This effort also raised over $300 for Sustainable UH to put towards a retreat and food for future events.

**Resident Housing Association Student Engagement**

Engaged students from the Residence Hall Association in a discussion around potential sustainability projects in the dormitories. These relationship could lead to collaboration with system efforts to increase the efficiency of campus dormitories. Students expressed interest in water efficiency, air conditioning awareness, recycling expansion and food waste education.

**Hawai‘i Public Utilities Commission Student Engagement**  
*October 27th, 2015*

A handful of students attended the Public Utilities Commission to give testimony on their thoughts concerning the HECO and NextEra merger. Prior to the public hearing, students participated in sign waving to raise awareness about the issue.

**Weigh the Waste Cafeteria Awareness**

Students educated cafeteria diners in Hale Aloha about food waste as a reduction effort. In collaboration with Sodexo and students from the Residents Hall Association, volunteers practiced skills in environmental outreach. Students approached diners, shared facts in a participatory format and facilitated a quiz game in exchange for small prizes. Dining participants left the experience with strategies to minimize their contribution to food waste, such as sampling unfamiliar dishes prior to selecting them and asking for smaller portions.

**Mānoa Sustainability Council**

Participation in monthly Mānoa Sustainability Council meetings to provide student voice and enthusiasm in this newly reinstated group. Provide updates on student sustainability efforts and build relationships with key stakeholders on campus.
Paper Towel Reduction Hui
Convening key campus stakeholders in a discussion around paper towel reduction at UH Mānoa. This group is designing a pilot project to replace paper towel use with personal reusable towels in strategically selected buildings on campus. *(UHOS note: a separate student study found that UH Mānoa generates 62 tons of paper towel waste /year)*

Coordinating Sustainable UH
Convened weekly meetings for Sustainable UH to build student community around sustainability and offer mentorship to budding student leaders. Students explored potential projects to improve campus sustainability, learned about agenda planning and discussed logistics for campus projects including *UH Pedal Power, Mānōa Tool Library, Show Me Your Cans, Mānōa SOUP* and a spring retreat.

Compost Pilot Project
Designed, coordinated and implemented a student led research project in using an aerated static pile compost system to absorb food waste produced on campus. This project diverted food waste from UH K. Ike Housing complex to be composted and used by the SOFT farm. This project was presented at the Fall Undergraduate Showcase and received Honorable Mention for the poster presentation.

Next Steps
In 2016 UHOS is focused on action and implementation of energy efficiency projects to develop mechanisms to track, harness and reinvest savings from sustainability projects, establish proof of concept for the GRF and demonstrate an ability to implement and execute projects in a timely manner.

Harnessing savings realized from energy efficiency and sustainability projects is a simple mechanism that can ensure the long-term economic viability of sustainability initiatives at the University of Hawai‘i. Buy-in and agreement by campus leadership is crucial for the success of this program.

UHOS continues to develop resources to support student sustainability leadership, including internships and fellowships that enhance teaching and learning, provide valuable real-world experiences for students, and expand our resources cost-effectively to help address operational needs of the campuses.
The UHOS also continues to provide support to the Office of the Vice President for Academic Affairs, providing coordination capacity for the sustainability curriculum, teaching and learning efforts under way at the campuses as directed by President Lassner.

Finally, the UHOS has been asked to help articulate a strategic high-level commitment that the University of Hawai‘i could announce on the global platform that is IUCN-World Conservation Congress in September 2016.

Careful thought should be given to this request, as the right commitment could help to attract significant resources and catalyze rapid institutional transformation.
Executive Session
Item IX.A.1.
Item to be Discussed in Executive Session
Item IX.B.1. NO MATERIALS/ITEM TO BE DISCUSSED IN EXECUTIVE SESSION