MINUTES
UNIVERSITY OF HAWAI‘I BOARD OF REGENTS’
MEETING OF
November 18-19, 2004

I. CALL TO ORDER

The meeting was called to order by Chairperson Patricia Y. Lee on Thursday, November 18, 2004 at 10:05 a.m., in the Campus Center Conference Chamber, Room 220, University of Hawai‘i at Mānoa. Chairperson Lee introduced Dr. Barbara Beno, Executive Director of the Accrediting Commission for Community and Junior Colleges (ACCJC). Chairperson Lee also expressed the Board’s appreciation to all those who did an extraordinary job in addressing the conditions created by the flood at the Mānoa campus.

Chairperson Lee explained that as a result of a self-study workshop conducted by Mr. Tom Ingram, President of the Association of Governing Boards, the Board would be trying a new meeting format. The purpose of the workshop was to examine the Regents’ performance, the structure of the Board, and the Board’s procedures with a view towards improvements. Different ways of making the meetings more efficient are being explored along with ways to make the committees more functional. There will still be a full discussion of the issues, and public testimony will be taken in accordance with applicable statutes.

Attendance

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

Also present were Mr. Walter Kirimitsu, University General Counsel; Mr. Sam Callejo, Chief of Staff; Dr. Doris Ching, Vice President for Student Affairs; Dr. James Gaines, Interim Vice President for Research; Dr. Linda Johnsrud, Interim Associate Vice President for Planning and Policy and Acting Chancellor, University of Hawai‘i at West O‘ahu; Ms. Carolyn Tanaka, Associate Vice President for External Affairs and University Relations; Ms. Jan Yokota, Director of Capital Improvements; Mr. David Lassner, Chief Information Officer, Information Technology Services; Ms. Peggy Cha, Chancellor, Kaua‘i Community College; Dr. Peter Englert, Chancellor, University of Hawai‘i at Mānoa (UH-Mānoa); Mr. Rockne Freitas, Chancellor, Hawai‘i Community College; Dr. Angela Meixell, Chancellor, Windward Community College; Dr. John Morton, Chancellor, Kapi‘olani Community College; Dr. Clyde Sakamoto, Chancellor, Maui Community College; Dr. Rose Tseng, Chancellor, University of Hawai‘i at Hilo; Mr. Rodney Sakaguchi, Vice Chancellor for Administration, Finance and Operations, UH-Mānoa; Mr. Presley Pang, Associate General Counsel; Ms. Brenna Hashimoto, Interim Associate Director, Office of Human Resources; Mr. J. N. Musto, Executive
II. APPROVAL OF MINUTES

Upon motion by Regent Kai and second by Regent de la Peña, the Board approved the minutes of the October 22, 2004 meeting and committee meeting minutes of April 16, 2004, September 9, 2004, and October 21, 2004, as circulated.

III. AGENDA ITEMS

1. Renewal of Lease Agreement for Rain.Bow.Tique at Ward Center

Mānoa Vice Chancellor Sakaguchi requested that the Board approve a multi-year lease renewal with General Growth Properties, d.b.a. Victoria Ward Limited, for retail space located at 1600 Ala Moana Blvd. - Bay E, Ward Center, Honolulu, Hawai‘i. Regent Lagareta declared a conflict on this matter and recused herself from the discussion and vote. The purpose for the lease renewal is to continue operation of the Mānoa campus commercial enterprise, Rain.Bow.Tique, at its current location at Ward Center.

Auxiliary Enterprises has recently completed lease renewal negotiations for the Rain.Bow.Tique store at Ward Center with the management of General Growth Properties. The lease agreement is a renewal for approximately 665 square feet of retail storefront located at the ground level of Ward Center. Previous lease renewal negotiations were done for terms of one year. To minimize the amount of lease rent to pay the lessor for the current lease renewal, a two-year lease agreement was requested by General Growth Properties in exchange for a reduction in the gross percentage rate for rent.

Since its establishment in 1998, the Rain.Bow.Tique at Ward Center retail operation has accomplished a steady growth in sales, and the location has proven itself a good fit for the operation’s target market. Having reviewed proposals for retail space at other shopping mall locations, it is anticipated that lease renewal of retail space in its current location will be an ideal fit to accomplishing continued growth in sales and the marketing of the University of Hawai‘i name and indicia to the public.

Regent Tanaka inquired if this was the University’s only outlet. Vice Chancellor Sakaguchi informed that there was another boutique shop located in the Stan Sheriff Arena. In addition, the University receives revenues from the licensing of its products and logos.

Regent Kai moved to approve the renewal of the lease agreement with General Growth Properties, as presented. Regent Albano seconded the motion which was unanimously carried.
2. **Amended Lease Agreement for Maui Community College, Lahaina Outreach Education Center**

Chancellor Sakamoto requested that the Board authorize the Administration to amend an existing lease agreement with Front Street Affordable Housing Partners and the University of Hawai‘i. The lease is for a facility of approximately 2,700 gross square feet located at 60 Kenui Street, Lahaina, Hawai‘i 96761.

There is no cost for the period October 1, 2004 to September 30, 2005 for this amended twenty-year lease agreement. Beginning October 1, 2005, the cost of the lease will be $14,400 annually. The college intends to cover the cost of the lease and operating expenses with the tuition generated from credit, non-credit and summer session courses offered at the new Lahaina Outreach Center as well as support from a Federal US-DOL grant in Academic Year (AY) 2005-06 and additional non-resident tuition generated through student housing expansion in AY 2006-07.

The proposed lease will provide an outreach educational facility with a general classroom, distance learning classroom, computer lab, office, and storage area for Maui Community College (MCC) to serve the West Maui region.

Maui Community College is currently providing outreach services and access to programs to the communities of Molokai, Lanai, Hana and Kihei. A large segment of Maui County, which the college does not fully serve, is the residents of West Maui. The resident population in this region alone has grown nearly twenty percent over the ten-year period. Traffic issues along the single lane roadways inhibit this community from accessing the services at MCC’s main campus in Kahului.

To address the need for service to this growing community, on August 19, 2002, Maui Community College entered into a twenty-year lease agreement with Front Street Affordable Housing Partners. This lease was for space of approximately 1,800 square feet in a building on 60 Kenui Street, Lahaina. The entire building is about 2,700 square feet, but the remaining 900 square feet were reserved for other users. Rent for the Maui Community College portion of the building was a dollar per year. The space was leased in an “as is” condition. Originally, the facility was built to support a child care operation, which was then converted to an apartment rental. Therefore, the facility required extensive upgrade and renovation to accommodate the college’s intent to utilize the space as an educational center.

Since 2002, the college has incorporated the use of non-credit carpentry and maintenance classes to renovate the interior of the facility. The college has also hired youngsters from the Maui Youth-at-Risk organization to assist with minor carpentry and maintenance work, which also provides an opportunity for the youngsters to gain valuable trade skills and experience. The college has also enlisted the services from the University of Hawai‘i Information Technology Services (ITS) to purchase and install the necessary infrastructure and equipment to connect the facility to the State I-Net network. This connection allows the college to provide instruction over the Hawai‘i Interactive Television System (HITS) as well as access to high-speed internet. The college has also received support from a Federal grant to acquire all of the equipment, such as routers, switches, cameras, microphones, etc. to establish a HITS classroom in the new Lahaina Education Center. The Federal grant will also support the purchase of computer workstations to create a separate computer lab in the Lahaina
facility. The college anticipates investing approximately $215,000 to complete the construction of the Lahaina Education Center.

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<tr>
<th>Description</th>
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<th>Funding Source</th>
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<tr>
<td>Building renovation Funds</td>
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<td>Non Credit Special Funds/Facilitating Service</td>
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<tr>
<td>HITS classroom equipment</td>
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<td>US-DOL Federal Funds</td>
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<td>Computer lab equipment</td>
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<td>Other F &amp; E</td>
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<td>Facilitating Services Funds</td>
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<td><strong>TOTAL</strong></td>
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On August 10, 2004, the Maui Community College administration met with Mr. Bill Dornbush of Front Street Affordable Housing Partners. The administration inquired about the use of the remaining 900 square feet of space, which is vacant and undeveloped. Mr. Dornbush offered the remaining 900 square feet of space to the college for an annual lease fee of $14,400 or $1,200 per month. Mr. Dornbush also stated that the change in the fee from $1.00 per year to $14,400 per year would not go into effect until October 1, 2005.

The additional 900 square feet of space will allow the college to create a general classroom and necessary office space for instructional and support staff. The classroom will be used to provide face-to-face instruction for those types of courses that cannot be taught over distance learning. With the additional space, the college will be better equipped to provide a well-rounded course offering at the new Lahaina Outreach Center.

During the discussion Regent Albano asked if the proposed lease was favorable to Māui Community College. Chancellor Sakamoto stated that it was and that it, in some respects, amounted to a small contribution to MCC by Front Street Partners.

Regent Tanaka moved to authorize the Administration to enter into an amended lease agreement with Front Street Affordable Housing Partners for approximately 2,700 square feet of space at 60 Kenui Street, Lahaina, to be used by Maui Community College’s Lahaina Outreach Center in the West Maui community. The motion was seconded by Regent de la Peña and unanimously carried.

3. **Authorize Payment to the Housing and Community Development Corporation of Hawai‘i for the Kapolei Interceptor Sewer Line**

Director Yokota requested that the Board authorize the administration to remit payment to the Housing and Community Development Corporation of Hawai‘i (HCDCH) in accordance with a multi-agency agreement for the development of the Kapolei Interceptor Sewer Line.

Board policy requires prior Board approval of capital improvements projects (CIP) contracts as it pertains to planning and design consultants and construction projects. On November 3, 2003, the HCDCH, on behalf of the State of Hawai‘i, executed the Kapolei Interceptor Sewer Assessment Agreement. The State of Hawai‘i agencies participating in this public/private agreement include: HCDCH; Department
The Kapolei Interceptor Sewer Line is currently under construction and will provide sewer line connections for the permanent University of Hawai‘i - West O‘ahu (UH West O‘ahu) campus in Kapolei. As described in the UH West O‘ahu Long-Range Development Plan, which was approved by the Board of Regents on July 16, 2004, the UH West O‘ahu sewer system has been designed in coordination with the East Kapolei master planned sewer system. The University’s participation in the Kapolei Interceptor Sewer Assessment Agreement is especially critical since the Kapolei Interceptor Sewer Line will likely be the last sewer line allowed to be constructed within existing sewer easements that traverse properties leading to the Honouliuli Sewer Treatment Plant. There will also be large savings due to economies of scale and the number of participants involved. The University’s pro-rata share for the Kapolei Interceptor Sewer Line is $503,365. HCDCH has added an administrative fee of ten percent; therefore, the total amount due to HCDCH is $553,702.

The University administration intends to finance the $553,702 from a CIP appropriation for the University of Hawai‘i - West O‘ahu campus via Act 3, Third Special Session of the 2001 Hawai‘i State Legislature. Should the University fail to make the $553,702 payment to HCDCH, the HCDCH will have the right to sell or dispose of the University’s allotted share of the sewer line, thereby eliminating sewer service for the UH West O‘ahu campus in Kapolei.

Regent Lagareta moved to authorize the University administration to remit payment to the Housing and Community Development Corporation of Hawai‘i in accordance with the Kapolei Interceptor Sewer Assessment Agreement. Regent Kakuda seconded the motion which was unanimously carried.


Director Yokota requested that the Board approve capital improvements program (CIP) and repairs and maintenance (R&M) contracts for planning and design consultants and construction projects. She added that she will be providing information of the buildings as requested by the Board on a quarterly basis.

Board policy requires that the Board give prior approval of CIP and R&M contracts as it pertains to planning and design consultants and construction projects. Construction contracts, including repair and maintenance projects, in excess of and/or totaling more than $500,000, shall require the Board’s prior approval. Additionally, all consultant contracts in excess of $100,000, expenses included, shall require the prior approval of the Board of Regents.

On July 16, 2004, September 10, 2004, and October 22, 2004, the Board of Regents authorized the University administration to enter into consultant and construction contracts for CIP and R&M projects for fiscal year 2004-2005. She explained that this request was an addendum to the previous actions to include additional projects that meet the criteria of Board policy.
Director Yokota presented a list of projects requiring planning and design consultants for CIP and R&M projects that will be undertaken in fiscal year 2004-2005 and a list of construction projects that the University intends to award during fiscal year 2004-2005. Both lists provide the location of the project to be undertaken, the project number, project title/description, the estimated cost or appropriated amount, the means of financing, and the estimated contract date or bid opening date.

Regent Albano requested that for future reports a column be added for estimated cost of construction related to the consultant contracts.

Regent Tanaka inquired if the necessary funds were appropriated. Director Yokota said that funds were available. Having been assured of funding, Regent Albano moved to authorize the Administration to enter into consultant and construction contracts for CIP and R&M projects as presented. The motion was seconded by Regent de la Peña and unanimously carried.

5. Contract for Consultant Services with Cassidy and Associates

Associate Vice President Tanaka requested that the Board authorize the awarding of a new contract to Cassidy and Associates, Washington, D.C. for consulting services to assist the University in obtaining Federal funding for new and continuing initiatives. The term of this contract would be from January 1, 2005 through December 31, 2005.

The proposed issuance of the one-year contract will enable the University to secure the services of Cassidy and Associates to assist in the University’s efforts to obtain federal funds for new and continuing programs for FY 2006.

At the regular meeting of the Board of Regents on June 3, 2004, the Board authorized a six-month extension of the contract with Cassidy. The issuance of the contract extension was to enable the University to adjust the contract period to better coincide with the federal appropriations process and provide an opportunity for the University to solicit proposals pursuant to a new Request for Proposals (RFP) for the consultant contract.

On August 2, 2004 the University of Hawai‘i issued a formal RFP. Notification of the RFP was published in the Honolulu Star-Bulletin; also, a copy of the notice was available on the Internet. Five proposals were received and were evaluated according to the criteria published in the RFP. Proposals were submitted by Cassidy and Associates, The Livingston Group, Patton Boggs, and Williams and Jensen, and a joint proposal was submitted by Preston Gates Ellis and Rouvelas Meads and Watanabe Ing Kawashima and Komeiji. The evaluating committee gave the proposal submitted by Cassidy and Associates an average score of 177.58, out of a total 200 points, which was the highest score among the proposals received. Based on its evaluation, the committee recommended that Cassidy and Associates be awarded the contract for consultant services under RFP No. 05-012. The proposed fee to Cassidy and Associates for this new contract will be at the monthly rate of $22,500 for an annual fee of $270,000. Payments will come from the Research and Training Revolving Fund (RTRF) as they have in the past. Although the initial term of this contract would be from January 1, 2005 to December 31, 2005, the contract does provide for renewal
options for four additional one-year periods, with each extension subject to Board approval.

As provided by the terms of the RFP, award of the contract is to be made to the vendor receiving the highest score from the evaluating committee. Cassidy showed particular strengths in the company’s background and experience, understanding of the project and technical approach to the scope of work. The firm has worked with 18 “Carnegie Doctoral/Research Universities - Extensive and Intensive” in the last five years. Clients based in the Hawai‘i/Asia - Pacific region have included Bishop Museum; Rehabilitation Hospital of the Pacific; Hawai‘i Loa College; Kauai Cable, Inc.; Kuakini Hospital; Nature Conservancy; Oceanic Institute; Queen’s Health; Waimana Enterprises and the Taiwan Studies Institute.

Pursuant to this contract, Cassidy personnel will work closely with the University and the Hawai‘i congressional delegation to identify and describe the University’s needs, to match these needs with related federal priorities, to present all relevant details to the U.S. Congress, and to assist Hawai‘i’s Congressional delegates in guiding funding requests through complicated negotiations over several legislative sessions.

Cassidy has provided similar consultant services to the University in the past. The Board of Regents approved a two-year contract with Cassidy in May 1987 to acquire federal matching funds for the Pacific Ocean Science and Technology (POST) facility. Cassidy was selected because it offered the University widely-acknowledged expertise in securing building and programmatic funds for universities, and the Board approved the renewal of that contract for the periods July 1, 1989 to June 30, 1991; July 1, 1991 to June 30, 1993; July 1, 1993 to June 30, 1995; and July 1, 1995 to June 30, 1996. Cassidy was awarded a subsequent contract following a February 23, 1996 issuance of a formal RFP. After the initial two-year term of this contract, the Board approved renewals to December 31, 2004.

Funding requests for FY 2005 have been submitted to the Hawai‘i Congressional delegation, and the University is now working with the delegation to obtain special authorization and appropriations from Congress. The requests total $166.7 million. A further need for these consulting services exists, because of the University’s interest in obtaining federal funding for continuing and new initiatives as listed below.

Coastal Technology, $4 million; and 15) Marine Mammal Hearing Research, $2.19 million. These continuing program requests totaled $71.94 million.

During the discussion President McClain expressed concerns about the selection process. Regent Lagareta agreed, adding that any firm that had been under contract for a long time will always have an advantage in a bidding process. Furthermore, if this is to be a lobbying effort, the University needs a firm that can work both sides of the aisle in Congress, understanding that Congress is currently favorable to the executive administration.

Regent Kakuda moved to approve a contract for consultant services with Cassidy and Associates of Washington, D.C., for a one-year period from January 1, 2005 to December 31, 2005, at a cost of $270,000 to be paid from RTRF funds. Regent Yamasato seconded the motion which was unanimously carried.

6. **Personnel Actions**

Chairperson Lee announced that this item would be taken up later in executive session.

7. **Extension of the Provisional Status of the Master of Education Program in Early Childhood Education, College of Education, University of Hawai‘i at Mānoa**

Vice Chancellor Smatresk requested that the Board extend the provisional status of the Master of Education (MEd) program in Early Childhood Education housed in the Department of Curriculum Studies within the College of Education, Mānoa campus, from Fall 2004 to Spring 2008. Dean Hitz explained that the requested extension of the provisional status of the MEd program will allow enough time for the first cohort of students to complete the program and for the review of the program to be conducted.

The MEd program in Early Childhood Education was approved by the Board on March 15, 2002. In accordance with Executive Policy E5.201, the program was placed on provisional status and was scheduled to be reviewed for established status in Spring 2005.

The program was originally scheduled to begin in Fall 2002. However, since it was designed as a statewide program, advertisement and recruitment of students continued into Fall 2002. The first cohort of students was admitted to the program in Spring of 2003 and began courses in the Summer of 2003. Students attended their second summer session in 2004 and will take the final required courses in the Summer of 2005. Since this program is intended to meet the statewide need for leadership in early childhood education, it was designed to be completed in two-and-a-half academic years with required courses taught during accelerated summer sessions for three consecutive summers. The first cohort of students will complete their culminating projects and graduate in the Spring of 2006.
Dean Hitz stated that the report will be ready by 2006 so the College of Education needed until Spring of 2007 to bring the matter back to the Board for permanent status.

Regent de la Peña inquired if neighbor island students will be able to take this course. Dean Hitz said they would be able to take the courses online.

Regent Lagareta moved to approve the extension of the provisional status of the Master of Education program in Early Childhood Education within the College of Education, Mānoa campus, to Spring 2008. Regent Kai seconded the motion which was unanimously carried.

8. **Establishment of the Applied Research Laboratory, University of Hawai‘i at Mānoa**

Interim Vice President Gaines provided an overview of the University’s designation as an affiliated research center. He informed that the Navy had designated the University of Hawai‘i as a University Affiliated Research Center (UARC) on July 8, 2004. Mr. William Bakamis, University of Hawai‘i consultant on UARC, said these designations were a high honor for the institution.

Chancellor Englert requested that the Board approve the establishment of the Applied Research Laboratory at the University of Hawai‘i at Mānoa (ARL-UHM). The historical context for this request is set forth below. This request was brought before the Board of Regents as a result of the Federal Government’s recent announcement of its intent to negotiate a multi-year omnibus sole source Indefinite Delivery Indefinite Quantity (IDIQ) cost reimbursement plus fixed fee contract with the University of Hawai‘i. The Office of the Director of Defense Research and Engineering, Department of Defense, approved the designation of the University of Hawai‘i at Mānoa as the fifth Navy UARC on July 8, 2004.

The Board has two options to effect the permanent status of the ARL-UHM. They are: 1) Upon successful negotiation of a multi-year omnibus sole source IDIQ cost reimbursement plus fixed fee contract with the U.S. Navy, another action memorandum will be submitted to the Board of Regents to establish the ARL-UHM on a permanent basis, or 2) by this action memorandum, the Board of Regents may approve the ARL-UHM on a provisional basis upon approval of this action memorandum and conditionally approve the establishment of the ARL-UHM on a permanent basis upon the occurrence of the condition subsequent, which will be the successful negotiation of a multi-year omnibus sole source IDIQ cost reimbursement plus fixed fee contract with the U. S. Navy.

The ARL-UHM will be entirely supported by federal research and development funds and the Research and Training Revolving Funds (RTRF). The start-up cost for the ARL-UHM is estimated to be in the range of $1.5 to $2.0 million per federal fiscal year. The total estimated start-up budget includes staff-up, facilities and other operational expenses. Core funding for the first three years of operations is to be provided by combined contributions of the Systems Office of the Vice President for Research and the Office of the Vice Chancellor for Research and Graduate Education by allocations from the RTRF. Thereafter, operational funding will be provided by direct/indirect cost reimbursements and fees on research and development contracts.
procured by the ARL-UHM. The University of Hawai‘i has received approval from the federal government to submit a separate Facilities and Administration (FA) rate model for the ARL-UHM as part of its omnibus institutional rate filing in 2004. It is expected that ARL-UHM will become self-sufficient in its fourth or fifth year of operation.

The establishment of the ARL-UHM by the Board of Regents will fulfill the Federal Government's requirement that a distinct mission-driven organizational structure be created around the core capabilities and competencies of the University to meet the immediate and long-term research and development and technical evaluation (RDT&E) needs of the U.S. Navy and the Federal Government.

Discussions leading to contract negotiations with the U.S. Navy’s Naval Sea System Command have commenced and an omnibus sole source IDIQ cost reimbursement plus fixed fee contract is expected to be negotiated with the Naval Sea Systems Command (NAVSEA) UARC Office by the end of March 2005 or shortly thereafter. There are currently four university centers which are designated by the Department of Defense as Navy ARCs: 1) Applied Physics Laboratory - Johns Hopkins University; 2) Applied Physics Laboratory - University of Washington; 3) Applied Research Laboratories - University of Texas at Austin; and 4) Applied Research Laboratory - Penn State University.

It was not until the 1990s that Congress and the Department of Defense designated these long-time research centers as UARCs. This Department of Defense/Congressional designation recognizes these university research center(s) as an essential part(s) of the national defense strategic infrastructure. The UARCs serve as nationally important and internationally renowned centers of excellence for critical Defense and Navy research, development and technical evaluation in science, technology and engineering. All these universities or UARCs have been conducting research and development for the Department of Defense and Navy for more than fifty years in specific areas of core competencies.

The ARL-UHM will be organizationally placed under the supervision of the Vice Chancellor for Research and Graduate Education. Until ARL-UHM is able to financially hire staff funded 100% by the ARL program, the UH-Mānoa staff who are currently working in the areas of core competencies will continue to provide services to UH-Mānoa and to ARL through administrative support to be provided by the Research Corporation of the University of Hawai‘i.

The initial organization calls for an executive director, a small cadre of highly skilled administrative and support staff, and a program director for each of the four core areas. An advisory board comprised of University executives and external members will provide program and policy guidance to the ARL executive director. This organizational structure is similar to how the University of Washington, Penn State University and the University of Texas at Austin began their structure in the early stages of their existence. As fiscal resources grew, all UARCs have hired their own staffs. However, each is very committed to integrating their programs with their universities' other units so as to provide opportunities to both students and faculty. Also included are current organizational structures for Penn State and the University of Texas at Austin.

Chairperson Lee inquired if there were any disadvantages to being a UARC. Mr. Bakamis said there were none to his knowledge and that significant innovative
research had resulted from UARCs. In addition, institutions that were designated UARCs noticed that they strengthened their graduate programs, particularly in areas such as oceanography, ocean engineering, and engineering.

President McClain asked how much of the research was defense-related. Mr. Bakamis responded that about two-thirds came from Navy sources but the actual research brings a variety of benefits to areas aside from defense. He cited, for example, research in climate studies and oceanographics. Chancellor Englert added that in evaluating this proposal that he looked not only at UARC research but also the benefits for students at Mānoa. He stated that there was considerable revenue potential from this type of research which can be used to benefit the undergraduate and graduate missions.

The following testimonies were received:

1) Manu Ka’iana, Kuali‘i Council, expressed her dismay over the proposed establishment of a UARC at the University of Hawai‘i and asked that the Board not approve this request.

2) Tom Schroeder, Mānoa Faculty Senate, requested that the Senate be involved before this matter became permanent.

Chancellor Englert explained that the consultation process was on-going. Professor Schroeder said that the Faculty Senate expected to be consulted.

Chairperson Lee stated that if that were the case, the matter should not have been brought to the Board and only a provisional approval should be granted. The proposal would be brought back to the Board when it was completed. Chancellor Englert agreed to the process. Regent Tanaka concurred, stating that the consultation process with all stakeholders must be completed first.

3) J.N. Musto representing UHPA expressed concerns that the UARC eventually would separate from the University. He warned that the Board should make it absolutely clear that if established, the UARC will not become a separate non-profit 501(c)3 organization.

4) Na‘u Kamali‘i stated that the required consultation with native Hawaiians had not taken place as prescribed by Federal mandate.

President McClain said he was unaware of requirements to comply with such a matter under Federal mandates and the law quoted by Ms. Kamali‘i applied to Federal agencies. He respectfully pointed out that the University was not a Federal agency.

5) Ruth Hsu stated that the Board should look at the proposal and make a decision based not only on monetary benefits. She expressed a need for a Board policy to protect against classified research.
6) Roger Lukas stated that research funded by the military was not necessarily all defense and military related. He expressed that research should not be censored.

Regent Lagareta said there was a need to clarify the consultation process, specifically, who needs to be consulted on an official basis. There seemed to be many groups who are not in the normal consultation process but identify themselves as stakeholders. She agreed that this proposal could be approved provisionally.

Regent Bender expressed that the Board’s policy should be amended before this matter could be taken up. President McClain said the Board currently has no policy on classified research. He was later corrected since the Board does have a policy regarding classified research.

Regent Tanaka asked if there was an urgency in having this matter approved. Chancellor Englert said delays would postpone any potential for new contracts. President McClain, nevertheless, insisted that Mānoa complete the consultation process which was to include Native Hawaiian stakeholder groups.

Regent Albano moved to provisionally approve the establishment of the Applied Research Laboratory at the University of Hawai‘i at Mānoa with the stipulation that full consultation is to take place and that the administration shall be required to bring this matter back to the Board for final approval. The motion was seconded by Regent Lagareta and carried by majority vote. Regent Kakuda voted against the motion and Regent Bender abstained.

Regent Lagareta moved to enter into executive session on personnel matters pursuant to Section 92-5(a)(2) and (4) Hawai‘i Revised Statutes. The motion was seconded by Regent Albano and unanimously carried. The meeting was recessed at 1:12 p.m. and reconvened at 3:48 p.m. at the same location.

9. Approval of Proposed Amendment to the Board of Regents’ Policies, on Naming of Campus Improvements and Academic Programs and Proposed Guidelines

This matter was deferred at the request of President McClain. There were no objections from the Board.

10. Inclusion of Unclassified Graduate Students as Full Members of the Graduate Student Organization (GSO) and Increase in GSO Fees

Chancellor Englert requested that the Board amend its policy on Graduate Students Organization (GSO) fees to include unclassified graduate students as full members of GSO, and also to increase the GSO student fee from $5 per student per semester to $10 per student per semester effective Spring 2005, and to $15 per semester from Fall 2005, with no further increases for at least two years.

Each semester, there are approximately 1,000 unclassified graduate students out of a total of 6,000 graduate students at the University of Hawai‘i at Mānoa. These unclassified graduate students are not officially associated with a particular department for a variety of reasons. Some are taking too few classes to qualify for formal inclusion in the department, some have not yet satisfied some departmental or university
prerequisites, and others have simply not yet decided which path they intend to follow. According to a 2003 survey carried out by the GSO, over eighty percent of these students have been unclassified for less than 3 semesters and intend to become classified students within a year. Thus, the unclassified status is generally a very temporary condition for these students. However, during their time as unclassified students, these students are much more likely to encounter academic and administrative difficulties within the UH Mānoa system, due to their indeterminate status. The GSO is well equipped to address the needs of these graduate students, especially considering that many current GSO Assembly and Executive Council members were at one time unclassified students. Many of the GSO's recent activities are already benefitting the unclassified student population, including the extension of library hours and the initiative for improving campus security. Of those unclassified students surveyed, less than five percent were opposed to inclusion in the GSO. The new GSO constitution and bylaws create an effective means of insuring proper representation of unclassified students.

Vice Chancellor Sakaguchi explained that there is a need to increase funding for graduate student research, education and professional development at UHM. The UH strategic plan recognizes this with a call for increased support for these vital academic pursuits. Increasing graduate student funding at UHM is therefore the GSO's first priority in fiscal year 2005. The recently expanded GSO Grants and Awards program is an ideal vehicle for carrying out this objective, but a fee increase is necessary to allow this program to be successfully enacted.

The last increase to the GSO student fee was approved by the Board of Regents in 1987. The 1987 fee of $5 has an inflation-adjusted value of $8.24 in 2004. The Associated Students of the University of Hawai'i at Mānoa (ASUH), which is the undergraduate counterpart to the GSO, currently assesses a $5 fee to all of its members. However, ASUH collects the majority of its revenues from the residuals of a stock portfolio, seeded with a substantial endowment, whereas GSO has no other source of revenue. If ASUH were to assess a fee to cover all expenditures, it would be approximately $17.50 per semester.

GSO President Susan Sanger explained that the principal reason for increasing the GSO fee is to facilitate the expansion of the GSO Grants and Awards (G&A) program. Currently, the G&A program is the largest single item on the GSO budget, using 45-73% of the GSO's annual revenues. The GSO Travel Grant was established as a means of promoting excellence in student research at the University of Hawai'i by allowing graduate students to travel to conferences on the mainland and internationally where they can present papers and posters of their research. In the past, this travel grant could only be used for reimbursement of airfare to and from the conference. Applicants were not able to use the grant for room and board, ground transportation to/from the airport, conference registration fees, or any other miscellaneous expenses. Furthermore, since this travel grant was restricted to the presentation of completed research at conferences outside of the islands, a great many students who desired funds to support other research and development activities were preemptively excluded from applying for the narrowly defined GSO travel grant.

In May 2004 the GSO dramatically restructured the G&A system to allow more students to have access to this grant and to make the evaluation process more balanced and streamlined. The GSO grant can now be used to support students needing to travel to conduct their research, and can be applied to more than just the
cost of airfare. In addition to broadening the scope of the G&A program, the new structure also redistributes the responsibility of reviewing applications to all members of the GSO Assembly, rather than just a few committee members. This step ensures that each department is well represented in the G&A allocation process, meaning that many more students are aware of the availability of this grant. The net result of this reorganization is therefore going to be a significant increase in the number of qualified applications for GSO grants.

Kristopher Kaupalolo, Vice President of GSO, stated that the GSO surveyed unclassified students during the 2003-2004 academic year and the results of the survey showed that they wanted to be included as well as they did not mind being assessed the fee. Eighty-three percent of unclassified graduate students indicated that they had been unclassified students for a year. Sixty-seven percent of those students surveyed indicated that they would be pursuing a classified program within a year. Mr. Kaupalolo said that a majority of unclassified students are in favor of having the full rights and privileges of being a full member of GSO and for these reasons, GSO was asking the Board to support the inclusion of unclassified graduate students in the fee structure of GSO.

Vice Chancellor Sakaguchi further explained that the FY04 GSO budget included an increase in the funds allocated to Travel Grants from $23,000 to $40,000 which resulted in a net loss on the budget for that year. This was done in anticipation of a fee increase to cover the deficit spending, but such an increase was not approved during that year. The FY05 budget was submitted and approved with the same allocation of $40,000 for Grants and Awards, but with the stipulation that either graduate student fees would be increased for the Spring 2005 semester to balance the budget or the budget would be revised by reducing the G&A allocation. For FY05 the fee increase to $10 will only affect the G&A expenditures line by increasing the allocation from $30,000 to approximately $50,000. All other operational expenses will remain unchanged. The subsequent fee increase to $15 for FY06 will allow the GSO to either continue channeling this money directly into the G&A allocation. The result will be a G&A program budget of approximately $140,000 for the entirety of FY06. Using an average award amount of about $1000, this budget will allow the GSO to fund approximately 45 grants in each of three semesters. Compared to a population of 6,000 graduate students, this is still a very modest fraction, but it is greatly improved over the historic average of fewer than 20 grant allocations per semester. He added that the Associated Students of the University of Hawai‘i at Mānoa (ASUH) which is the undergraduate counterpart to GSO currently assess a $5 fee to all of its members. However, ASUH collects the majority of its revenues from the residuals of a stock portfolio, whereas GSO has no other source of revenue.

Following a discussion, Regent Kakuda moved to amend the Board’s policy to include unclassified graduate students as full members of the Graduate Student Organization and to authorize the increase in GSO fees from $5 per student per semester to $10 per semester for Spring 2005 and to $15 per semester effective Fall 2005 with no further fee increases for at least two years thereafter. The motion was seconded by Regent de la Peña and unanimously carried.

11. **System Level Reorganization**

President McClain requested that the Board approve his reorganization plan of the system level offices and functions. In the 2002 system reorganization, according
to President McClain, four new positions reporting directly to the President were established: Chief of Staff, Vice President for Research, Vice President for International Education, and Vice President for Student Affairs. The Council of Chancellors was established and reported to the President with consultative lines to the Vice President for Academic Affairs and Chief of Staff. A formal consultative line of communication between the President and the Senior Advisor for Native Hawaiian Affairs was recognized. The 2002 system reorganization was premised on receiving a major infusion of funding from the Legislature, which was not provided. This reorganization realigns the organizational structure to more closely fit the University’s operating and administrative needs in the context of available resources.

The proposed reorganization reduces the number of direct reports to the President from 18 executives to 15 executives. With a reduced number of direct reports, efficiency will be enhanced and the organization streamlined.

President McClain explained that his proposed reorganization would:

1) Eliminate the Vice President for External Affairs and University Relations and Vice President for International Education and the Chief of Staff position.

2) Divide the responsibilities of the Vice President for Administration and Chief Financial Officer between two executive positions: Vice President for Administration and Vice President for Budget and Finance/Chief Financial Officer. The Vice President for Administration will oversee human resources, information technology services, capital improvements, and external affairs and university relations. The Vice President for Budget and Finance/Chief Financial Officer will oversee budget, financial management, community college administrative affairs, and central administrative affairs.

3) In regards to the Council of Chancellors, which is not an administrative unit, the Chancellors will continue to report directly to the President and meet on a regular basis to provide advice on strategic planning, program development and other matters of concern.

4) Relocate the following offices, functions and positions:
   a) The staff and functions of the Office of Internal Audit, which currently reports to the Office of the Vice President for Administration and Chief Financial Officer, will report to the Board of Regents.
   b) The staff and functions of the University Risk Management Office, which currently reports to the Office of the Vice President for Administration and Chief Financial Officer, will report to the Office of the Vice President for Legal Affairs and University General Counsel.
   c) The staff and functions of the office of the former Vice President for External Affairs and University Relations, which currently
reports to the Office of the President, will report to the Office of
the Vice President for Administration.

d) The staff and functions of the Office of Capital Improvements,
which currently reports to the Office of the President, will report
to the Office of the Vice President for Administration.

e) The staff and functions of the Office of the former Vice President
for International Education, which currently reports to the Office
of the President, will report to the Office of the Vice President for
Academic Planning and Policy.

5) Change the titles, functions and reporting lines of the following positions
and/or offices:

a) The Assistant to Vice President for Academic Affairs will report to
the President and the position will be redescribed to reflect the
functions of the Office of the President.

b) The Office of Information Technology Services will continue to
have a dual reporting relationship to the President for planning
and policy functions and to the Vice President for Administration
for operational functions.

c) The Vice Chancellor for Student and Community Affairs (CC) will
report to the Vice President for Research and the position will be
redescribed to Associate Vice President.

The proposed organization creates direct lines of authority and provides for
accountability at all levels. No additional resources or space will be required to
implement the reorganization. The proposal will not adversely impact services to
programs or students.

Special Assistant James Nishimoto reported that consultation with the unions
and internal constituencies was ongoing. The administration representatives did meet
with the University of Hawai‘i Professional Assembly (UHPA) and the Hawai‘i
Government Employees Association (HGEA) and they have submitted written
comments, questions and recommendations. In some instances, changes to the
reorganization proposal have been made as a result of these recommendations from
the unions. A written response was sent to UHPA and the President would also be
responding to HGEA. Faculty and students have also been formally apprized on the
reorganization through the All Campus Council of Faculty Senate Chairs (ACCFSC)
and the Student Caucus. The Student Caucus submitted its questions and concerns,
which were addressed. The ACCFSC had not submitted comments. The proposal
was also forwarded to the United Public Workers (UPW) union for informational
purposes since they have no members directly affected by the reorganization.

Chairperson Lee inquired as to where repairs and maintenance would be
coordinated. President McClain responded that it would fall under the Capital
Improvements Program Director who would be reporting to the Vice President for
Administration. Chairperson Lee said that it needed to be stipulated in the Vice
President's position description. She added that the administration must consult with
President McClain said that he would ensure that he or his representatives will speak to all the offices involved.

The following testimonies were received:

1) Lilikala Kameʻelehiwa, representing the Kualii Council, expressed appreciation for the inclusion of the Pukoa Council, for consultation purposes, reporting to the Office of the President.

2) Tom Schroeder, representing the Mānoa Faculty Senate, expressed that the proposed reorganization was a complex matter and that the Senate looked forward to further consultation with the administration.

3) Amy Agbayani expressed support for the proposed reorganization, adding that the administration needs to work closely with the various Chancellors.

4) Kris Kaupalolo, representing the University of Hawaiʻi Student Caucus, expressed support for the proposed reorganization and the Caucus’ appreciation of the recognition of student policies.

5) Mary Tiles, representing UHPA, expressed concern over issues that still need to be resolved, such as the duplication of functions at both the System and Mānoa Chancellor’s Offices. She expressed that UHPA firmly believes that OHR should be at the system level for consistency and equity purposes.

6) Nalani Minton suggested that the reorganization plan for Mānoa and system be compared to eliminate conflicts and duplication.

7) Keala Losch, representing Pukoa Council, expressed support for the reorganization provided there is further consultation.

Regent Tanaka stated that the proposal appeared to create some duplication of efforts between Mānoa and the System. President McClain assured that there would not be any duplications between the two organizations, particularly with respect to OHR and legal affairs.

Regent Albano asked if all the CIP would be handled from the system level. Director Yokota said that they are trying to insure for efficiency and consistency throughout the system. While all campus administrations are involved with their own CIP projects, her office would continue to offer services to the campuses.

Regent Kakuda stated that if the purpose of the reorganization was to make the University more efficient that he would support returning to the organizational structure where the Mānoa Chancellor and the President were combined. President McClain responded that such options were considered. He assured that if funds continue to be an issue, that the administration must revisit that earlier structure, combining the President and the Mānoa Chancellor into one position.
Regent Yamasato suggested that the Internal Auditor have a dotted line relationship to the Chief Financial Officer, but a solid line to the Board. Regent Lagareta agreed and moved to approve in concept the proposed reorganization of the system level offices with the Internal Auditor having a dotted line relationship to the CFO and a solid line to the Board with implementation details subject to Board policies. Regent de la Peña seconded the motion which was unanimously carried.

12. **Establishment, Amendment/Retitling, and Abolishment of University of Hawai‘i Executive Classes**

Interim Associate Director Hashimoto requested that the Board approve changes to the Executive/Managerial Compensation Plan. The changes involved the establishment of new classes and amending/retilting of existing classes as follows: Establishment of the executive class, Vice President for Budget and Finance/Chief Financial Officer; amend and retitle the Vice President for Administration and Chief Financial Officer to Vice President for Administration; and abolish the Vice President for International Education and Vice President for External Affairs and University Relations. She explained that Board policy requires the Board’s prior approval to establish, amend, and abolish executive classes. The request was submitted in conjunction with the proposed reorganization of the system level offices, which is pending the approval of the Board of Regents.

The reorganization proposes to establish a new class, Vice President for Budget and Finance/Chief Financial Officer, to oversee the financial affairs of the University system. The reorganization also proposes to consolidate the functions of the Chief of Staff with the administrative functions of the Vice President for Administration and Chief Financial Officer and amend/retiltle the class Vice President for Administration. This new class will replace the existing Chief of Staff and Vice President for Administration and Chief Financial Officer classes. In addition, the reorganization proposes to reduce the number of Vice Presidents from eight to six through the consolidation and relocation of some functions. Specifically, the Vice President for International Education and the Vice President for External Affairs and University Relations positions will be eliminated and the functions will be reassigned, as appropriate.

Regent Lagareta moved to approve the requested changes to the Executive/Managerial Compensation Plan as presented, subject to Board policies on E/M personnel. Regent Kai seconded the motion which was unanimously carried.

13. **Establishment of New Executive Class - Vice Chancellor, Community Colleges**

Associate Vice President Rota requested that the Board approve the establishment of a new Executive Class, Vice Chancellor, Community Colleges (CC), to which the following community college managerial positions would be allocated:

**Dean of Instruction**
- Hawai‘i Community College
- Honolulu Community College
- Kapi‘olani Community College
- Leeward Community College
- Maui Community College
Dean of Student Services  
Maui Community College

Director of Administrative Services  
Hawai‘i Community College  
Honolulu Community College  
Kapi‘olani Community College  
Maui Community College

He added that there would be no additional costs associated with the retitling of these managerial positions as the College and University Professional Association for Human Resources (CUPA-HR) indexing remains the same.

The Board approved a reorganization on December 12, 2002, by which the chief executive officer of each community college campus now reports directly to the President and was retitled from Provost to Chancellor. As further implementation of this reorganization, the Chancellors have requested the establishment of a Vice Chancellor, CC, class to serve as the chief operating officer in various areas of responsibility within the colleges such as academic affairs, student services, and administrative affairs.

There is currently a Dean of Instruction on each community college campus reporting to the Chancellor. The Dean of Instruction serves as the chief academic officer of the campus and as the Acting Chancellor in the absence of the Chancellor. The recommended retitling does not affect the indexing to the annual CUPA-HR salary survey classes, which in this instance remains Chief Academic Officer. However, the retitling will result in a change in classification from Managerial to Executive.

Under the current organizational structure of each campus, the Dean of Instruction is responsible for academic policies and operations, as well as instructional and academic support programs. If established, Hawai‘i Community College, Honolulu Community College, Kapi‘olani Community College, Leeward Community College, and Maui Community College intend to use the new Vice Chancellor, CC, classification for their chief academic officer. Kaua‘i Community College and Windward Community College, however, intend to retain the Dean of Instruction classification for their chief academic officer.

The Dean of Student Services and the Director of Administrative Services on each community college campus also report to the Chancellor with the exception of the Dean of Students at Honolulu Community College. Honolulu Community College’s Dean of Students reports to the Dean of Instruction. The Dean of Student Services serves as the chief student affairs officer and the Director of Administrative Services as the chief business officer. The recommended retitling does not affect the indexing to the annual CUPA-HR salary survey classes, which in this instance remain Chief Student Affairs Officer and Chief Business Officer, respectively.

The Dean of Student Services is responsible for all student services functions including admissions, registration and records, financial aid, and counseling and guidance. The Director of Administrative Services is responsible for all administrative matters, including fiscal, budget, human resources, facilities management, and auxiliary services. If this class is established, Maui Community
College intends to allocate its Dean of Student Services to the new Vice Chancellor, CC class. The other community colleges intend to retain the Dean of Student Services classification for their chief student affairs officer. Hawai‘i Community College, Honolulu Community College, Kapi‘olani Community College, and Maui Community College intend to use the new Vice Chancellor, CC, classification for their chief business officer. Kaua‘i Community College, Leeward Community College and Windward Community College intend to retain the Director of Administrative Services classification for their chief business officer.

Associate Vice President Rota pointed out that, in the context of reducing the numbers of E/M classes, it is recommended that one “generic” class of Vice Chancellor be established. The specific functional area of responsibility may be identified as appropriate. While the Board is requested to approve the establishment of this “generic” Vice Chancellor, CC, class, only the ten identified managerial positions of Dean of Instruction, Dean of Student Services, and Director of Administrative Affairs are recommended for inclusion in this class.

Regent Yamasato noted that some of the campuses would not be using the new Vice Chancellor titles. Associate Vice President Rota explained that it was more depending on the size of the campus. The smaller campuses preferred not to have an array of vice chancellors. Chairperson Lee followed if this also meant that there would be adjustments to salaries. Associate Vice President Rota said it would not.

Regent Yamasato moved to approve the establishment of the new Executive class, Vice Chancellor, CC, and assigning of the positions as follows: Dean of Instruction positions at Hawai‘i Community College, Honolulu Community College, Kapi‘olani Community College, Leeward Community College, and Maui Community College; Dean of Student Services position at Maui Community College; and Director of Administrative Services positions at Hawai‘i Community College, Honolulu Community College, Kapi‘olani Community College, and Maui Community College. Regent de la Peña seconded the motion which was carried by majority vote. Regent Kakuda abstained.

14. Request for Proposals for the Development of Student Housing on the University of Hawai‘i at Mānoa Campus

Director Yokota requested that the Board authorize the administration to issue a request for proposal for the development of student housing on the Mānoa campus.

On July 16, 2004, the Board of Regents requested that the University Administration prepare a draft Request for Proposals (RFP) document to initiate a public/private partnership for the development of student housing on the UH-Mānoa campus. On October 21, 2004, the Administration presented highlights of a proposed RFP process and document to the Board of Regents. These highlights included the selection of a developer to design, construct, finance and manage housing for a minimum of 800 students on the site of the current Frear and Johnson Halls and the International Gateway House.

Director Yokota explained that a two-phase development process would be used with the first phase being pre-design services which would require that the
developer prepare a preliminary budget and design documents, a statement of the proposed contract price, a schedule for the construction of the project, a financial pro forma, and any other information necessary to complete the project. If the outcome of the first phase yields a marketable, financially feasible, and sustainable student housing project, the University will enter into an agreement with the developer to design, construct, finance and manage the project. Although it is anticipated that the University will proceed with the second phase, UH will have the option to cancel the relationship with no obligation to reimburse the developer for costs incurred in the first phase. Based on a proposed schedule for the project, the RFP could be issued in early December.

Since the October 21, 2004 presentation to the Board of Regents, it has been determined that the RFP will be limited to the current location of Frear and Johnson Halls and the International Gateway House. Development of an on-campus student housing site will be considered for a future RFP. The RFP, when finalized, may not include management of the student housing. The UH-Mānoa Administration may elect to retain this function, rather than allowing a private firm to assume management services.

Regent Tanaka asked if there were any contingency plans in the event of unanticipated setbacks. Vice Chancellor Smatresk responded that the Mānoa campus was looking at off-campus housing offers. Regent Albano commented that the distribution of RFPs is rather limited. Therefore, quality applicants are often not notified. Director Yokota agreed and assured that their consultants would help find experienced developers.

Regent Kai moved to authorize the administration to issue a Request for Proposal for the development of student housing on the UH-Mānoa campus. Regent Tanaka seconded the motion which was unanimously carried.

15. Request for Qualifications for the Development of the Cancer Research Center on the Kaka‘ako Waterfront

Director Yokota requested that the Board authorize the issuance of a Request for Qualifications (RFQ) for the development of the Cancer Research Center of Hawai‘i (CRCH) on the Kaka‘ako waterfront. The Board had approved, in concept, the initiation of an RFQ process for the development of the Cancer Research Center on the Kaka‘ako waterfront. On October 21, 2004, the Administration presented highlights of a proposed RFQ process and document to the Board of Regents. These highlights included the initiation of a process for the construction of a facility containing approximately 360,000 square feet (sf) of gross building area to include research and laboratory space, office and conference rooms, outpatient cancer care and ancillary service facilities, and 700 to 800 parking spaces.

The RFQ could be structured to accommodate a range of development possibilities, including the provision of comprehensive development services by a private developer and joint development between a private developer and the University. If a developer or development team were selected to construct the project, its responsibilities would include preparing a development program and strategic action plan for the project; leasing the site from the Hawai‘i Community Development Authority (HCDA) at the lowest possible ground rent or negotiating the
lease on behalf of HCDA; remediation of the site; and developing, financing, constructing, and managing the project. Based on a proposed schedule for the project, the RFQ could be issued in late November.

The proposed site for the development of the Cancer Research Center is a 5.5 acre parcel on the Kaka’ako waterfront. Until November 30, 2004, the University has the right to exclusive negotiations with the Hawai‘i Community Development Authority for the development of the CRCH on that site. However, although the University Administration requested an extension of this period to July 31, 2005 from the HCDA at its November 3, 2004 meeting, this request was not granted. Instead, the University was asked to submit a new request to enter into an exclusive negotiations period with HCDA for consideration at its December 1, 2004 meeting.

Therefore, although an RFQ document can be issued to solicit expressions of interest and qualifications to develop a CRCH facility, the issuance must be conditioned on the approval by HCDA of an exclusive negotiations period to lease the land. Director Yokota added that she would be retaining a technical consultant to check applications and background.

Regent Albano asked if the developer would negotiate for the ground lease. Director Yokota said it would all depend on the strategy pursued. Chairperson Lee asked if the site was adequate. Dr. Carl Wilhelm-Vogel, Director of the Cancer Research Center of Hawai‘i, responded that the site was adequate, however, it is not an ideal site. There are odors emanating from the nearby pumping station which is not conducive for cancer patients coming for treatment. A more conductive site would be on the diamond head side of the Kaka’ako property, about a block away, because, according to Dr. Vogel, the environment and access would be better. President McClain added that the site would be up to HCDA and if HCDA would be willing to entertain that site selection, the University would go along.

Regent Lagareta moved to authorize the University administration to issue a Request for Qualifications for the development of the Cancer Research Center of Hawai‘i on the Kaka’ako Waterfront, subject to necessary approvals by HCDA. Regent Tanaka seconded the motion which was unanimously carried.

16. Request for Qualifications for the Development of the University of Hawai‘i - West O‘ahu Campus

Director Yokota requested that the Board authorize the issuance of a Request for Qualifications for the development of Phase I of the UH-West O‘ahu campus and the associated infrastructure. The Board had requested that the University Administration prepare a Request for Proposals (RFP) document for consideration by the Board of Regents for the development of Phase I of the campus and the associated infrastructure. As the first step in a two-step process, a draft Request for Qualifications (RFQ) document has been prepared. On October 21, 2004, the Administration presented highlights of a proposed RFQ/RFP process and document. These highlights included the initiation of a process for the construction of the first phase of the UH-West O‘ahu campus; the on-site infrastructure to support the first phase; and development of the non-campus lands in exchange for development rights to a maximum of 319 acres of non-campus lands. Based on a proposed schedule for the project, the RFQ could be issued in late November.
As noted at the October 21, 2004 meeting, the RFQ will be structured to accommodate a range of development alternatives that could include a private developer assuming full responsibility for construction of Phase I of the campus and the associated infrastructure; and the University serving as master developer, with a private development manager hired on a fee basis.

During the discussion Regent Albano asked if the parcel across H-1 was still owned by the University. Director Yokota confirmed that it was. Regent Albano asked for the total estimated cost for the RFPs and RFQs discussed during this meeting. He commented that the figures may be on the high side due to the number of projects in Hawai‘i. Many contractors will be busy with the military projects so the University would be competing for contractors.

Regent Tanaka moved to authorize the University administration to issue a Request for Qualifications for the development of Phase I of the UH-West O‘ahu campus and the associated infrastructure. Regent de la Peña seconded the motion which was unanimously carried.

17. *Maui Exposition Inc. Lease Agreement, Maui Community College*

Chancellor Sakamoto requested that the Board authorize the administration to enter into a 12-year lease agreement with Maui Exposition Inc. with a 5-year renewable option. The University would lease approximately 218,750 square feet of outdoor space to Maui Exposition Inc. to run a weekend swap meet operation. The space under consideration is the college’s drainage basin on the north end of the campus, alongside Kahului Beach Road. He added that there would be no cost for Maui Community College.

The lessee Maui Exposition Inc. will pay Maui Community College a lease fee of $39,000/year for the first year, which will increase over the course of the twelve-year span. In addition, the fee schedule also allows for sharing of admission revenues beginning in the second year of the lease. Maui Exposition will also provide landscape maintenance for the swap meet area as well as the front and rear entrances to the college campus.

The lease also includes a buy-back provision, which will allow the University to terminate the lease, in the event the University requires use of the property before the end of the twelve-year period. The buy-back will be based on the depreciated value of the personal property/improvements installed by Maui Exposition Inc.

The proposed lease will provide a secondary use for a parcel of land that is undeveloped and designated as drainage sump. The lease will generate funds for the institution which will support its own operating costs and will reduce the amount of landscape that is maintained by the college’s grounds-keeping staff.

The Maui Exposition Inc. swap meet has been in operation for 24 years. The Maui swap meet has become a popular tourist destination and a local favorite for bargain hunters as well as those needing to restock their supply of fresh fruits and vegetables. The swap meet has established a large clientele and offers a business opportunity to 250 vendors on a weekly basis. The swap meet is well received by the Maui community and is publicized in most of the local tourist guides.
Currently, the swap meet resides on a parcel of land in central Kahului. This parcel is owned by Alexander and Baldwin Properties Inc. (A&B). A&B has issued a notice of intent to terminate its long-term lease agreement with Maui Exposition Inc. In cooperation with the County of Maui, A&B will construct senior housing on the current parcel of land that the swap meet resides on. The long-term lease ends November 2004, but A&B has agreed to issue a month-to-month lease until Maui Exposition Inc. finds a new swap meet location.

In July 2004, Maui Community College administration and Mr. Will Wong (owner and operator) of Maui Exposition Inc. began negotiating a possible relocation of the swap meet operation to the college campus. Mr. Wong became attracted to the college drainage sump because of the thick grove of keawe trees that run the entire length of the basin. This grove of keawe trees could serve as a natural windbreak and a source of shade and protection from the sunrays. Because the swap meet operates exclusively on Saturdays, this arrangement is a perfect fit since the college offers a minimal amount of classes and programs during the weekends. The college and Maui Exposition Inc. will share use of the large rear parking lot on Saturdays. If overflow parking is necessary, then the college will allow use of the college’s ball field. If feasible, Maui Exposition Inc. will also allow the college to sell its student-made products and provide food service from its Culinary program. Maui Exposition Inc. will also assist the college with cultivating entrepreneurial programs that may develop from the college’s vocational/technical, arts, as well as business or non-credit programs.

Currently, the college drainage basin is not suitable to hold any commercial or business type activity. The basin requires a significant amount of development. Maui Exposition Inc. has past experience in developing raw parcels of land and creating a suitable area for a swap meet operation. The current A&B swap meet site was originally an unkempt grove of keawe trees and bushes. Maui Exposition Inc. cleared the land and installed the necessary infrastructure for the swap meet operation. Once again, Maui Exposition Inc. will be tasked with developing the college drainage basin to prepare for the swap meet operation. Maui Exposition Inc. will clear a section of the keawe trees, install infrastructure, upgrade the irrigation system, construct pedestrian pathways, and build a perimeter fence around the drainage basin. Maui Exposition Inc. will be solely responsible for all of the costs associated with developing the drainage basin. Mr. Wong estimates the development costs to be approximately $250,000. This development will comply with all County codes and will be reviewed by UH Facilities planners to insure the drainage system is not compromised. Maui Exposition Inc. will be responsible for all of the on-going operating costs of the swap meet. In addition to paying a lease fee to the college, Maui Exposition Inc. will provide landscape maintenance of the entire drainage basin and the front and rear entrances of the college campus.

This parcel is designated as a flood/tsunami zone by the Hawai‘i State Office of Civil Defense and serves no use to the college other than as a drainage basin for storm water. The college currently maintains the drainage sump, which requires weekly mowing, periodic irrigation repair and trash removal. The thick keawe grove of trees is also home for several homeless families.

The proposed lease arrangement will provide desperately needed funds to support college operations and reduce some of the maintenance responsibilities from a grounds-keeping crew that is very short-staffed.
The college administration has consulted with the management of Harbor Lights condominiums. The management was delighted and felt the swap meet would also benefit the condominium residents.

Regent Kai moved to authorize the administration to enter into a lease agreement for University space to be used by the Maui Exposition Inc. at Maui Community College to run its weekend swap meet operations. Regent Kakuda seconded the motion which was unanimously carried.

Regent Yamasato moved to enter into executive session to conclude the Board’s discussion on personnel matters. Regent Tanaka seconded the motion which was unanimously carried. The meeting was recessed at 5:37 p.m. and reconvened on November 19, 2004 at 8:22 a.m. in Bachman 203 in executive session.

Friday, November 19, 2004, Reconvening of Board of Regents’ Meeting

The meeting was reconvened in open session by Chairperson Lee at 9:25 a.m. at Campus Center Conference Chamber, Room 220.

IV. APPOINTMENTS, CHANGES IN APPOINTMENTS, LEAVES OF ABSENCE, PROMOTION, TENURE, WAIVER OF MINIMUM QUALIFICATIONS, EMERITUS TITLES, SHORTENING OF PROBATIONARY PERIOD, SALARY ADJUSTMENTS, POSITION ACTIONS, CLASSIFICATION AND PRICING

President McClain recommended the following personnel actions with the exception of the appointment of a permanent Dean for the School of Social Work, which was taken up separately and any positions impacted by the System reorganization.

UNIVERSITY OF HAWAI'I, SYSTEM

Executive/Managerial
2% adjustment to base salary of Executive/Managerial employees at the CUPA-HR 20th percentile and below the CUPA-HR 50th percentile effective July 1, 2004

Executive

CHING, DORIS
Vice President for Student Affairs
Office of the VP for Student Affairs
Salary Adjustment
July 1, 2004
JOHNSRUD, LINDA  
Associate Vice President  
Office of the VP for Academic Affairs  
Salary Adjustment  
July 1, 2004  
July 1, 2005

NAKAMURA, GLENN  
Interim Director of University Budget  
University Budget Office  
Salary Adjustment  
July 1, 2004

ROTA, MICHAEL  
Associate Vice President  
Off of the VP for Academic Affairs  
Salary Adjustment  
July 1, 2004  
July 1, 2005

UNEBASAMI, MICHAEL  
Associate Vice President  
Off of the Vice President for Admin/CFO  
Salary Adjustment  
July 1, 2004  
July 1, 2005

UNIVERSITY OF HAWAI’I AT MĀNOA

Executive

DUBANOSKI, RICHARD  
Dean  
College of Social Sciences  
Salary Adjustment  
July 1, 2004

HAYES, CHARLES  
Interim Dean  
College of Natural Sciences  
Reappointment & Salary Adjustment  
December 17, 2004 - December 16, 2005 or until a permanent dean is appointed, whichever occurs first  
Salary Adjustment  
July 1, 2005
HUGHES, JUDITH
Dean
College of Arts & Humanities
Salary Adjustment
July 1, 2004

KEIL, KLAUS
Interim Dean
School of Ocean and Earth Science and Technology
Reappointment
August 1, 2004 - July 31, 2005, or until a permanent dean is appointed, whichever occurs first

MATSUOKA, JON
Interim Dean
School of Social Work
Salary Adjustment
July 1, 2004

O’MEALY, JOSEPH
Dean
College of Languages, Linguistics and Literature
Salary Adjustment
July 1, 2004

PERKINS, FRANK
Asst VP Research & Graduate Education
Off of the VC for Res & Grad Education
Salary Adjustment
July 1, 2004

PORTER, EDGAR A.
Interim Dean
School of Hawaiian, Asian and Pacific Studies
Salary Adjustment
July 1, 2004

ROLEY, V. VANCE
Dean
College of Business Administration
January 1, 2005 - December 31, 2007
SAKAGUCHI, RODNEY
Vice Chancellor for Admin, Finance & Ops
Office of the VC for Admin, Finance & Ops
Salary Adjustment
July 1, 2004

TANAKA, PETER
Interim Dean
Outreach College
Salary Adjustment
July 1, 2004
Reappointment
October 1, 2004 - September 30, 2005, unless sooner relieved

VOGEL, CARL-WILHELM
Director
Cancer Research Center of Hawai‘i
Salary Adjustment
July 1, 2004
Salary Adjustment

WILLS, JAMES JR.
Interim Dean
College of Business Administration
Salary Adjustment
July 1, 2004

Managerial

HU, CHING YUAN
Associate Dean for Academic Affairs
College of Tropical Agriculture and Human Resources

Professor or equivalent

HU, CHING YUAN
Professor, I5
Human Nutrition, Food and Animal Sciences
College of Tropical Agriculture and Human Resources
Faculty Appointment and Expedited Tenure Review
Administrative, Professional and Technical

TRAPASSO, MICHEL
UH Head Baseball Coach
Intercollegiate Athletics
Reappointment
July 1, 2004 - June 30, 2009
Salary Adjustments
July 1, 2004
July 1, 2006
July 1, 2008

UNIVERSITY OF HAWAI'I AT WEST OAHU

Executive

AWAKUNI, GENE
Chancellor
University of Hawai‘i at West O‘ahu
March 1, 2005 - February 29, 2008

COMMUNITY COLLEGES

Executive

CHA, PEGGY
Chancellor
Kaua‘i Community College
Salary Adjustment
July 1, 2004
July 1, 2005

MEIXELL, ANGELA
Chancellor
Windward Community College
Salary Adjustment
July 1, 2004
July 1, 2005

MORTON, JOHN
Chancellor
Kapi‘olani Community College
Salary Adjustment
July 1, 2004
Pedersen, Ramsey
Chancellor
Honolulu Community College
Salary Adjustment
July 1, 2004
July 1, 2005
July 1, 2006

Sakamoto, Clyde
Chancellor
Maui Community College
Salary Adjustment
July 1, 2004

Silliman, Mark
Chancellor
Leeward Community College
Salary Adjustment
July 1, 2004
July 1, 2005
July 1, 2006

Emeritus

Nakamura, Caroline
Professor
Humanities - Literature
Kapi‘olani Community College
Upon Board Approval

Regent Lagareta moved to approve the personnel actions except the appointment of the Dean of Social Work and positions affected by the system reorganization. Regent Kai seconded the motion which was carried by majority vote. Regent Kakuda abstained from voting on Item 7, Page 6, Attachment #2 of the Board of Regents’ agenda dated November 18, 2004.

Appointment of Jon Matsuoka, Dean School of Social Work, University of Hawai‘i at Mānoa

Professor Joel Fisher presented testimony opposing the appointment of Dr. Jon Matsuoka as Dean of the School of Social Work. He stated that Dr. Matsuoka had allowed the School’s ranking to slip from 29th to 66th in the nation. He also questioned the search process, suggesting that the criteria had been changed during the search.

Chairperson Lee declared a recess at 10:00 a.m. and reconvened the meeting at 10:10 a.m. at which time Chancellor Englert, who had recommended the appointment, responded that the search process had followed all necessary procedures. President McClain added that he was earlier approached by another
member of the faculty who was also opposed to this appointment. The individual had, however, indicated that there had been no flaws in the search process.

Regent Tanaka moved that the appointment of the Dean of Social Work be tabled until more information was received from the Administration. Regent Lagareta seconded the motion. During the ensuing discussion, Regent Lagareta asked whether it was Chancellor Englert’s goal to raise the national ranking of the School of Social Work. Chancellor Englert responded that he would be working towards the re-establishment of the faculty and School’s national ranking within the framework of the American Schools of Social Work. Professor Fisher, however, stated that Chancellor Englert’s comments reflected the faculty’s frustration with the Chancellor’s less than forthright statements. He explained that Chancellor Englert had earlier informed the School of Social Work faculty that he could not devote further resources to the program which is in contradiction to what he had just stated to the Board. Professor Fisher added that Chancellor Englert’s definition of consultation is to meet briefly to tell you what he had already decided.

In response to Regent Yamasato, Chancellor Englert provided a brief synopsis of the search process and the composition of the search committee.

Regent Lagareta asked Chancellor Englert to confirm that he had spoken with General Counsel regarding the search. Chancellor Englert assured that the process was done properly according to General Counsel. In the absence of Deputy General Counsel Tsujimura, University General Counsel Kirimitsu stated that he could not validate Chancellor Englert’s statement but would check with Ms. Tsujimura if she had indeed reviewed the search process.

Chairperson Lee stated that the Board has never questioned the appointment of any individual recommended by the Administration but instead has always confined its focus on assuring that the process was correct and that all policies were followed.

Upon call the motion to table the recommended appointment was carried by majority vote with Regents Kai and Kakuda voting in opposition.

In view of the Board’s previous decision on the appointment of a Dean for the School of Social Work, President McClain requested that action be taken to extend the current interim appointment of Jon Matsuoka through January 20, 2005 or until a permanent Dean is appointed because his interim appointment would expire before the next Board meeting. Regent Lagareta moved to extend the appointment of Interim Dean Jon Matsuoka until this matter is resolved. Regent Tanaka seconded the motion which was unanimously carried.

**Resignations and Retirements of Board of Regents’ Appointees**

The list of resignations and retirements of Board of Regents’ appointees and retirements of Civil Service employees was presented for information. (The list of resignations and retirements is presented in Attachment #2 of the Board of Regents’ agenda dated November 18, 2004.)
V. GIFTS, GRANTS AND CONTRACTS

Interim Vice President Gaines reported that during the period September 16, 2004 through September 30, 2004, the University of Hawai‘i system received a total of $36,565,396. The University of Hawai‘i at Hilo received a total of $4,166,334 during the same period.

Regent de la Peña moved to accept with thanks the gifts and grants and ratify the actions of the administration in executing the necessary contracts as presented. Regent Lagareta seconded the motion which was unanimously carried.

IV. UNIVERSITY OF HAWAI‘I FOUNDATION REPORT

President Vuchinich announced that the University of Hawai‘i Foundation’s (UHF) Planned Giving Director, Susan Lampe, would be recognized as fundraiser of the year. Ms. Lampe has 26 years of experience as a fundraiser. Secretary Iha also announced that Emeritus Regent Allan Ikawa would also be honored in the Small Business Corporate Award category.

Regent Lagareta congratulated the UHF on its success and thanked President Vuchinich and her staff for their efforts to address the concerns raised by the Board of Regents and the auditors.

President Vuchinich reported that the UHF had received $12 million. She said that restricted gifts had gone from 98 percent to 99.88 percent. She announced that two links were created for online giving towards the Mānoa Campus flood relief and thus far, over $35,000 had been contributed through online giving.

VII. REPORT OF EXECUTIVE OFFICER

President McClain commented briefly on the fact that the Board did have a policy on classified research. There is a management group for it but it is clear in University policy that this is a matter of individual academic freedom. He added that Interim Vice President Gaines had discussed some modifications to the policy with affected groups including Mānoa Faculty Senate and this will be coming to the Board in the future.

UH-Mānoa Recovery Efforts

President McClain reported on the recovery efforts from the flood disaster that struck the Mānoa campus on the evening of October 30th. He informed that Chancellor Englert, Vice Chancellor Smatresk, Chief of Staff Callejo, and himself had come to the Mānoa campus the night of the flood to survey the damage. Sunday morning at 7:00 a.m., Chancellor Englert convened a group that meets several times a day. Governor Lingle arrived on the campus on Monday and declared this a disaster area for State purposes. In addition, Adjutant General Bob Lee, Civil Defense Chief Ed Teixeira, and a number of public officials were on site helping to cope with the damage.
President McClain recognized and commended the faculty and staff of the affected units. He said that power was lost in 35 buildings but only two days of classes were missed. Five buildings are permanently damaged. President McClain also informed that some of the Regents along with legislators had toured the devastated areas.

BMS Catastrophe, a firm involved in the cleanup of post 9/11 of the Pentagon, was retained to dry out the buildings and prepare them for reconstruction.

Chief of Staff Callejo summarized the reconstruction, mitigation and restoration efforts. Because the bulk of the electrical work on campus belongs to the University and not HECO, the UH staff had to do the work although HECO assisted with assessment and consultation. BMS Catastrophe arrived on November 2nd and a contract was signed on the 4th. Over the past week-and-a-half, they have had an average of about 120 to 150 people working constantly at these buildings. Every morning a meeting is held with BMS Catastrophe for an update.

The U. S. Army shipped over two 750 kw generators and they were in the process of hooking them up to bring up power in the Agricultural Science Building. The areas that did not have permanent power because the major primary cable blew going up East West Road were St. John, Biomed, and the Auxiliary Services buildings. The schedule calls for permanent power to those buildings except the Biomed and the Library by the end of the following week. The schedule for the Biomed is to bring in a generator to isolate the damaged areas and power up everything from the second floor up through the seventh floor. In the meantime, General Electric is assessing all the switch gears and cabling within the building.

At the Athletics Complex, the flooring was removed at Klum Gym. The water went through campus from the mauka area, across Dole Street, between the Law School and the Law Library, down the parking structure, and into Gym I. It soaked through the floor of Gym I into the locker rooms and the computer areas below. There are eight freezer containers on campus that are being used to freeze dry paper materials to save these documents.

The University of Hawai’i has a flood insurance policy for $25 million with a 3 percent deductible. The 3 percent is broken down into the building, the contents, and business interruptions and the way the insurance company and adjusters will look at, they will look at it by a building by building basis and come up with the actual damage assessment and based on the replacement cost or the contents, come up with a 3 percent calculated figure and anything within the 3 percent will be paid for by the State. The UH has received a $500,000 advance from the State based on the letter that President McClain sent to the State Comptroller soon after the flood damage. The insurance company was also processing a $2 million advance which should be received by the middle of next week.

Soon, there will be reconstruction. The Librarian estimated the cost of the contents to be at $10 million but evaluation is still being done. The other area is the difficulty of estimating numbers for research and intellectual property because that is another area that much has been lost. Some of the researchers and librarians lost much of their work. Counselors have been obtained and are available and are meeting with various people and groups. The Chancellor’s office has also been reaching out and talking with all these people and groups. The website is being
considered for frequently asked questions, where it could be interactive, as well to give updates.

In response to Regent Albano, President McClain predicted that the cost of recovery would far exceed the $25 million insurance policy. He said that his plan is to go the legislature and the Governor and ask for support and a special appropriation.

Chancellor Englert stated that a million dollars has been set aside internally for emergency supplies that the faculty could utilize in order to advance and continue their research. He said that the focus of the Chancellor’s office on the mitigation and restoration phase is to preserve as much as possible and to continue the usual activities as much as possible. He thanked everyone for their support and efforts to get back to normal.

Integrated Financial Plan, 2005-2011

President McClain, in presenting a financial plan for 2005-11, reported that last year, $330 million was received and this year, $167 million was received in four months in research. Research funds are restricted for the research projects. The University of Hawai‘i Foundation’s objective is to grow its endowment toward the $200 million level over the next several years so about $10 million a year is given to support the operating activities of the University. The Foundation already provides about $6 million a year in scholarship funds in particular from its payout. In addition auxiliary services, such as the Rain.bow.tique, provides another $35 million a year and that will be growing over time to about $40 million to $45 million a year. Auxiliary services revenues and profits can be used for a variety of services. The major source of funds is from the State of Hawai‘i, funds from tuition, and from the Federal government. The tuition is much lower here than the national average. Although State’s funding has come down and tuition numbers have come up, overall, the University of Hawai‘i is still underfunded relative to its peers. The University of Hawai‘i increases its financial aid when tuition fees are increased.

It is estimated that between $550 and $600 million is needed in 2005-2006 from general funds and tuition funds support to run the University and rising slightly between $600 and $650 million in the next five or six years. The State has been requested, through the Regent’s budget, to add to the University’s operating budget by about $30 to $40 million in the next biennium and in each year of the next biennium.

President McClain stated that resident tuition will get the most attention but what they are looking to do on the non-resident side is to tighten up the distinction between residents and non-residents. He said that the Board has been very supportive in moving in that direction. He said that his expectation would be that non-resident tuition would be in the 100 to 150 percent range of the cost of the education. Non-residents would be asked to pay much more than residents.

In January 2005, a specific proposal will be presented to the Board.
Research Corporation of the University of Hawai‘i (RCUH) Strategic Plan

The specific objectives for this strategic plan are to develop and implement a matrix management of UH research and training in collaboration with UH administration; to implement an electronic research administration system in collaboration with UH; to increase staff capabilities in research and support activities in RCUH in collaboration with UH personnel; to expand the infrastructure to support and increase in direct grants and contracts at RCUH by a 100 percent; to work with UH to investigate the feasibility of transferring some of the Office of Technology Transfer responsibilities to RCUH; and to expand RCUH’s own economic development activities; and finally to establish the capability within RCUH to facilitate the establishment of private ventures, both profit and non-profit.

The strategic plan was approved by RCUH in the summer. Consultations regarding the strategic plan with the affected units will be concluded in January at which time a recommendation will be made to the Board.

VIII. NEW OR OTHER BUSINESS

There was no new or other business.

IX. ANNOUNCEMENT

Next Meeting

Chairperson Lee announced that the next meeting of the Board of Regents would be held on Thursday, January 20, 2005, at Kapi’olani Community College.

X. ADJOURNMENT

There being no further business before the Board, the meeting was adjourned at 11:55 a.m. on Friday, November 19, 2004.

Respectfully submitted,

David Iha, Executive Administrator and Secretary of the Board