

**MINUTES OF SPECIAL MEETING OF THE
UNIVERSITY OF HAWAI'I BOARD OF REGENTS**

October 1, 2004

I. CALL TO ORDER

The special meeting of the Board of Regents was called to order by Vice Chairperson Kitty Lagareta on Friday, October 1, 2004, at 10:30 a.m., in the Campus Center Conference Chamber, Room 220, University of Hawai'i at M~noa.

Attendance

Present were Regents Andres Albano, Jr., Byron W. Bender, Ramón de la Peña, James J. C. Haynes II, John K. Kai, Trent K. Kakuda, Jane B. Tatibouet, and Alvin A. Tanaka, Acting President David McClain; Executive Administrator and Secretary of the Board David Iha; and Executive Assistant Carl H. Makino. Chairperson Patricia Y. Lee and Regent Myron A. Yamasato were excused.

Also present were Mr. Sam Callejo, Chief of Staff, and Mr. Glenn Miyataki and Mr. Richard Sherman, consultants to the Task Group on the Kaka'ako Biomedical Research Center.

Report and Recommendations by the Regents' Task Group on the John A. Burns School of Medicine Kaka'ako Biomedical Research

Vice Chairperson Lagareta announced that the purpose of the meeting was to receive a preliminary report from the Regents' Task Group on the Kaka'ako Biomedical Research Center.

Regent Tanaka, Chairperson of the Task Group, explained that this meeting was the first opportunity for the entire Board to hear from the Task Group's consultants on the future directions of the Kaka'ako Biomedical Research Center. As such, the meeting was to give the Regents an opportunity to ask questions regarding the consultants' report. No deliberation nor decision-making by the Board would take place. The Task Group would make its recommendations which will be taken up by the Board at its meeting in Hilo on October 22nd.

The initial charge to the Task Group was to monitor and evaluate the development and organizational structure of the Kaka'ako Biomedical Research Center. Emeritus Regent Duane Kurisu chaired the Task Group when it was

established in October of 2003 until his resignation. With the assistance of Acting President David McClain, who at the time was the Vice President for Academic Affairs, the University retained the services of consultants in early 2004 to assist the Task Group in its work.

Regent Tanaka then introduced the two consultants, Dr. Glenn Miyataki and Mr. Richard Sherman.

Dr. Miyataki provided a historic background on the Medical School when it expanded in 1973 from a two-year program to a four-year degree program. He explained that the consultants were asked to identify key academic, financial and operational issues related to JABSOM and the Kaka'ako Biomedical Complex; determine the appropriate form of governance; and develop a process for development inquiries beyond the two buildings under construction. The information gathering process had included visiting twenty-eight biomedical and health science institutions throughout the mainland, Japan, Singapore and Hong Kong. They interviewed more than eighty-three stakeholders in the Hawai'i community and reviewed materials related to the medical center.

Mr. Sherman presented the major issues related to the Task Group's recommendations beginning with governance. This issue determines whether JABSOM is to be a separate campus, a systemwide unit, or remain as part of the M~noa campus. Other models included clustering of all health science units. This would include the John A. Burns School of Medicine (JABSOM), Cancer Research Center, Pacific Biomedical Research Center (PBRC), School of Nursing, and Public Health. Another key issue would be the relationship between the undergraduate and graduate medical program at the separate locations and the translation of research among faculty. Operationally, according to Mr. Sherman, there needs to be better collaboration among stakeholder groups to include collective bargaining units and faculty senates. Heading the financial issues is the need to increase the National Institutes of Health (NIH) overhead rate and realize returns, venture financing opportunities, and development of additional funding sources.

In light of these issues and considerations, Mr. Sherman emphasized the need for a single contact point at the University of Hawai'i (UH) to coordinate development proposals as well as a need for overall collaboration, coordination, and communication regarding the Kaka'ako complex. He then recommended:

- That there be a systemwide health science unit at Kaka'ako led by a new Vice President for Health Sciences reporting directly to the President and that independent units reporting to the Vice President would include JABSOM, the Cancer Research Center and PBRC, the School of Nursing reporting to JABSOM, and Public Health which is already integrated into JABSOM. The Vice President for Health Sciences is to be the single contact point for all development projects at the Kaka'ako Biomedical Complex.

- That there be established an Entrepreneur-In-Residence who would report to the Vice President for Health Sciences. This individual must be from the academic sector and have academic, clinical, and research experience. The individual would hold a faculty appointment at JABSOM. The person must be experienced in technology transfer and commercialization.
- That there be a systemwide Health Science Council chaired by the Vice President for Health Sciences with possible inclusion of the Chancellors; Vice President for Research; Director of the Office of Technology Transfer and Economic Development; Director of Research Administration; Director of the Research Corporation of the University of Hawai'i; Director of the Department of Business and Economic Development; President of Enterprise Honolulu; President of Hawai'i Life Sciences Industry Association; relevant Deans from the University of Hawai'i at Mānoa; and faculty researchers.
- That the plan strategy is to bring together health science units at Kaka'ako so that they can coordinate with other non-UH units such as Kamehameha Schools and coordinate with the private sector and also improve on-going communications with all constituencies.
- That JABSOM partner with affiliated hospitals willing to grant teaching hospital designation and that JABSOM coordinate clinical research and clinical practice of the Cancer Research Center with the teaching hospitals.
- That JABSOM build and focus on areas of current strength such as infectious diseases, imaging, oncology, regenerative medicine and natural products.
- That a financial analysis be made to determine the true operating costs of JABSOM; secure a higher research overhead rate; evaluate alternative income streams; and optimize financial relationship between JABSOM and the Cancer Research Center.

He concluded that paramount to such a plan would be strong collaborative leadership.

Regent Tatibouet inquired as to the appropriate location for a school of pharmacy. Mr. Sherman said that it should be another independent unit reporting to the Vice President for Health Sciences. Dr. Miyataki added that if clustering is to be considered a pharmacy school should be clustered with the other health science units.

Regent de la Peña noted that the report suggested that Nursing be a part of the Medical School. He asked if the consultants were advocating that all Nursing

programs including those at the Community Colleges be under the Medical School. This would enable them to share resources. Dr. Miyataki said that it would be something that the Board could consider since it was not within their scope.

Regent Lagareta asked what would be the important steps. Mr. Sherman said coordinated communication efforts is important to get all participants "on the same page" which currently is not the case. He emphasized that it will take a coordinated communication effort to get all participants together.

Regent Lagareta inquired about venture funding. Mr. Sherman said that an example would be clinical revenues and revenues from industry. She followed about separate governing bodies. Dr. Miyataki said there is no perfect governance model. Flexibility and autonomy are the two most important ingredients when determining what structure would best serve the Kaka'ako Biomedical Research Complex. Mr. Sherman agreed stating that at all the institutions they visited there is really no one particular governance model but the University's choice must be guided by what fits its own needs and vision.

Regent Lagareta noted that the NIH rates for all the schools was much higher. Mr. Sherman said that it was due to two variables, plant equipment, and very conservative accounting assumptions.

Regent Tanaka asked if any of the medical schools they had visited were self-supporting. Mr. Sherman informed that the University of Utah was self-supporting. He stated that in order to become self-supporting, some significant event must occur. In the case of the University of Utah, it was due to the extensive royalties from a discovery in medical technology.

Regent Albano asked about the profile for the proposed Vice President for Health Sciences. Dr. Miyataki said the person must come from the academic sector and be experienced in the health sciences, have vision and good relationship skills.

Regent Bender noted that the report had spent considerable time on the entrepreneurial and governance issues but did not seem to pay much attention to the educational and training components and structures which should be foremost. Mr. Sherman said those considerations would be incorporated in their final report.

Acting President McClain asked if they had performed any cost analyses. Dr. Miyataki said their role was to examine the structural feasibilities. Acting President McClain then asked why the JABSOM could not remain at M~noa. Dr. Miyataki noted that staying at M~noa would have some benefits to the academic side but in order to move life sciences forward, they need autonomy and a clearer sense of creating an entrepreneurial culture.

Regent Tanaka thanked Dr. Miyataki and Mr. Sherman and recommended, on behalf of the Task Group, that the report and recommendations be referred to the Administration. This would be taken up by the Board at its next meeting. The

October 1, 2004 - p.5

administration would obtain input from constituency groups and make their recommendation at a subsequent meeting.

II. ADJOURNMENT

There being no further business before the Board, the meeting was adjourned at 12:22 p.m.

Respectfully submitted,

David Iha, Executive Administrator
and Secretary of the Board