MINUTES
UNIVERSITY OF HAWAI‘I BOARD OF REGENTS’
MEETING OF
February 17-18, 2005

I. CALL TO ORDER

The meeting was called to order by Chairperson Patricia Y. Lee on Thursday, February 17, 2005 at 9:10 a.m., in Building 2, Room 201, Honolulu Community College.

Attendance

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

Also present were Mr. Walter Kirimitsu, University General Counsel; Mr. Sam Callejo, Vice President for Administration; 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. Peggy Cha, Chancellor, Kaua‘i Community College; Interim Vice Chancellor Bill Chen, 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; Mr. Ramsey Pedersen, Chancellor, Honolulu Community College; Dr. Clyde Sakamoto, Chancellor, Maui Community College; Dr. Mark Silliman, Chancellor, Leeward Community College; Dr. Gary Ostrander, Vice Chancellor, UH-Mānoa; Mr. Presley Pang, Associate General Counsel; Mr. David Morihara, Director, Government Relations; Ms. Donna Vuchinich, UH Foundation, Mr. William King, Vice President, University of Hawai‘i Foundation; Mr. Walter Niemczura, President, Administrative, Professional and Technical (APT); Dr. J. N. Musto and Dr. Mary Tiles, University of Hawai‘i Professional Assembly (UHPA) and others.

II. APPROVAL OF MINUTES

Upon motion by Regent Kai and second by Regent de la Peña, the Board approved the minutes of the January 20-21, 2005 meeting, as circulated.
III. PUBLIC COMMENT PERIOD

The following testimonies were received on the proposed reorganization plan for the Mānoa Chancellor’s Office (Agenda Item #6).

1. Ms. Jill Nunokawa testified in opposition to the proposed reorganization plan due to the additional $2.8 million per year cost. She urged fiscal responsibility by not placing the burden of funding the additional costs and executive salaries on student tuition and the taxpayers.

2. Dr. Lilikala Kameʻelehiwa expressed support for the plan because it supports Native Hawaiian students and programs.

3. Dr. Chuck Hayes expressed support for the plan, adding that he was pleased by the consultation process.

4. Dr. Mary Tiles, University of Hawai‘i Professional Assembly, expressed support for the plan. She acknowledged the additional cost, expressing that the faculty did not wish to see student tuition fund the reorganization.

5. Dr. Aviam Soifer believed that it was not a perfect plan but that it nevertheless addressed the administrative problems at the Law School.

6. Ms. Jean Ehrhorn expressed support for the plan.

7. Dr. Carl-Wilhelm Vogel expressed support for the reorganization plan, adding that the Vice Chancellor for Research position will facilitate the research enterprise.

8. Ms. Carolyn Brooks-Harris expressed support for the plan which focuses on the undergraduate experience.

9. Mr. Herman Frazier expressed support for the plan which, in his opinion, focuses on the academic endeavors at Mānoa.

10. Ms. Cassidy Shinno, representing Ms. Myrtle Ching Rappa, expressed opposition to the proposed plan, stating that it does not support the Office of the Student Affairs and actually shifts student services to Academic Affairs. She suggested that a Vice Chancellor for Student Affairs be hired first and then allowed to work with the Student Affairs units on the best organization for students, similar to how the Chancellor was allowing the Vice Chancellor for Research to organize that portion of the plan.

11. Mr. Daryl Zehner questioned the wisdom of the plan, stating that it diminishes the effectiveness of student housing operations and that the Chancellor should allow Student Affairs to work with the new Vice Chancellor for Student Affairs in deciding on a structure.

12. Dr. Jan Javinar expressed opposition to the student affairs portion of the plan, raising concerns over cost and the additional layer of
administrative positions. He also felt that the Vice Chancellor for Student Affairs should be allowed to work with the Office of Student Affairs in devising the appropriate structure for student services.

13. Dr. Amy Agbayani stated that the plan was flawed and costly and therefore opposed the plan. She felt that it did not respond to WASC’s recommendations regarding the role of student affairs in Mānoa. She said that programs will certainly be cut to fund the reorganization and that resources to student affairs will be cut by the Chancellor. She asked that the President appoint a committee to review the plan, particularly since the Vice Chancellor for Research was being allowed to determine appropriate structure after being hired.

14. Dr. Alan Yang expressed that the reorganization was not done in a truly collaborative manner and he wished to echo the testimonies from his colleagues from the Office of Student Affairs. His testimony included a report, “The OSA Proposal to Reorganize Student Affairs” dated 8/12/04.

15. Dr. Thomas Schroeder, Mānoa Faculty Senate, expressed that the Senate supported the plan and that the reorganization needed to move ahead but not at the expense of being funded by tuition.

16. Dr. Edgar Porter supported the plan because it will enhance international education.

17. Mr. Andrew Ogata expressed that he was not in total disagreement with the proposal but felt that there were higher priorities for the resources that would be used to fund the reorganization. He cited existing needs in areas such as student housing.

18. Ms. Trisha Watson expressed support for the reorganization plan because it represents not only change but progress.

19. Mr. Norman Kukona asked that the plan be deferred until a concrete funding plan is presented.

Following the testimonies, President McClain asked Vice President Ching to share her concerns about the proposed reorganization. Vice President Ching expressed that the plan was not in the best interests of the students and the entire institution. She felt that it would weaken student affairs at Mānoa and that there would be less consultation with student affairs professionals prior to placing student life matters before the Board.

The following testimonies were received on the ‘Ahahui Koa Anuenue’s Preferred Seating Plan (Agenda Item No. 12).

1. Mr. Don Murphy testified in support of the plan because it would maintain needed scholarships for student-athletes.

2. Ms. Jean Rolles expressed that the plan would make equitable costs to each spectator. The plan would try to accommodate displaced patrons with best available seats elsewhere.
3. Mr. Riley Wallace expressed that tickets do not pay for the costs for student athletes and therefore the additional revenues are needed.

4. Mr. John Nelson expressed support for the plan because it would provide for scholarships.

5. Kelly McGill expressed support for the plan because it supports scholarships and there needs to be seats made available for those who can afford to support this plan.

6. Mr. Steve Goodenow expressed support for the plan.

7. Ms. Donna Vuchinich expressed that the University of Hawai'i Foundation supported the plan.

8. Mr. Don Takaki expressed that the community needs to step up if it wants a competitive intercollegiate athletic program at the University and therefore he supported the plan.

Following the testimonies, responding to Regent Lagareta, Director Frazier assured that according to their studies and marketing surveys, there would be a market base for premium seats.

The meeting was recessed at 11:11 a.m. and reconvened at 11:36 a.m.

IV. AGENDA ITEMS

1. University Bond System

Mr. Jim Hasselman, PricewaterhouseCoopers (University External Auditor), reported on the audit of the University Bond System for the year ending June 30, 2004. He summarized that there are certain projects of the University that either were financed by bonds or whose revenues have been pledged as debt service against revenue bonds. Those projects, such as housing, parking, and telecom, have been pooled and comprise the University Bond System.

Last year there were two items that management was tasked to do. One was to provide information on the deferred maintenance of the bond system since it was felt that a financial statement was needed to show the assets of the bond system. The other item resulted from Regent Yamasato’s suggestion that a management discussion and analysis section be added to the financial statements. This was done.

Mr. Hasselman reported that the Bond System continues to generate sufficient revenues to pay for its operating expenses and debt services. However, the bond system resources are falling short in the major repair and maintenance items. The System remains stable with net assets up by 2 percent over the prior year. While some projects in the System improved, other projects experienced a reduction in net assets for the year. Based on the results of operation, the income from core activities decreased by 0.13 percent or $66,000 less than the previous year. To address these shortcomings, some projects, such as student housing in Hilo and Maui are planning rate increases to recover necessary funds for repair and maintenance. The flood at the Mānoa campus damaged certain capital assets in the Bond System, namely, the parking structure.
Additionally, an internal control and business issues report was issued. The administration has provided the Regents with its written responses. One of the comments in the internal control and business issues report had to do with recognizing deferred maintenance and the priorities for bond funds. The administration was asked to examine the continued funding of a loan program in light of the priorities within the bond system.

Deferred maintenance continues to be a concern for the Bond System. The total cost for deferred maintenance for FY 2005-2010 is up to $55.5 million of which, $27.1 million had been identified by Mānoa student housing as deferred maintenance payment for FY 2005. $24.6 million of this $27.1 is unfunded, according to Mr. Hasselman. Mānoa will request funding support from the legislature. Funding for maintenance cost for FY 2006 and FY 2007 will be funded from future operating and reserve funds.

Regent Haynes inquired about the $10 million loan made from the Bond System. Mr. Hasselman explained that under the previous VP for Administration, it was felt that there was excess cash in the System so the administration took it upon itself to loan $10 million from the Bond System to fund the student information system. The loan is currently being repaid.

Following up on Mr. Hasselman’s concern regarding deferred maintenance, Regent Lagareta suggested that the administration look into recommending a policy on deferred maintenance for Board approval. She felt that one the biggest things that we hear about from our students are the dorms, the facilities, the libraries, the campuses and what’s not in good shape and how they feel about it and if that number is readily available as we are making these other decisions, and talking to legislators and the community of students and their families and all of that, it would just help us a lot because these things get lost until somebody does an audit and suddenly there is a new number and we are scrambling to figure out how to fulfill that obligation. Regent Yamasato concurred, suggesting that deferred maintenance be indicated on the balance sheet. Chairperson Lee further suggested a policy on maintaining a reserve fund which cannot be touched. President McClain explained his plans for deferred maintenance in the immediate cases. He added that funds would be requested from the legislature to address the backlog in deferred maintenance projects

Regent Lagareta thanked PricewaterhouseCoopers for arranging the session to educate the Board on Sarbanes-Oxley guidelines and general university financing.

2. **Issuance of Request for Proposals for the Development of Student Housing on the University of Hawai‘i at Hilo Campus**

Interim Vice Chancellor Chen requested that the Board authorize the issuance of a Request for Qualifications/Proposals (RFQ/P) for the development of student housing at the University of Hawai‘i at Hilo (UH-Hilo).

The Strategic Plan for UH-Hilo calls for the enrollment of students, currently just over 3,300, to grow to a target population of 5,000. UH-Hilo’s student enrollment has been increasing for many years toward the goal of 5,000 students. However, this growth has slowed due to the lack of available housing in the Hilo area. Many new freshmen and transfer students who were admitted to UH-Hilo, chose not to attend due to lack of available housing. It is estimated that UH-Hilo will be short over 1,000 beds in the near future.
On January 20, 2005, UH-Hilo will present an informational briefing of a proposed RFQ/P and documents to the Board of Regents. This presentation will include:

1) UH-Hilo’s rationale for seeking additional on-campus Housing.

2) Selection process for a developer who will design, construct, and finance a new on-campus student housing for 600 students with associated facilities as the first phase of developing university housing at its Nowelo Street location. This site is designated for student housing use in the UH-Hilo Long Range Development Plan. It is envisioned that at some point this site will contain housing for over a thousand students.

In selecting a developer, the first step is to solicit information in the form of a Statement of Qualifications (SOQ) from interested Developer teams. A short-list of the three to five of the most qualified teams will be invited to participate in the second step. The second step will require the development teams to submit proposals for design, construction and financing. Once a developer is selected, UH-Hilo will work with the developer in a two-phase development process.

The first phase of pre-design services will 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, and finance the project. Although it is anticipated that the University will proceed with phase two; the University will have the option to cancel the process with no obligation to reimburse the developer for costs incurred in the first phase.

Regent Albano inquired about the number of bed spaces needed. Mr. Myles Nagata, Director of Student Housing, UH-Hilo, responded that based on the projected enrollment, approximately 1,800 bed spaces would be needed. 600 to 700 bed spaces would be provided through the US-China Center. Regent Albano followed regarding the US-China Center financing. Interim Vice Chancellor Chen assured that GEO was confident about finances. However, contractors are busy and may not be able to start when needed in order to complete the project by Fall 2006. Therefore, the bigger problem is to get the permits on time. Vice President Callejo assured that a complete update from GEO would be ready for the March meeting.

Chairperson Lee asked if the amount of bed spaces provided by GEO could be increased to 1,000. Director Yokota responded that if that was the new projection the increased figure needs to be added at this time.

Regent Lagareta asked how GEO became involved with UH-Hilo. Interim Vice Chancellor Chen said it was essentially through a faculty member with international connections. Regent Lagareta expressed concern that decisions were made without a procurement process that is more transparent and asked for more transparency when initiating these relationships. Regent Albano said it was his understanding that GEO had not met any of its development benchmarks. Regent Tatibouet added that in relation to the previous report that there should be a Board policy to include deferred maintenance in all future dorm projects.
Regent Lagareta stated that since there would be opportunities to review the proposals and receive input she would move to approve the issuance of the Request for Qualifications/Proposals for the development of student housing at the University of Hawai‘i at Hilo for a minimum of 600 to a maximum of 1,000 bed spaces. Regent Haynes seconded the motion which was unanimously carried.

3. Establishment of Student Health Fees at Maui Community College

Chancellor Sakamoto requested that the Board authorize the establishment of a student health services fee in the amount of $6.00 and up to $15.00 per semester for all campus-based students at the University of Hawai‘i, Maui Community College. All revenues derived from the student health services fee will be deposited into a special account. This special fund is appropriated within the UH Community Colleges Special Fund.

Currently, MCC operates with a small General fund budget to support a nurse practitioner/nursing faculty position, along with extramural funds from the Department of Health – Immunization Branch and Department of Health – Family Planning Branch. MCC also charges specific services fees to the users for tuberculosis tests and immunizations. MCC also files for health insurance reimbursements on behalf of the users to offset the normal fees. These fees are deposited into the Health Center Special Fund account. These funds provide for the replenishing of vaccines, supplies, and equipment items. Despite an aggressive effort to become self-sustaining, the MCCHC has operated in deficit since FY 2002. The operating costs have steadily increased due to inflationary reasons, while the service fees have been intentionally kept low to maintain broad accessibility amongst the student body. As of November 30, 2004 the Health Center Special Fund has a cash deficit of $18,270.

It is proposed that a health fee of $6.00 be established in Fall 2005. The fee would not be charged to distance students. We are requesting the Board to approve a range for the student health services fee between $6.00 and $15.00, which will allow the college to adjust for inflationary costs. The college would conduct open campus forums and hearings prior to implementing any increases to the student health services fee.

Based on the total MCC enrollment in Fall 2004 of 3,000 Kahului campus students, the projected annual funds generated from the health fee would be $18,000 per semester. The funds will be used to support clerical staff, purchase necessary supplies and equipment, and to sustain the campus health center operation. An additional clerical position is necessary to provide reception service along with clerical support. This position will also suffice an audit control requirement to clearly segregate duties within its revenue collection process.

The expectation is that MCCHC be fully self-funded and sustainable. Increased operating expenses, limitations in fee-for-service and insurance reimbursements, and the need for expanded clinical and health educational services to the college campus necessitate additional funding. Many students do not have medical insurance and are initially unaware that they must pay for services when utilizing MCCHC. Currently, the charge to see the nurse practitioner for illness or injury is $12.00. This charge covers most of the supplies and diagnostic tests utilized during the patient visit.

Regent Lagareta noted the difference between Leeward Community College’s health fee rates and MCC. Chancellor Sakamoto explained that the dollar
difference was due to the higher costs on Maui. Regent Kai asked why the other Community Colleges did not have similar fees. Chancellor Sakamoto explained that it was based on whether they had student health services.

Regent Lagareta moved to establish a health services fee in the amount of $6.00 to $15.00 per semester for all campus-based students at Maui Community College. Regent Haynes seconded the motion which was unanimously carried.

4. Establishment of Student Health Fees at Leeward Community College

Chancellor Silliman requested that the Board of Regents approve retroactive to Fall 2000, the establishment of a student health service fee in the amount of $5.00 and up to $15.00 per semester for all students based at Leeward Community College.

On April 10, 2000, the President of the University of Hawai‘i approved an increase to the student activity fee by $5.00 per semester for all students at Leeward Community College. This additional $5.00 student activity fee was earmarked to defray the cost of maintaining a campus health center.

Community Colleges strongly supported the establishment of this fee after holding open forums and hearings. The action memo was recommended by the Senior Vice President, University of Hawai‘i, and Chancellor for Community Colleges in accordance with Board of Regents’ Policy, Section 6-5.

Most recently, the Office of the General Counsel, responding to an inquiry from Maui Community College to establish a Student Health fee, found that the Presidential approval to increase the student activity fee at Leeward Community College for the purpose of maintaining a campus health center was, in reality, a student health fee and should have been approved by the Board of Regents in keeping with the appropriate Hawai‘i statutes.

Regent Haynes moved to approve retroactively to Fall 2000, the establishment of a student health fee at Leeward Community College in the amount of $5.00 and up to $15.00 per semester per student, and amend the Board’s policy accordingly. Regent Kai seconded the motion which was unanimously carried.

The meeting was recessed at 12:33 p.m. and reconvened at 1:26 p.m.

5. Reorganization of Mānoa Chancellor’s Office

Chancellor Englert requested that the Board approve the proposed reorganization of the Office of the Mānoa Chancellor. This reorganization establishes the Office of the Chancellor, aligns its authority and management with the organizational substructure at Mānoa, and resolves second-level staffing and management problems emerging from the system reorganization in December 2002.

The current organization of the Chancellor and Vice Chancellor level of the Mānoa Administration was approved by the Board of Regents in January 2001, as a part of the separation of the Mānoa campus from the System administration. This reorganization proposes:

(1) Reducing the number of Vice Chancellors approved by the Board;
(2) Establishing functional statements for Vice Chancellors and all subunits;

(3) Realigning reporting relationships of schools, colleges, and organized research unit to report to the Vice Chancellor for Academic Affairs and Vice Chancellor for Research and Graduate Education as appropriate;

(4) Clarifying the reporting relationships, decision-making authority, and operating relationships to facilitate and ensure the coordinated and integrated development and implementation of policy;

(5) Establishing missing but critical functions on campus such as human resources, physical resource planning, information technology and institutional research; and

(6) Connecting the newly established Vice Chancellors with the existing organizational subunits on campus.

A three-phased implementation plan will be developed. Phase I would be implemented upon approval of the submitted proposal and requires no funds as it involves the realignment of organizational units resulting in clarified reporting and operating relationships. Phase II would be implemented during the first year following the approval of the proposal and will be funded through the reallocation of campus and system level resources. The system has committed $750,000 in existing resources to be matched by $750,000 campus resources. Phase III is subject to implementation pending funding by the legislature in response to campus and system level biennium budget reorganization requests or development of alternative funding plans.

The first draft of the Mānoa Chancellor’s Office reorganization proposal was released in December, 2003. Since that time the draft has evolved to take into account public comment, the work of groups charged by the Chancellor to make recommendations in specific areas, the input of administrators as they have joined the Mānoa team, and the formal comments delivered through formal consultation with 24 groups on campus throughout this fall. Numerous changes have taken place over the past year as the draft has evolved.

During the consultation process, there were expressions of alternative organizational structures and dissenting opinions on the reorganization proposal in the form presented to the Board. Having considered alternative proposals, the Chancellor recognized that any organizational proposal will have strengths and weaknesses and in his judgement the proposal submitted accomplishes is the most effective way of accomplishing the objectives of reducing the number of Vice Chancellors, establishing functional statements, realigns reporting relationships, decision-making authority, and operating relationships, and establishing missing functions.

As with the recent University of Hawai‘i system reorganization, some adaptations and adjustments are being considered as the organization of an autonomous Mānoa administration develops through practice and conversations on campus.

Chancellor Englert explained the consultation process and acknowledged that while he tried to provide for wide consultation there may not have been total consensus. He was particularly careful to include the faculty senate, student government, and the unions. He stated that it was time to move forward with the
plan as proposed and revised. The proposed reorganization responds to the concerns raised by the Western Association of Schools and Colleges (WASC) Senior Commission in the System Office Special Visits of March 2003, March 2004, and December 2004. The December WASC Report noted that there is the need for a formal plan to be established as the basis for implementation.

While the total amount of system resources proposed to be transferred to the Mānoa campus is modest, to ensure that concerns about the implementation process from within the Mānoa campus and from other campuses are addressed, President McClain said that he will direct teams of experts from across the system in information technology, human resources, financial management and other affected areas to review any proposed reallocation of resources from the University of Hawai’i System to the Mānoa campus to insure that service levels to other campuses are maintained.

President McClain added that WASC was interested in the University moving forward on this reorganization and he recommended the adoption of the proposed reorganization. However, he did acknowledge that funding of the reorganization was not the University’s highest priority and would try to make it a cost neutral action in the long run. He emphasized that Mānoa must continue to support other campuses with its expertise.

Regent Lagareta expressed her appreciation for the efforts that went into this proposal. She assured that the Regents were engaged with WASC through the administration. There were discussions and “push back” as well on things that the Regents thought are not right for the campuses, but there is a very good strong relationship with WASC on this. She added that the Board is fiscally responsible and therefore the expectation by the previous Board that the reorganization be at no additional costs was not realistic. Regent Lagareta felt comfortable that there will be a cost and to move forward paying that cost.

Regent Lagareta then moved to approve the proposed reorganization of the Mānoa Chancellor’s Office as proposed. Regent Tatibouet seconded the motion which was followed by discussion.

Regent Tanaka noted that when the Mānoa Chancellor’s Office was separated from the President the Board had stipulated that the separation be accomplished at no additional cost to the University. He asked if the current Board can make a decision which is not in conformance with that earlier Board decision. General Counsel Kirimitsu stated that the current Board could act to counter the previous Board’s decision. President McClain informed that $1.5 million would be funded between Mānoa and the System and the rest would come from the Legislature.

Regent Kakuda said that he could not support the motion due to the cost for administrative positions. He felt that there were higher priorities. Regent Kakuda added that he was not certain that the separation of the Mānoa Chancellor’s Office from the University President was the correct decision and, therefore, the Board should revisit that matter in the future.

Regent Albano asked if the Kaka’ako component was a part of the reorganization. Chancellor Englert said that he would leave the current reporting structure in place until some other relationship is determined.
Chairperson Lee said that funding of the reorganization must not come at the expense of instruction and tuition increases. She also asked that the administration assure Student Services that once the Vice Chancellor for Student Affairs is appointed, there will be some fine-tuning of the organizational structure. Regent Haynes concurred, asking that assurance be made that further refinements can occur. President McClain assured that he would see it that Chancellor Englert provides for this further refinement of the Student Affairs' organizational structure, adding that Mānoa still needs to bring the Vice Chancellor for Research component to the Board for approval. Chancellor Englert assured that 70 percent of the reorganization can be implemented cost neutral.

Upon call, the motion was passed by majority vote. Regent Kakuda voted in opposition to the motion.

6. **Issuance of Request for Qualifications for Phase II of the University of Hawai‘i John A. Burns School of Medicine (JABSOM) Site on the Kaka'ako Waterfront**

Director Yokota briefed the Board on the Request for Qualifications (RFQ) for Phase II of the University of Hawai‘i John A. Burns School of Medicine site on the Kaka'ako waterfront. She explained that the Hawai‘i Community Development Authority (HCDA) granted approval to the University of Hawai‘i to enter into exclusive negotiations for the proposed lease of an approximately 5.5 acre parcel on the Kaka'ako waterfront for the development of a new Cancer Research Center of Hawai‘i (CRCH) facility. This exclusive negotiations period will end on July 31, 2005 and is conditioned upon the University of Hawai‘i meeting their deadlines.

The JABSOM complex is located on an approximately 9.9 acre site on the Kaka'ako waterfront. It was intended to be constructed in two phases and, in its final form, is to provide 507,651 square feet of educational and research facilities in a campus setting adjacent to the Kaka'ako Waterfront Park.

As approved by the Hawai‘i Community Development Authority, the development permit for the JABSOM site provides for a second phase of development, to include a future research center and parking structure. The total area allowed for the future research center is 190,426 square feet. The parking structure, which would be constructed adjacent to the building housing the central plant, would contain about 363 parking stalls and would replace the Phase I surface parking lot.

In order to retain exclusive negotiations rights for the site proposed for development of the CRCH facility, HCDA has required that an RFQ be issued for Phase II of the JABSOM complex by March 15, 2005. The University has requested that this deadline be extended to March 18, 2005 to allow this item to be considered for approval at the March Board of Regents' meeting.

Regent Albano asked if the RFQ process could be prolonged. Director Yokota explained that HCDA wanted deadlines set for the University. She will bring more specifics to the Board in March.

Regent Lagareta commented that the Board often spends most of its time discussing infrastructure and not enough time learning about the academic plans beyond the building. She asked the administration for consideration along those lines.
7. **Capital Improvements Program and Repairs and Maintenance Project Contracts for Fiscal Year 2004-2005**

Director Yokota requested that in accordance with Board policy that the Board approve capital improvements program (CIP) and repairs and maintenance (R&M) contracts for planning and design consultants and construction projects.

Director Yokota described the two projects: 1) Magoon Lab repair, Greenhouse Phase I and II, and 2) Cancer Research Center project development report for clinical spaces. Construction projects included the Biomed Science Building construction for replacement of mechanical equipment and the Lanihuli Observatory construction of new telescope.

Regent Albano asked that the estimated cost for construction be added in the table of information provided for these items.

Regent Tanaka moved to authorize the administration to enter into consultant and construction contracts for CIP and R&M projects as requested. Regent Tatibouet seconded the motion which was unanimously carried.

8. **Abolishment of Executive Classes and the Redesignation of the Executive Class Vice President for Student Affairs to Systemwide**

Vice President Callejo requested that the Board abolish executive classes that are no longer required. He provided a list of the classes and asked that in addition, the Board approve the redesignation of the executive class, Vice President for Student Affairs, from a Mānoa class to a systemwide class.

As a result of the December 2002 system level reorganization and the earlier establishment of the Mānoa Chancellor’s Office, several executive classes were requested for abolishment in January 2003. However, then Interim Vice President Neubauer requested that abolishment of the identified classes be deferred until approval was received by the Accrediting Commission for Community and Junior Colleges (ACCJC). Approval by the ACCJC has been granted and abolishment of the identified executive classes is being requested.

On November 18, 2004, the Board of Regents approved a reorganization proposal which made several changes to the organizational structure of the system level offices of the University. As a result of the reorganization, additional executive positions were identified for abolishment. They are as follows:

- **S111** Vice President for International Education
- **S119** Associate Vice President for Legal Affairs and University Deputy General Counsel
- **S120** Senior Vice President for Research and Graduate Education
- **S164** Associate Vice President for Administration
- **S219** Vice President for External Affairs and University Relations
- **S220** Associate Vice President for External Affairs and University Relations
- **UHM108** Chancellor, UH-Mānoa
- **UHM110** Senior Vice President and Executive Vice Chancellor, UH-Mānoa
Positions in the aforementioned classes have either been assigned to newly established classes or to “generic” classes (e.g., Chancellor, Associate Vice President, and Dean, UH-Hilo), redescribed accordingly, or are no longer required. In addition, the December 2002 system reorganization transferred the executive position Vice President for Student Affairs from the University of Hawai‘i at Mānoa to the system wide Office of the Vice President for Student Affairs.

Regent Tatibouet moved to approve the abolishment of the executive classes as listed and the redesignation of the executive class, Vice President for Student Affairs, to a systemwide class. Regent Haynes seconded the motion which was unanimously carried.

9. Legislative Update

Director Morihara provided an update on the University’s administrative bills as well as other legislative bills of interest to the Board. Among the bills he reported on, UOH01 on procurement was deferred in the House and pending a hearing in the Senate. UOH02 on fiscal flexibility passed unamended in the House Higher Education Committee and passed unamended in the Senate Higher Education Committee. UOH06 on consolidation of Special/Revolving Funds was passed unamended in the Senate Higher Education Committee but deferred in the House Higher Education Committee.

Among the bills of interest to the University and Board, the bill for an emergency appropriation for UH flood relief passed unamended in the House Higher Education Committee and passed with amendments in the Senate Higher Education Committee, pending Finance and Ways and Means hearings. HB 6 which would abolish the stadium authority and transfer the Aloha Stadium and Kapolei Recreation Sports Complex to the University of Hawai‘i and the Department of Land and Natural Resources was deferred and not moving in the House.

HB 3 to amend the constitution to allow modifications to the Board of Regents’ appointment process and establish the candidate advisory council passed the House Higher Education Committee and is pending House Judiciary Committee hearings. HB 1220 proposes amendments to the constitution to elect Regents instead of appointed was deferred in the House Higher Education Committee.

SB 1256 amending the constitution to modify the appointment process for Regents passed unamended in the senate Higher Education Committee and pending Senate Judiciary and Hawaiian Affairs Committee hearings. SB 1538 to
allow modification to the Regents’ appointment process passed unamended in the Senate Higher Education Committee and pending Senate Judiciary and Hawaiian Affairs Committee hearings.

Regent Lagareta disagreed with the rationale for certain bills such as the bill to establish a committee to review the selection of Regents made up of constituencies such as labor unions. She felt that it would be inappropriate for a Regent to represent special interests. Lagareta added that testimony should be given using information on best practices from sources such as the Association of Governing Boards. She further commented on the Legislature’s dismantling of the University’s budget and inquired about those discussions at the Legislature. President McClain assured that the University’s policy has always been to adhere to the Regents’ budget. Consequently, when priorities are changed, testimony is in support of the Regents’ priorities. When the Legislature proposes initiatives, University testimony is always in support of the Regents’ priorities. However, if the Legislature includes additional initiatives, the University requests that such initiatives not displace the Regents’ budget priorities.

10. University of Hawai‘i Foundation’s Gift Assessment

President McClain requested that this item be deferred. There was no opposition from the members of the Board.

11. ‘Ahahui Koa Anuenue’s Preferred Seating Plan

Director Frazier requested that the Board approve a proposed preferred seating plan for University of Hawai‘i Mānoa athletic events. He explained that the purpose of the proposal was to assist in funding the activities of the Athletic Department in a manner that best blends accommodation of relevant interests and the needs of the University of Hawai‘i. Currently, there is the Premium Seat Donation (PSD) model and the old ‘Ahahui Koa Anuenue’s (AKA) membership model, which achieved its highest level of fund-raising this last year at a level of about $1,500,000.00. Under the proposed new AKA plan, it is anticipated that over a few years, revenues for the University of Hawai‘i Athletic Department will grow to $5,000,000.00, which is not possible under the current models.

Due to the timing of the plan and ticket renewals in April, the need to sell and implement this new plan and to collect all sums by June of 2005, AKA respectfully requests that the approvals be granted as soon as possible, upon consideration and hopefully, approval by the Board of Regents.

The proposed new AKA plan offers current season ticket holders the opportunity to maintain their present seats and benefits providing that they fit within the new categories of membership. The new plan also will have the opportunity to solicit large donors, because the AKA will have an inventory of preferred seating and parking benefits to sell which benefits are not currently available. The new AKA plan is a key point in the plans of the University of Hawai‘i to reach its financial goals as detailed in the approved 2004 five-year plan.

The new AKA program is based upon many factors including the desire of the general public to see the University of Hawai‘i Athletic Programs continue to grow in national stature and a need to support the cost of the necessary Athletic Scholarships and the cost of recruiting. Therefore, the University of Hawai‘i Athletic Department working with the AKA, which has the exclusive right to sell UH season
tickets for all sports and reserved parking, if available, for arena sports and the stadium, came up with this new program after several years of work and relevant media studies. The new program which is outlined in the "Matrix of AKA levels of Contribution and Benefits" (the "Matrix") along with the relevant diagrams is based upon levels of contribution by members of the AKA by way of (a) unrestricted donations to AKA plus (b) the cost of ticket premiums that each member has timely paid for each sport for which that fan wishes to purchase season tickets. The new model which is set forth in the Matrix was evolved in order to enhance the ability of AKA to assist the Athletic Department to reach its financial goals, and to make it more efficient and fair for all season ticket holders and AKA members.

Mr. Vince Baldemor, Executive Director of AKA informed that a survey and research was conducted by SMS Research and a public meeting was held on January 14, 2005 at the Stan Sheriff Center. The survey was conducted by SMS Research as a subcontractor for Stryker Weiner & Yokota. The objective was to determine season ticket holders’ attitudes toward UH-Mānoa Athletics and gather general demographic information.

The survey results can be summarized as follows:

- UH should strive to be in the top 25 in the nation in all sports, and the majority specifically cited Football
- UH, the City of Honolulu, and the State of Hawai’i benefit when UH Athletics’ teams are successful nationally.
- Season ticket holders should pay more for the better seats.
- Season ticket holders at UH Athletic events are not representative of the population as a whole.

SMS Research was also tasked with conducting independent research on how other universities’ annual season ticket plans are organized. The findings confirm that UHM Athletics should consolidate both of their preferred seating plans into one centralized program.

The research results can be summarized as follows:

- Research included schools from the WAC, Pac-10, Mountain West Conference (MWC), and Mountain Pacific Sports Federation.
- All schools offer various benefits at different levels of membership.
- All schools were comparable in relation to their lowest membership level ($50 - $250)
- UHM Athletics is significantly lower than the other schools in relation to their highest membership level ($25,000 - $250,000).
- A preferred seating plan is a benefit that has been recognized at all of these schools as a significant factor in encouraging higher contribution levels.

In addition to the survey and research conducted by SMS, a public meeting was held January 14, 2005 at the Edwin Wong Hospitality Room, Stan Sheriff Center. The purpose of the meeting was to give the public an opportunity to comment on the proposed ‘Ahahui Koa Anuenue changes. Another public meeting is being scheduled in February 2005 as recommended by the University General Counsel office which will allow the public another opportunity to comment on the proposed changes.
The new model incorporates all season ticket holders who wish to sit in a Preferred Section with the benefits which are offered only to `Ahahui Koa Anuenue members. The matrix includes multi-sport packages for those who wish a "one stop shop", while also includes benefits for those who wish to purchase only one sport.

This model was developed to keep the best interest of the Hawai'i season ticket holders in mind and to minimize any disruption. The underlying theory was that the very best seats in the stadium (the black zone) should be made available to the highest level of donors. Similar programs exist throughout the mainland and extensive research was done in order to see what Hawai`i season ticket holders wanted as well as how the top 25 football schools maintain a successful scholarship program.

The preferred seating program is for season ticket holders in the following sports: Football, Women’s Volleyball, Men’s Basketball, Men’s Volleyball, Women’s Basketball, and Baseball. Seat locations are linked to donation levels for certain areas of Aloha Stadium, Stan Sheriff Center, and Murakami Stadium. The seats with the better location have the higher donation level. This program raises funds for the scholarship bill which annually reaches $4 million. Benefits such as reserved and preferred parking are available to those who participate in the Preferred Seating Program, with priority based upon level of membership participation.

**AKA Seat Premium - Four year price plan (subject to annual review by the AKA Board)**

<table>
<thead>
<tr>
<th>Football</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blue</td>
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<td>$220</td>
<td>$230</td>
<td>$230</td>
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<td>$150</td>
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<tr>
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</tr>
<tr>
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</tr>
<tr>
<td>Yellow</td>
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</tbody>
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<table>
<thead>
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<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
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<td>$100</td>
<td>$100</td>
<td>$100</td>
</tr>
<tr>
<td>M. Basketball</td>
<td>$100</td>
<td>$100</td>
<td>$100</td>
<td>$100</td>
</tr>
<tr>
<td>M. Volleyball</td>
<td>$100</td>
<td>$100</td>
<td>$100</td>
<td>$100</td>
</tr>
<tr>
<td>Baseball</td>
<td>$80</td>
<td>$80</td>
<td>$80</td>
<td>$80</td>
</tr>
</tbody>
</table>

Each person who held a season ticket in any of the identified sports (which seat is located in one of the AKA preferred seating areas) will receive notification of the current AKA matrix identifying the AKA level of contributions and benefits along with the relevant diagrams and the opportunity to sign up and to make their payments within the June 30th deadline. The order in which one joins AKA will set their priority number within their level of participation which will determine their priority in terms of increased benefits, or their level of vulnerability should contributors to AKA at higher levels of contribution, succeed to their parking or other membership rights. AKA's benefits are not grandfathered for any person or member and benefits are based solely on level of contribution. In the event that benefits are limited, those participating will be based upon priority of membership number.
If you choose not to purchase a seat in the Preferred Sections (which necessitates a seat premium), you will be able to purchase areas in the stadium, arena or baseball stadium that are not marked as premium areas.

Preferred Loge seating (Black Zone) is a new option for Football season ticket holders. These seats are first offered to those who currently sit there. If those current season ticket holders decline the offer to purchase at the new premium contribution, they will be relocated to other areas within the preferred seats, as available within the Aloha Stadium. The priority in terms of relocation and in being able to select from the best available seats will be based upon the ticket holder’s level of contribution and priority number within that level as determined by payment made by June 30th of that year. Preferred Loge seating will be available only to those who purchase the Ali‘i, Anuenue, or Director packages.

Regent Lagareta requested clarification regarding those who might be displaced from a seat. Mr. Bert Kobayashi, Jr., President of ‘Ahahui Koa Anuenue explained that the Athletic Department and AKA will help those who will be displaced by this plan because they could not afford this seat premium.

Regent Tatibouet asked if a gift fee would be assessed. Foundation President Vuchinich said that there would be an assessment because the monies derived would be deposited with the Foundation.

Chairperson Lee asked if the University and Stadium Authority would give up their complimentary tickets if this would include the Athletic Department. Mr. Kobayashi stated that what happens to those sections would be up to the University and the Stadium Authority as part of the negotiations between University and the Stadium Authority.

Regent Tanaka asked if attendance had declined because of the increase in premium. Director Frazier said that pay-per-view contributed to some of that fall-off. Regent Haynes asked that the Board be kept apprised of the net effects of this plan in terms of revenues versus the fall-off in attendance.

Regent Lagareta moved to approve the preferred seating plan. The motion was seconded by Regent Tatibouet and unanimously carried.

12. **External Auditor Selection Criteria and Process**

Internal Auditor Uyeda informed the Board that a Request for Proposal (RFP) would be released for an external auditing firm since the contract for the current External Auditor is expiring. The External Auditor would be contracted to perform mandated annual audits of the University for three fiscal years, July 1, 2004 through June 30, 2007.

The University consolidated three annual audits. Federal and State requirements require an annual audit of University combined financial statements, testing and certification of the University’s internal control structure, and the performance of compliance reviews with laws, regulations, contracts, and grants.

The National Collegiate Athletic Association requires that intercollegiate athletic programs of member institutions and the financial records of all support
groups, athletic foundations and booster organizations of athletics programs be independently audited on an annual basis.

The eight programs of the University Bond System (Bookstore System; Mānoa Campus Center including Hemenway Hall; Mānoa Faculty Housing at Waahila; Mānoa Parking; Mānoa Food Services; Student Housing Programs at Mānoa, Hilo, and Māui Community College; and Mānoa Telecommunications) are required to furnish audited financial statements in accordance with Section 6.08 of the Bond Resolution.

It is the objective of the University that the selection of the Auditor be conducted in a manner to provide open and free competition. In accordance with procurement regulations, the University will place a public advertisement to inform certified public accounting firms of its plan to contract the services of a qualified certified public accounting firm to conduct the subject audit. The firms will be instructed to obtain the Request for Proposal from the University Office of Procurement and Real Property Management and to submit their proposals to that office by the specified deadline in order to be considered.

Upon receipt of the proposals, the Selection Committee whose members will be subject to confirmation by the Chair of the Committee on University Audits will review the submissions. The Selection Committee will be comprised of five (5) University employees who possess expertise in accounting and auditing and will be directly involved with the audits.

The evaluation of proposals will be conducted comprehensively, fairly, and impartially. The proposal content will be scored based on technical competence and reasonable price.

Based on the proposal each member on the Selection Committee will provide scores not to exceed the maximum number of points allowable (75) for the technical qualifications for each firm. The scores for all members will be totaled and averaged for each proposal received.

Furthermore, a maximum of 25 additional points will be awarded based upon cost and will be added to the technical points average for each proposal, using the formula: The lowest audit cost proposal times 25 points, which is the maximum allowed for the cost, divided by the price of the proposal being evaluated.

In response to Regent Lagareta, Director Uyeda explained that the weighting system used to evaluate firms was similar to those developed and used by national organizations such as NACUBO.

Chairperson Lee asked if the Chair and Vice Chair of the Audit Committee should be on the selection committee. Regent Yamasato said that he was comfortable with the selection process but when a selection is based only on scores the institution may end up with an inappropriate firm. Regent Tanaka asked if the Committee could make the selection. General Counsel Kirimitsu advised that the Board or the Committee can make the selection but it must so specify in the RFQ. Regent Yamasato therefore suggested a two-step process involving a selection committee and perhaps a review committee of Regents. Associate General Counsel Pang suggested that a Task Group be set up as the second level. Chairperson Lee,
therefore, appointed Regent Yamasato as Chair of the Task Group, Regent Kai and Regent Haynes. The Task Group would act as the second level of review with the Board making the final selection.

Regent Lagareta recalled that Sarbanes-Oxley does not require universities to change firms provided that the auditing firm periodically change the people assigned the account. Director Uyeda confirmed this, adding that the change should be in the partner in charge at least every seven years. In the case of PwC, the partner in charge retired in 1992 so there is a new partner who has been on for about three years. Regent Lagareta added that she was still not comfortable about whether Regents should be on the selection process. However, she was far more concerned about devoting more Board attention to the Bond System and following up on compliance.

V. UNIVERSITY OF HAWAI‘I FOUNDATION REPORT

(Note: This item was taken out of order)

President Vuchinich reported that the fundraising results as of December 31, 2004 was $15,170,192. 19,015 donors gave outright gifts totaling $12.3 million for the fiscal year and of the $12.3 million, 102 donors gave gifts of $10,000 or more totaling $9.3 million. These 102 donors accounted for 76% of the total gifts and pledges. Approximately 99.46% of the pledges and gifts were restricted to specific units, colleges, and campus programs.

Chairperson Lee asked how confidentiality was handled. President Vuchinich explained that the Foundation does not disclose amounts but could give names unless the donor wishes to remain anonymous. Donors of $10,000 or more receive a letter of thanks from the University President and a copy will be provided to the Board for its information.

Regent Tatibouet asked where the ‘Ahahui Koa Anuenue funds were kept. President Vuchinich informed that a lot of the monies are kept in the scholarship accounts.

President Vuchinich reported that the Alumni Relations staff was working to launch the University of Hawai‘i’s first-ever printed Alumni Directory. This is an opted-in directory so only the information which the alumni choose to have in there will be included. So far, there have been 28,562 opted-in’s as of February 14th.

President Vuchinich reported on the visit with the New York Chapter with President McClain. Good responses were received and in the coming year, there will probably be new relationships and hopefully income from those visits. Upcoming events include the Distinguished Alumni Awards Dinner on May 10.

Regent Haynes moved to enter into executive session to discuss personnel, legal, and collective bargaining matters pursuant to Chapter 92, HRS. The motion was seconded by Regent de la Peña and unanimously carried. The meeting was recessed at 4:34 p.m.
Friday, February 18, 2005, Reconvening of Board of Regents’ Meeting

The meeting was reconvened at 9:17 a.m. Friday, February 18, 2005 in the same location.

Agenda Items, Public Session (Continued)

Approval for an Associate in Science degree for Interpreting at Kapi'olani Community College

(Note: This item was taken out of order at the request of Kapi'olani Community College)

Chancellor Morton requested that the Board approve the establishment of an Associate in Science (A.S.) degree for Interpreting at Kapi'olani Community College (KCC).

Aimed at preparing interpreters to work in a variety of settings and in both spoken and signed languages, the Associate in Science degree for Interpreting at Kapi'olani Community College will include a core curriculum that will be shared among a number of concentrations: educational, legal, medical, and community interpreting. The first of the concentrations to be developed is that for American Sign Language (ASL) Educational Interpreting.

The new A.S. degree in Interpreting, with a concentration in ASL Educational Interpreting will prepare students as interpreters for the State of Hawai’i Department of Education to work with individuals who are deaf or hard of hearing in K-12 classroom settings. The program is intended for educational assistants currently working as interpreters to update and refine their skills and for individuals preparing to work as interpreters in public school settings.

The State’s need for graduates with this skills set is great. Throughout the State, at least 60 underqualified educational assistants are working in twenty-one K-12 schools that serve 250 children who are deaf or hard of hearing in Special Education. KCC recognizes there is currently no pre-service or in-service program in Hawai’i that prepares paraprofessionals and related services personnel to serve these children and it is the only higher education institution in Hawai’i in a position to implement such a program due to the availability of support systems and relevant curricular content. The other areas of concentration that the College will develop are also derived from existing programs that are unique to Kapi’olani Community College: legal education, health sciences, and interpreter education and training.

The College has been awarded a five-year, $1.3 million grant from the U.S. Department of Education, Educational Interpreters and Assistants Preparation Project, to fund the development, management and academic support of two-year degrees for ASL Educational Interpreters and Educational Assistants. Because many of the A.S. degree program outcomes are integrated into the expected outcomes of the federally-funded grant, the program’s effectiveness will be rigorously assessed in its initial stages of implementation, through both formative and summative evaluation methods, which are appropriate to the goals, objectives, and outcomes of the proposed program.
Further information on the program was provided by Associate Professor Jan L. Fried and Instructor Amy Tsuji-Jones.

Regent Tanaka asked how long it would take for an individual to become proficient in interpreting. Chancellor Morton said it takes a long time to become proficient and that the A.S. degree would be the lowest level of certification. Practice would make the person more proficient. Regent Tanaka asked if it were possible to learn signing in other languages. Chancellor Morton informed that other cultures such as Japanese have their own signs.

Regent Bender moved to establish the A.S. Degree in Interpreting at Kapi'olani Community College subject to the Regents’ policy on provisional academic programs. The motion was seconded by Regent de la Peña and unanimously carried.

Regent Kai stated that in line with this action he wondered about the progress of new UH-Hilo programs, the School of Pharmacy, and the Ph.D. in Hawaiian and Indigenous Languages. President McClain said he would provide a report at the Board’s March meeting.

VI. 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 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 as follows:

UNIVERSITY OF HAWAI‘I, SYSTEM

Executive

JOHNSRUD, LINDA K.
Interim Vice President for Academic Planning and Policy
Office of Academic Planning and Policy
March 1, 2005 - February 28, 2006, unless sooner relieved
UNIVERSITY OF HAWAI'I AT MĀNOA

Executive

CADMAN, EDWIN C.
Dean
John A. Burns School of Medicine
Salary Adjustment
November 1, 2004
Faculty Fall Back Salary Adjustment
Upon Return to Faculty Status

MAGNUSSEN, LOIS
Interim Dean
School of Nursing and Dental Hygiene
Upon approval by the Board through December 31, 2005 or until a permanent dean is appointed, whichever is sooner

Managerial

DI, XU
Assistant Dean of Student Services
College of Education
May 1, 2005 - April 30, 2006

KINOSHITA, CHARLES M.
Associate Dean for Academic Affairs
College of Tropical Agriculture and Human Resources
March 1, 2005 - February 28, 2006

Associate Professor or equivalent

LANDAU, BARBARA
Associate Professor, I4
Institute for Teacher Education, College of Education
Award Tenure
Upon approval by the Board

UNIVERSITY OF HAWAI'I AT HILO

Executive

HORA, STEPHEN C.
Interim Vice Chancellor for Acad Aff, UHH
Office of the Chancellor, UHH
March 1, 2005 - June 30, 2006, unless sooner relieved
SAKAI, WILLIAM S.
Interim Dean
College of Agriculture, Forestry and Natural Resource Management
December 16, 2004 - December 15, 2005 or until a permanent dean is appointed, whichever is sooner

UNIVERSITY OF HAWAI‘I - WEST O‘AHU

Executive
MOBLEY, JOSEPH JR.
Interim Vice Chancellor (Academic Affairs)
Office of the Chancellor, UHWO
January 1, 2005 - December 31, 2005 or until a permanent Vice Chancellor is appointed, whichever comes first

Regent Tatibouet moved to approve the personnel actions as recommended. Regent Albano 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 February 17, 2005.)

VII. GIFTS, GRANTS AND CONTRACTS

Vice President Gaines said that on this day last year, $206 million in grants were received in contracts and grants. As of today, the University of Hawaiʻi has received $207 million. The research awards are up significantly while the training awards are down by about the same amount. More indirect cost recovery is collected off the research awards than the training awards. So the amount of indirect cost that is projected coming out of this is up from last year

Vice President Gaines reported that during the period December 1, 2004 through December 31, 2004, the University of Hawaiʻi system received a total of $11,161,595 in gifts, grants and contracts. The University of Hawaiʻi at Hilo received a total of $2,669,794 during the same period.

Regent de la Pena 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.

Regent Lagareta inquired about the effect of the flood on different projects and how this will impact the University for the long term in research. Vice President Gaines responded that long-term effects are unpredictable. However, there has been support from the agencies in accepting late reports. On the President’s visit to Washington, D.C., he informed the Congressional delegation that the agencies
that fund research at the University of Hawai’i do not provide for catastrophic events. If there were no sources of relief, legislation could be enacted to make FEMA more responsible for the kinds of damage that the University had experienced. Vice President Callejo added that there had been a meeting with the FEMA team to complete an application to be part of the total claim with FEMA. A team of about 20 experts will be coming to the University to work on this claim. The University of Hawai’i will have its kick-off meeting with this team to work with its experts on insurance.

Chair Lee asked what the RTRF rate was. Vice President Gaines responded that the indirect cost rate proposal had not been completed as yet but will be submitted by the end of this month. He said that hopefully that rate will go up. The projected rate for Kaka‘ako is 50 percent and hopes to increase that rate for the Mānoa campus as well. The actual rate isn’t really what is collected all the time; there seems to be some bargaining that goes into this. The new rate will not go into effect until July 1, 2006 and will only apply to proposals submitted after July 1, 2006. The old proposals are grandfathered at the rate when they were submitted.

VIII. REPORT OF EXECUTIVE OFFICER

President McClain asked Vice President Callejo to report on the request for proposals (RFP) for the University of Hawai’i West O’ahu. He said the four finalists for the West O’ahu RFP are:

1. Joint venture between Actus Lend Lease and Alexander and Baldwin
2. Hunt ELP, Ltd.
3. Unidev, LLC of Bethesda, Maryland
4. Joint venture between Concord Eastridge and Leo Daly

Honolulu Community College (HCC)

Chancellor Pedersen reported on the “Construction Academy” initiative. This is in response to a resurgence of the construction industry in Hawai’i and the understanding that over the next three to five years, approximately 7500 people will have to be trained to fill new jobs in a rather tight work force at this point.

Mr. Jon Blumhardt, principal investigator on this project, informed that a partnership has been developed with the U. S. Department of Labor, the State Department of Education, which includes eight pilot high schools, and Hawai’i’s building and construction industry, which includes a number of unions and construction partners. The “Construction Academy” is designed to teach multiple disciplines and skills at the high school level to reverse Hawai’i’s labor shortage. It culminated as a result of this partnership at a $1.4 million, U. S. Department of Labor grant from the President’s High Growth Training Initiative. It has eight project goals and a number of educational challenge, requires some major curriculum redesign, and has the potential for some very large-scale outcomes.
In the Career and Technical Education pathways, students in their junior year will take a survey course of three credits, which is an introduction to the field. Students will work on an actual project from start to finish which involve a little bit of electricity, carpentry, sheet metal, and blueprint reading. High school teachers will be brought in during the summer, trained to community college standards, and then certify competencies, line by line.

A basic training was conducted for the faculty who are already out on the field for the eight pilot high schools. This was without federal funding. This summer, concentration will be on carpentry and blueprint and next summer will be electrical and welding. Hopefully, 500 students during this two-year period will take courses in the “Construction Academy” and possibly, 300 will be coming on board in the industry either through the associate programs or baccalaureate programs.

Chancellor Pedersen said the U.S. Department of Labor was interested in this program and wanted to use it as a national model. Hawai‘i’s congressional delegation is very supportive of this project.

Regent Lagareta commented that she went to a conference in Arizona on Innovations in Community Colleges and said that this program is exactly what they had discussed, partnering with the community. Chairperson Lee concurred, adding that this was a win-win situation for students and better than getting advanced placement credits at the college.

In response to Chairperson Lee’s question, Chancellor Pederson informed that Kailua, Kahuku, Waialua, Mililani, Waipahu, Radford, Pearl City, and McKinley High Schools were participating along with the Hawai‘i Academy for Arts and Sciences.

President McClain congratulated Chancellor Pedersen and his team for stepping up to this challenge for the State and stated that this is community college at its best.

Introductions

Associate Vice President Unebasami introduced Susan Jurow, Senior Vice President for the National Association of College and University Business Offices (NACUBO).

Status Report on the JABSOM Kaka‘ako Biomedical Research Center

This report was presented to the Regents by consultants who prepared a report containing seven recommendations. Vice President Gaines reviewed the recommendations as follows:

1. The UH Biomedical Research Complex at Kaka‘ako should be governed as a systemwide health sciences unit led by a new systemwide Vice President for Health Sciences reporting directly to the President of UH. This unit should include at least JABSOM, the Cancer Research Center, and PBRC, and consideration should be given to having the School of Nursing report to the Dean of JABSOM and physically relocate to Kaka‘ako.
2. Consider the establishment of a formal systemwide Health Sciences Council chaired by the Senior Vice President of Health Sciences that would include representatives from the systemwide health sciences unit, bioscience constituencies within the University system, and representatives of the broader life sciences community in Hawai‘i such as Enterprise Honolulu, Department of Business, Economic Development and Tourism, the counties, and private sector firms. The Council would act as an advisory body for collaboration; a clearinghouse for new strategies, ideas, and general communications; and a forum for airing issues.

3. The Office of the Senior Vice President for Health Sciences should become the single contact point for developments and project at the Kaka‘ako complex in which the University is involved in any capacity.

4. A full-time dedicated “entrepreneur-in-residence” should be hired in the Office of the Senior Vice President for Health Sciences.

5. One or more community hospitals should be designated as a hospital of the University of Hawai‘i and be integrated more fully into expanded clinical research programs of JABSOM and Cancer Research Center.

6. In order to increase the ability of JABSOM and other University health sciences units to attract and retain the best researchers and to enhance its general reputation for excellence in the medical community, a finite number of research areas should be chosen for development into centers of research excellence.

7. Particularly because of the apparent confusion and disagreements over the “financial realities” of JABSOM and the proposed UH operations at Kaka‘ako, an independent financial study should be commissioned to resolve the continuing issues within UH as to the correct projections for operating costs and revenues of JABSOM and the Kaka‘ako site and to recommend a uniform set of assumptions to be used for financial planning purposes going forward.

Vice President Gaines informed that at the instruction of the Board, he sent a memorandum to all Community College Chancellors along with the Chancellors at UH-Hilo and UH-West O‘ahu to comment. No one responded. He also consulted with the Librarian, UHPA, JABSOM dean, the JABSOM faculty senate, the Cancer Research Center Director and faculty, the PBRC faculty and former director, the Zoology Department who has joint appointments in PBRC, School of Nursing representatives, and had a video conference with those on the outer islands. In addition he met with the Mānoa Faculty Senate, the Mānoa management executives, deans and directors of the Mānoa campus, and the Mānoa Vice Chancellor for Research.

Vice President Gaines stated that as to recommendation No. 1, the JABSOM Dean favored parts of that and the JABSOM faculty favored exactly the same parts particularly becoming a separate campus and not have to go through the Mānoa bureaucracy. He reported on the sense gained from other stakeholder groups regarding the seven recommendations. President McClain added that the executive
committee of the Mānoa Faculty Senate expressed that JABSOM should be permitted to succeed or fail on its own, neither hampered by nor subsidized by the rest of the University. Another report was received from the committee on academic plans and priorities at Mānoa that focuses on undergraduate education and how that would be affected by the structural changes being proposed.

In explaining the financing, President McClain said there were four variables:

1. Will the legislature step up and fund JABSOM at the level the Regents have requested, which is an important consideration. This answer will be known by May 1st.

2. This is the first unit at Mānoa that will ever have to pay the cost of its own facilities. None of the other units at Mānoa have to pay that cost. There is an argument that wherever JABSOM ends up, whether it is at the system or at the Mānoa level, that education building cost certainly needs to be picked up by the system or the campus and not be the research enterprise. The cost of the research building which is coming on later this year certainly needs to be picked up by the research enterprise but the education building should be funded by the system or the campus in some fashion.

3. There is an aggressive program of hiring that is in the financial projections for JABSOM and that program does certainly involve some significant expenditure of funds going forward.

4. JABSOM students cover about 30 percent of the cost of their education. Students at the Law School on the other hand cover about 80 percent of the cost of their education. One of the things that President McClain has asked the Medical School to do is to take a look at this question. There can be more revenue if the School raises its tuition.

He added that if the University were able to finance the education building for the Medical School, its income statement would be in the red or slightly black, it’s not a problem and it can go ahead and do all of its hiring. However, the University will have to pick up the cost of the education building somewhere in the system or at the campus. These are the resources that will be a challenge to find.

Regent Tanaka said the Board should not rush into a decision but instead look at the long-term benefit of whether JABSOM would be able to maintain its mission. He said that the structure that would be set up will be the one that would take JABSOM forward in the future and would like the University to have this researched. Regent Lagareta agreed that a careful approach should be taken. She stated that the Board spends hours on programs at Hilo and the Community Colleges but did not recall any discussion regarding the Medical School project at Kaka‘ako. She learned that somehow funds for the construction were funneled to RCUH. The Board was “sold the fast-tracking” of this building and all the money that is costing the University for infrastructure and no one seems to have planned for its operation. She expressed frustration that the legislators did not ask for much information when they fast-tracked this with no clear plans for financing the
program’s operation. She asked that the Board be provided a strategic plan on this matter in the near future so that the Board can get some answers.

President McClain acknowledged that the JABSOM complex at Kaka’ako was the vision of former UH President Kenneth Mortimer who in 1999 tried to get this to be a teaching-oriented institution and a research engine for the State. The actual initiative to construct the buildings came when Governor Cayetano searched for projects to re-establish a construction floor back into the economy following the events of 9/11. He realizes that it is a venture that can have a payoff for the State but the financing has to be watched. Since the economy is now stronger, President McClain said that he was hopeful the Legislature would support this vision. He assured the Board that there was a tight read on the financials at JABSOM and he had a high level of comfort with the numbers that are finally becoming apparent. If the Education Building is taken off the books, the financials substantially will become better.

Regent Tanaka added that the Regents are more cautious about making commitment on major projects, requiring, for example, the Cancer Research Center and UH-West O’ahu to produce a funding plan. He asked if there was a financial model for JABSOM. President McClain responded that a tangible plan had been developed. He added that some funds were received from interest earnings raised by the bond funds. Regent Lagareta expressed her appreciation to President McClain for what his administration had done in a very short time to address the operational realities obscured by the public relations “fluff” created by the media and previous administration. Regent Yamasato concurred, commenting that the University’s mind set has to change because it can no longer rely strictly on the State for funds.

IX. NEW OR OTHER BUSINESS

There was no new or other business.

X. ANNOUNCEMENT

Chairperson Lee thanked Chancellor Pedersen and the faculty, students, and staff for their hospitality and for the lunch and breakfast.

Next Meeting

Chairperson Lee announced that the next meeting of the Board of Regents would be held on Thursday, March 17, 2005 at Maui Community College.

Regent Tatibouet moved to enter into executive session to consider personnel, legal and collective bargaining matters in accordance with Chapter 92 HRS. The motion was seconded by Regent Lagareta and unanimously carried. The meeting was recessed at 11:17 a.m. to enter into executive session.
XI. ADJOURNMENT

The meeting was reconvened in public session in Room 201, Building 2, Honolulu Community College at 1:50 p.m. There being no further business before the Board, the meeting was adjourned at 1:51 p.m. Friday, February 18, 2005.

Respectfully submitted,

Carl H. Makino
Executive Assistant