MINUTES
UNIVERSITY OF HAWAI'I BOARD OF REGENTS'
MEETING OF
March 17-18, 2005

I. CALL TO ORDER

The meeting was called to order by Chairperson Patricia Y. Lee on Thursday, March 17, 2005, at 10:30 a.m. in Laulima 105, Maui Community College.

Attendance

Present were Regents Andres Albano, Jr., Byron W. Bender, Ramón S. de la Peña, John K. Kai, Trent K. Kakuda, Kitty Lagaretta, Alvin A. Tanaka, Jane B. Tatibouet, and Myron A. Yamasato; Interim President David McClain; Executive Administrator and Secretary of the Board David Iha; and Executive Assistant Carl H. Makino. Regent James J. C. Haynes II 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 Vice President for Academic Planning and Policy; Ms. Carolyn Tanaka, Associate Vice President for External Affairs and University Relations; Dr. Gene Awakuni, Chancellor, University of Hawai‘i at West O‘ahu (UH-West O‘ahu); Ms. Peggy Cha, Chancellor, Kaua‘i Community College; Dr. Peter Englert, Chancellor, University of Hawai‘i at Mānoa (UH-Mānoa); Dr. Rockne Freitas, Chancellor, Hawai‘i Community College; Dr. Angela Meixell, Chancellor, Windward Community College; Dr. John Morton, Chancellor, Kāp‘olānai Community College; Mr. Ramsey Pedersen, Chancellor, Honolulu Community College; Dr. Clyde Sakamoto, Chancellor, Maui Community College; Dr. Mark Silliman, Chancellor, Leeward Community College; Dr. Rose Tseng, Chancellor, University of Hawai‘i at Hilo; Ms. Donna Vuchinich, President, and Mr. William King, Vice President, University of Hawai‘i Foundation; Dr. Mary Tiles, University of Hawai‘i Professional Assembly (UHPA); Mr. Walter Niemczura, President, Administrative, Professional and Technical (APT); and others.

II. APPROVAL OF MINUTES

Upon motion by Regent Yamasato and second by Regent de la Peña, the Board unanimously approved the minutes of the February 17-18, 2005 meeting, as circulated.
III. PUBLIC COMMENT PERIOD

No testimonies were received.

IV. AGENDA ITEMS

1. Enter into Long-Term Agreements with the Board of Water Supply for the Kakaʻako Deep-Well Cooling Project, John A. Burns School of Medicine (JABSOM)

Acting Dean Sam Shomaker requested authorization to enter into a long-term agreement with the Board of Water Supply (BWS) for: (1) chilled water service provided by at the John A. Burns School of Medicine’s Kakaʻako site; (2) an operating lease for Central Utility Plant Equipment with BWS as lessee; and (3) required easement(s) to enable the foregoing. He explained that JABSOM wished to enter into the aforementioned agreements with BWS which would provide chilled water for air-conditioning at the new Kakaʻako facilities. It is the parties’ mutual desire to reduce energy usage and cost, reduce the Island of Oʻahu’s potable water usage from natural resources, and promote the use of deep-well seawater cooling systems. The overall economic benefits of entering into this agreement for JABSOM and the University include:

- The shift of capital and operating costs and risk from the University to the BWS
- Annual operating cost savings for JABSOM is projected to be in excess of $100,000

The key elements of this agreement would be:

- Term – 20 Years
- Effective Date – August 18, 2005
- Initial Annual Payments to JABSOM from BWS – approximately $400,000

Mr. Barry Usagawa, Board of Water Supply, explained that under its freshwater sustainability program, BWS would fund the installation of a deep-well seawater cooling system (the “Project”) that will provide chilled water for air-conditioning purposes for the Kakaʻako facilities. The Project included the installation of source and injection wells, piping, structures, equipment, and fixtures necessary for a functional seawater cooling system. BWS’ total contribution to the Kakaʻako project would amount to $5.5 million. The overall goal of the Project is to reduce energy usage and operating cost for JABSOM, reduce the Island of Oahu’s potable water usage from natural resources, and promote the use of deep-well seawater cooling systems. This Project would also give BWS credibility for this technology for use elsewhere in Hawai’i with the purpose of sustaining resources.

Mr. Scott Blumeyer, Honolulu Cooling Network, then explained the technology involved with the deep-well cooling system. Essentially the system is based on using seawater from a 750-foot well to cool the JABSOM buildings.
Regent Lagareta inquired if the building housing the cooling system would visually dominate the campus. Mr. Blumeyer responded that it would not be invasive and would be smaller than the cooling towers it would replace and would be below the architectural parapets. The source wells have 10’ x 10’ architectural well housings which would rise anywhere from four to six feet above grade.

In response to Regent Albano, Mr. Blumeyer informed that an N plus 2 design is being used as a backup system, meaning if the system failed, there would be the cooling tower as a backup to serve the critical research line. Under the plan, the hope was to find fairly cold water that could be used to actually replace some of the mechanical chillers as well which would have had a greater benefit. The system, according to Mr. Blumeyer, is a hybrid system that utilizes seawater for the condenser. The tenants will see the same temperatures that they would have seen if this program had not been employed. Regent Albano complimented the Board of Water Supply for coming up with the technology.

President McClain inquired about corrosion over time. Mr. Blumeyer explained that the critical components utilize titanium plates which are non-corrosive and can handle seawater. High density polyurethane piping is used for the wells. He added, in response to Regent Tatibouet, that there would be no replacement risk to the University since all parts and labor would be included.

Regent Tanaka commented that when the lease is finalized, the University Legal Counsel will be reviewing all of the terms and conditions to insure that they meet the conditions being presented. General Counsel Kirimitsu stated that the attorneys from both parties will go over the documents as the construction costs are finalized. Chairperson Lee suggested that the Board review the lease for informational purposes.

Chairperson Lee asked how the University would be charged for this operation and would it be subject to Public Utilities Commission (PUC) action. Mr. Usagawa explained that the Board of Water Supply would not be subject to increases by the PUC. The specific terms of rate increases have not been finalized at this point but the industry standards are generally modeled after an inflationary index. He added that it would be a very predictable cost pattern for the University over the next twenty years.

In response to Regent Tatibouet, Mr. Blumeyer informed that the Board of Water Supply’s maintenance responsibility would be from within the central plant building, the wells themselves, the transmission lines for those wells for re-injection and the source wells. There are two components to the rate structure, one is the fixed capital recovery component for the Board of Water Supply and the other is a metered usage rate.

Regent Lagareta moved to authorize the University Administration to enter into agreements with the Board of Water Supply for (1) chilled water service provided by BWS to JABSOM-Kaka’ako, (2) operating lease for central utility plant equipment with the University as lessor and BWS as lessee, and (3) required easement(s) to enable these actions. All agreement documents shall be reviewed and approved as to form by the University’s Office of Legal Affairs and General Counsel. Regent Tatibouet seconded the motion. Chairperson Lee requested that the three documents be brought back to the Board for review before signing. Upon call the motion was unanimously carried.
President McClain introduced Dr. Gene Awakuni who joined the University of Hawai‘i as Chancellor for the West-O‘ahu campus.

2. **Approval of the General Structure of the Gear Up Trust and Authorize the President to Negotiate and Sign All Implementing Documents**

Dr. Shirley Daniel requested that the Board of Regents approve the general structure of the Gear Up Trust and delegate authority to the President to negotiate and sign all relevant documents to create a trust to administer the federally funded Gear Up scholarships. All costs relating to the creation of the trust would be provided by the federal grant.

To comply with federal regulations, the University must create a separate trust to administer the federally funded scholarships for the Gear Up program. The 2004 legislature authorized the University of Hawai‘i to create this trust (HRS 304-18.5). Board action is now requested to delegate authority to the President to sign all necessary documents to execute the trust so that the federal funds can be drawn upon and deposited in the trust.

In September 2000, the University of Hawai‘i, on behalf of the State of Hawai‘i, received a five-year, $10.2 million grant from the U.S. Department of Education’s Gear Up Program. Gear Up stands for Gaining Early Awareness and Readiness for Undergraduate Programs. The purpose of Gear Up nationwide is to increase the number of low-income students who are prepared to enter and succeed in postsecondary education. The grant is housed and administered by the College of Business at the University of Hawai‘i at Mānoa.

All Gear Up State grants are required to have two major components. The first is an early intervention component. Gear Up Hawai‘i has been sponsoring a number of school-based interventions in 32 of Hawai‘i’s low-income middle schools. These include professional development for teachers, tutoring for the students, and activities that foster parent and community involvement.

The second component required of all Gear Up State grants is a scholarship component. Scholarships can be valuable tools for motivating students by rewarding progress and providing incentives for students to persist. Gear Up Hawai‘i budgeted approximately $3.8 million for the scholarship component. It is planned for these funds to be awarded over four years, from 2006 thru 2009. In accepting this money, however, the University must comply with a number of federal stipulations. In order to assure that the Gear Up scholarships are disbursed properly, the funds need to be transferred to a trust, in accordance with State trust laws. Federal guidelines also state that an entity other than the grantee must have legal control of the trust, and the grantee may not retain any type of reversionary interest in the funds. Thus, the trust must be administered outside of the control of the grantee, the University of Hawai‘i.

Chairperson Lee commented that the Bank of Hawai‘i was selected as depository because it had the ability to monitor this but she wondered if the fees were negotiated. Dr. Daniel responded that the Hawai‘i Community Foundation works with three trust companies and only the Bank of Hawai‘i had the sophisticated data processing system. She added that Bank of Hawai‘i wants to execute a detailed memorandum of understanding with the Hawai‘i Community Foundation before they sign on. Chairperson Lee encouraged Dr. Daniel to negotiate for the lowest fees possible.
Regent Lagareta moved to approve the structure of the Gear Up trust and delegate to the President the authority to negotiate and sign on behalf of the University of Hawai‘i all implementing documents, other than those documents typically signed by the Principal Investigator. Regent Kai seconded the motion which was unanimously carried.

3. **Extension of the University of Hawai‘i Endowment Fund Third Party Monitor Contract for Investment Monitoring Services with Wachovia Securities, Inc.**

President McClain recommended a six-month extension of the current contract with Wachovia Securities, Inc. (Wachovia) for investment monitoring services of the University’s Endowment Fund. The term of this extension would be through September 2005.

The third party monitor assists the Board of Regents in accomplishing its fiduciary responsibility for the investment of the University’s Endowment Fund including investment monitoring, the allocation of funds to various asset classes, and the engagement of professional investment managers.

The University’s endowment investment policy is contained in Section 8-6 of the Board of Regents’ Policies. Wachovia Securities, Inc., formerly known as First Union Securities, Inc., was contracted to perform investment management services for the University beginning April 1, 2001 and ending March 31, 2004. The initial contract period was for three years with the option to renew for an additional three-year period.

During the term of the initial and extended contract, Wachovia has met all of the contract terms, conditions, and deliverables and has provided the University with prudent and rational advice in managing the University’s endowment. Mr. Tom Sakai and his staff continue to work closely with the University Administration and the Board of Regents to ensure that the goals and objectives of the endowment were being met.

Based on the fact that there has been no competition for some time, President McClain recommended another competition and so recommended a six-month extension from April 1, 2005 to September 30, 2005 and requested that the Board direct the administration to issue an RFP to provide these services for a three-year period, beginning October 1, 2005.

Regent Albano said that this would be a good time for the Board to look at its policy regarding benchmarks and proper management of its assets. This is one area that the University should make sure it gets proper returns. Chairperson Lee commented that it came up at one of the tuition hearings that before tuition is increased, students want assurance that the administration had done all it could to maximize its assets and cut expenses. With respect to the University’s real estate holdings, Director Yokota informed that a study had been done a few years ago of the University’s landholdings but this may need to be expanded. Regent Lagareta asked that the report include a maintenance assessment.

President McClain suggested that the administration work with Regent Kai and other interested Regents in looking at the policy regarding benchmarking the performance of its money managers.
Regent Tatibouet moved to approve a six-month extension to the contract for investment monitoring services with Wachovia Securities, Inc., to September 30, 2005 and direct the administration to issue a request for proposals to provide these services for a three-year period beginning approximately October 1, 2005. Regent Lagareta seconded the motion which was unanimously carried.

4. **Issuance of a 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 requested authority to issue a Request for Qualifications for the development of Phase II of the JABSOM site at Kaka'ako. She added that there would be costs associated with engaging a consultant to advise the University through this process.

On February 17, 2005, the administration presented an informational report to the Board of Regents on the requirement by the Hawai'i Community Development Authority (HCDA) that the University of Hawai'i issue a Request for Qualifications (RFQ) for the development of Phase II of the JABSOM site on the Kaka'ako waterfront. This would be the first step in a two-step RFQ/Request for Proposals (RFP) process that would allow the University to identify and select a developer to enter into a comprehensive real estate development agreement (planning, design, finance, construction and management) for the project.

As noted in that presentation, on December 1, 2004, the Hawai'i Community Development Authority granted approval to the University 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 negotiation period will end on July 31, 2005 and is conditioned upon the University meeting the following deadlines:

- Selection of a developer for the CRCH facility no later than March 31, 2005; and
- Issuance of a Request for Qualifications (RFQ) for Phase II of the JABSOM site by March 18, 2005.

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.

The development permit approved by HCDA on September 3, 2002 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.

Phase II could include the following components:

- Additional research space for JABSOM and other units of the University;
- Private leasable space for bioscience companies (to be leased at market rents); and
• An incubation facility for emerging life science companies.

During the ensuing discussion, Regent Tanaka expressed that his preference would be to first see a financial plan before proceeding. Director Yokota felt that it would be better to work with JABSOM, the private companies, and the various groups that might be involved in formulating a financial plan based on how much each can pay, the construction costs, and how operating costs can be covered. Regent Tanaka asked if more time could be requested from HCDA. Director Yokota said she tried to lengthen it as much as possible without eliminating or reducing interest on the part of developers but that she would ask HCDA for an extension. President McClain added that perhaps if there was movement on the Cancer Research Center building, HCDA may grant the University more time for JABSOM, Phase II. Director Yokota informed that there is a five-year expiration period for the second phase so if construction is not started, that part of the permit will expire.

Chairperson Lee expressed concern that the University is already in the middle of one project and unsure about its operating costs. The Board needs to be fiscally responsible when dealing with the public’s money. Regent Lagareta concurred, adding that when projects come before the Board, it is only about the development and the Regents get the program aspects separately. She expressed that this has been troubling when one hears about the Medical School structure but never in the context of what is going forward for its programs. The same concerns apply to the Cancer Research Center where the Board is struggling to connect the Cancer Research Center’s vision and mission when the Regents discuss construction.

Regent Lagareta asked if there was a business plan for the Medical School. Acting Dean Shomaker said that there was a complete business plan for operations at the Kaka‘ako campus which he would be able to present in detail. President McClain said it would be possible to get both the Medical School’s financial plan as well as the financial and vision plans for the Cancer Center on the Board’s April agenda.

Regent Lagareta moved to authorize the University administration to issue a Request for Qualifications for the development of Phase II of the JABSOM site. Regent de la Peña seconded the motion which was unanimously carried.

5. Asset Purchase Agreement with Hawai‘i Medical Library

Acting Dean Shomaker requested that the University administration be authorized to enter into an asset purchase agreement with the Hawai‘i Medical Library ("HML"), a subsidiary of the Queen’s Health Systems (QHS), for the acquisition of medical reference resources for the new Health Sciences Library ("HSL") in Kaka‘ako. He explained that JABSOM desired to enter into the aforementioned agreement with HML to acquire medical reference resources at a significantly discounted price in order to adequately stock the new HSL in Kaka‘ako and comply with the requirements of JABSOM’s accreditation.

In conjunction with the Hamilton Library, JABSOM is establishing the HSL within the Medical Education Building at the new facilities in Kaka‘ako. HML currently houses the only significant collection of health science library materials in the State which currently fulfills the needs of the users the HSL intends to serve in the future. JABSOM currently is the primary user of HML’s services, but its collection is also open to members of the Hawai‘i medical community.
JABSOM currently has a service agreement with HML which will end upon the opening of the HSL in April 2005. Access to this collection is a fundamental requirement for JABSOM’s continued accreditation by the Liaison Committee on Medical Education (LCME). QHS plans to reduce the scope of HML’s service to coincide with the opening of the HSL. HML will then primarily service the Queen’s Medical Center and its affiliated physicians and staff.

The HSL will be operated under the purview of the Hamilton Library and will occupy 14,600 gross square feet in the Medical Education Building. The HSL will support the students, staff, and faculty of JABSOM and its academic, research, and clinical programs. The HSL will also serve the Schools of Nursing and Social Work and the faculty, students, and staff of the University of Hawai’i system. Lastly, the HSL will be accessible to health care professionals and biomedical researchers in the community.

It is projected that the annual operating cost of HSL will be approximately $1.3 million. The funding plan for the HSL includes approximately $685,000 in new State general funds that were appropriated by the State legislature beginning in the fiscal year ending June 30, 2005. The funding plan also includes $500,000 in tuition funds currently used in JABSOM’s budget for the service agreement with HML. The shortfall of $115,000 is part of JABSOM’s budget request for the upcoming budget biennium. In the future, JABSOM projects that additional revenues from the charging of membership fees to community users and private fund-raising from naming opportunities will enable HSL to meet the rising costs of doing business.

Crucial to the HSL’s ability to adequately service the needs of its users is a comprehensive collection of health sciences journals and reference materials. Thus, JABSOM desires to purchase certain resources from the HML at a significantly discounted price of $485,000.

JABSOM has budgeted sufficient tuition reserve funds for the past three years in anticipation of this purchase.

JABSOM has identified approximately 825 journal titles it needs to purchase from HML for purposes of meeting accreditation requirements. After consultation with the University librarian and librarians from other health sciences libraries across the nation, JABSOM identified only one other viable source for the possible purchase of the back volumes of the 825 identified titles: Alfred Jaeger, Inc. (AJI).

AJI is widely known as the leading full service back volume vendor in the world, with an inventory of 50,000 titles, including those referencing the health sciences. JABSOM searched AJI’s online database of titles, noting that only 279 of the 825 titles the Library needs is available for purchase. Furthermore, within the 279 available titles, there are many cases in which only a handful of the required volumes is available. AJI is clearly unable to provide the complete collection of journal titles that HML is able to provide.

JABSOM examined several methods commonly used in the accounting profession for valuing capital assets and inventories and determined that the net book value method most accurately measures the current value of the existing collection by applying the concept of depreciation. In addition, the net book value method is in compliance with generally accepted accounting principles.
The estimated net book value of the titles to be purchased from the HML collection approximates $750,000 as of June 30, 2004. In comparison, the proposed purchase price of $485,000 appears more than reasonable.

In an April 15, 2004 article from the widely read Library Journal entitled “Periodicals Price Survey 2004: Closing in on Open Access”, authors Lee Van Orsdel and Kathleen Born state that in 2004 the average price per health science title was $975. In comparison, when dividing the 825 titles included in the proposed purchase into the $485,000 purchase price, the result is an average price per title of $588 which was below the national average in the survey.

Using the list of titles to be purchased from HML, JABSOM attempted to find the market prices in AJI’s online database. The estimated cost for JABSOM to purchase the available titles (only 279 of the 825 titles) with limited volumes from AJI amounts to $300,000, an average cost per title of $1,075. Note that this amount does not reflect the cost of volumes within the 279 titles not available through AJI or additional freight, shipping and handling costs that would be incurred. Through this comparison, the $485,000 purchase price at a cost per title of $588 appears reasonable.

Based on the results of the three analyses performed above, it is clear that the proposed purchase price of $485,000 is fair and reasonable.

Regent Tatibouet moved to authorize University administration to enter into an Asset Purchase Agreement with the Hawai‘i Medical Library as presented. Regent de la Peña seconded the motion which was unanimously carried.

Chairperson Lee asked if the journals were current. Acting Dean Shomaker said that these are existing back issues of bound journals that will be physically housed at the new campus. He added that an extensive array of electronic journal titles that are available to the University community has been purchased and will be the primary collection strategy that will be employed. However, there are some older journal titles that are not available electronically and are still bound and this is what this purchase represents.

The meeting was recessed at 12:10 p.m. and reconvened at 1:10 p.m. in the same location.


Director Yokota requested that the Board authorize the administration to enter into consultant and construction contracts for the fiscal year 2004-2005. She explained that there were three contracts. The first involves the design and renovation of an old shop building at Hawai‘i Community College (Hawai‘i CC). A portion of this building will be used by the biology program of Hawai‘i CC. It is converting some of the spaces into spaces that can be used for science. This is currently housed at UH-Mānoa’s Komohana campus. The College of Tropical Agriculture and Human Resources has a campus on Komohana Street so it is very close to the UH-Hilo campus. It will be taking some of the uses out of there and moving them over to the Hawai‘i Community College.

The other two contracts were for West O‘ahu. One is to move forward with a number of permitting entitlements requirements for the West O‘ahu campus. As a developer is selected, certain kinds of zoning issues need to be sorted out. This
will allow for a consultant to help the University do all of these things. The second one is called the strategic development plan for Phase I Facilities and Revenue Producing Areas. When a developer is selected, the University will ask the developer to prepare a strategic development plan since this is a very large project. The developer will be asked to prepare a very detailed financial plan and business plan and how to develop the whole property. What is being planned is to put in a price tag, so the developer will be paid $250,000 if the University does not proceed with the project after that and the plan will be purchased from them. If the University does proceed with the project, the cost will be rolled into their own development cost and the University will not have to pay for it.

On the construction contracts, four are on the Mānoa campus. Two of them relate to the flood-related repairs at the Biomedical Sciences Building and at the Hamilton Library. The third project involves fire safety improvements at the Hale Kahawai dormitory and the fourth one involves the Art Building and there are some safety issues there as well.

Another project is the Hale Ikena, the old gym, and the maintenance shed at UH-Hilo. The original cost was estimated at $650,000 but has increased to $1.2 million because asbestos was found in the dormitory which has escalated the cost.

The last two items involve projects at Hilo and at Kaua‘i Community College and these are projects for which design has already been done but approval is needed to enter into the construction contracts for them. The one on Kaua‘i is the One Stop Center which is one building. Director Yokota said that she is ready to go out for bid in April and actually there is an allotment request pending at the Governor’s office for $10 million. The other one is for the Student Life Building in Hilo for which design has been completed and will go out for bid in May or June. A request for $15 million will be sent to the Governor and, hopefully, she will release the funds for the construction of this project.

Regent Tanaka inquired as to the oversight of projects once approved by the Board. Director Yokota responded that there is no oversight on construction projects from her office, but rather the respective campus facilities offices are responsible for such project oversight. Her office is actively involved with the larger projects like Kaua‘i Community College’s Student Life Building, working with the design consultants and the construction contractor. On the smaller projects, her office receives periodic reports from the various facilities offices. Chairperson Lee suggested that a project manager monitor the various projects. President McClain said that during the construction of large projects like the Medical School facilities, Vice President Callejo was intimately involved in dealing with some initial quality problems.

Regent de la Peña moved to authorize the University administration to enter into consultant and construction contracts for CIP and R&M projects as presented. Regent Tatibouet seconded the motion which was unanimously carried.

7. **Modification of Approved Curriculum for University of Hawai‘i - West O‘ahu (UH-West O‘ahu)**

Chancellor Awakuni introduced Interim Vice Chancellor for Academic Affairs, Dr. Joe Mobley who was actively involved with Dr. Johnsrud in the modification of the Board of Regents’ approved curriculum. The change would remove specializations from the list of degree programs offered by University of Hawai‘i - West O‘ahu.
Since its inception in 1976, UH-West O'ahu (formerly West O'ahu College) has provided baccalaureate-level education to the expanding West O'ahu region offering degrees in the liberal arts and selected professional studies. In 1977, the Board of Regents (BOR) approved delivery of three baccalaureate degrees: the Bachelor of Arts in Professional Studies, Humanities and Social Sciences. In 1998, two changes were proposed to the BOR: 1) splitting the BA in Professional Studies into a BA in Business Administration and a BA in Public Administration; and 2) adding specializations to the list of approved programs. The addition of the specializations was requested to validate the academic integrity of the existing specialization structure within the degree offerings. This change was seen as an interim step toward “upgrading” specializations to majors in keeping with the expected transition from a small upper-division only college to the planned four-year college. The request was also in response to student interest in having the specialization appear on the diploma. The BOR approved this proposed action in July 1998, which resulted in a total of four baccalaureate degrees with two to five specializations each.

In the six years since Board action, the campus has remained an upper division campus and has gone through a Western Association of Schools and Colleges (WASC) accreditation cycle. Following the Spring 2003 visit, WASC issued a “notice of concern” and suggested that the campus change its planning efforts from a focus on the proposed four-year institution to a more realistic assessment of the current academic and physical circumstances. This change in focus is reflected in the revised Academic Development Plan and Learning Effectiveness documents. In the same notice of concern, WASC expressed concern regarding the existence of “one person specializations.” Acting Chancellor Linda Johnsrud responded to this concern in a letter addressed to Diane Cordero de Noriega, chair of the WASC visitation team. Chancellor Johnsrud clarified that in UHWO’s current academic structure the specializations should not be regarded as traditional majors, but simply as areas of concentration within the larger majors, i.e., the degrees in Business Administration, Humanities, Public Administration and Social Sciences. As such, having single faculty representing specific areas of concentration is arguably sufficient.

The status of specializations also has implications for program review. If a specialization is a “program”, it is subject to program review. If a specialization is a concentration within the program, then the review focuses on the program and includes all of the specializations possible within that program.

During the October 2004 educational effectiveness visit, the accreditation team was given copies of the Humanities Division program review which presented data from all four specializations in a consolidated manner. The team found this format to be sufficiently detailed for a meaningful analysis of the academic major in the Humanities.

Based on prior Board actions, all of the specializations except for two have established program status; the two which continue in provisional status and currently require Board action are Economics and Philosophy. According to BOR policy, Chapter 5-1a(1), the Board approves all instructional and research programs, including “new centers, schools, and groupings of courses or academic units toward a credentialed objective.” All programs established by the BOR are subject to the BOR program review process. The specializations in the UH-West Oahu curriculum are not “programs” and thus, not subject to BOR review process. Rather, specializations should be reviewed within the context of the major/degree within
which they reside. The proposed change is being requested in order to align the BOR expectations for program review with that of WASC.

The completed Humanities Division program review referenced above to address the status of the Philosophy specialization was submitted to the Board. Similarly, the Social Sciences Division program review will be submitted to the Board when it is finalized (Summer 2005) to address the review of the specialization in Economics.

It was never the intention to elevate West O‘ahu’s specializations to the level of fully-developed majors, yet the campus’ unique academic structure of interdisciplinary majors challenges traditional expectations, thus causing confusion. Specializations need to be removed from the list of BOR approved programs in order to align the BOR program review with the actual degree structure; i.e., at the level of the four Bachelor of Arts degrees. Elimination of the specializations from the list of BOR-approved programs is consistent with the concerns voiced by WASC and will help to eliminate the tendency to regard specializations as “majors.”

This proposal was presented to the UH-West O‘ahu Faculty Senate on January 7, 2005 for their review. It was approved unanimously at that meeting. The faculty also decided to re-name the specializations and call them “concentrations” for clarification and consistency with the Banner student information system and other campuses. This change will be implemented over time as publications are updated.

Regent Lagareta moved to authorize the modification of BOR-approved curriculum, removing the specializations from the list of degree programs for University of Hawai‘i -West O‘ahu as presented, resulting in diploma recognition of the four Bachelor of Arts degree programs only. Regent Tatibouet seconded the motion which was unanimously carried.

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

Vice President King requested that the Board grant an increase to the assessment charged by the Foundation on gifts and non-gift revenues received from a flat 2.0% to a flat 3.5% with a maximum assessment of $150,000. He explained that previously, the Foundation had sought concurrence of a tiered rate structure that started at 5.0% and was reduced to 2.0% as the size of the gift increased. The maximum assessment was $100,000. The flat rate is easier to understand, easier to administer, and will be a lower rate for many gifts compared to the previous proposal.

The increase will help provide the infrastructure necessary for the Centennial Campaign for the University of Hawai‘i. It will also help lower the endowment fee, thus providing the potential to increase the annual payout from the endowment to the University units and to support higher, long-term endowment growth for the future of the University.

There is another element that provides additional rationale for the increase in the gift assessment. In the 2004 legislature, a bill was passed which limited the amount the University may pay the Foundation from the tuition and special fees fund to $3 million. This effectively caps the reimbursement for 50% of Development Officers’ salaries at $650,000. For fiscal year 2006, the estimate for 50% of the unit Development Officer salaries and benefits is $850,000. The increase in gift assessment will help offset the $200,000 not reimbursed by the University.
Pursuant to Article IV, Paragraph 2, of the Memorandum of Understanding between the University of Hawai‘i, the University Board of Regents, the University of Hawai‘i Foundation and the University of Hawai‘i Foundation Board of Trustees, executed as of November 12, 1997, the UH Foundation may charge reasonable service fees in support of its operations, which fees shall be mutually agreed upon by the parties. The current service fee (now commonly referred to in development as the gift assessment) is 2.0% on all levels of gift and non-gift income received by the UH Foundation.

The assessment on gifts received is one of several sources used by university foundations to fund operations. The assessment rate is impacted by the other income sources of the foundation, including support from the university and the size of and fee on the endowment. For private universities and public universities with large endowments, the gift assessment can range from 0-5%. The 3.5% gift assessment the UH Foundation is proposing is in line with numerous other institutions, including University of Nevada at Las Vegas, University of California at San Francisco, Mississippi State University, University of Idaho, Iowa State University, Kansas State University, and University of Colorado, among others.

The original recommendation for a tiered structure was approved by the UH Foundation Board of Trustees on April 29, 2003. The flat rate gift assessment structure was approved by the UH Foundation Board of Trustees on June 16, 2004.

Presentations regarding the increase were made to the University of Hawai‘i senior staff, Council of Chancellors, UH-Mānoa Leadership, UH-Hilo senior staff and UH Vice President for Administration/Chief Financial Officer in September through November 2003.

The gift assessment increase was presented to the Board of Regents' University and External Affairs Committee at their February 2004 meeting and, responding to committee members' questions and concerns, the gift assessment schedule was revised, presented to and approved by the Foundation's Board of Trustees, and presented again to the University and External Affairs Committee on March 18, 2004. At that time, consideration for the increase by the Board of Regents was moved to a task force. The Foundation has worked with the task force to explain the details of the request and answer their questions.

The rate will be increased to 3.5% effective May 1, 2005. The rate will be applied to gifts made from this date forward. Pledge payments for pledges made prior to this date will be assessed the old rate (2.0%).

The increased fee of 3.5% will sunset at June 30, 2007 back to the current rate of 2.0%. Before the rate sunsets and depending on the fund-raising needs and requirements of the University at that time, the Foundation may bring forward a proposal to keep the rate at a higher level.

The assessment rate of 2.0% will continue to apply to the ‘Ahahui Koa Anuenue (AKA) membership amounts and the athletic ticket premium amounts in accordance with the MOU between the University, AKA and the Foundation. In some cases, due to requirements of the funding organization, exceptions to the fee structure are made; these will be reviewed by the Foundation's Board of Trustees.

Chairperson Lee inquired whether the people hired by the UH Foundation for the capital campaign were on a temporary basis. Vice President King informed they were not. The UH Foundation will need to begin discussions with the Board about its direction after the campaign ends.
Chairperson Lee asked if the reduction in the endowment fee was a part of the proposal here. Vice President King said that this is already in place and at the last Foundation’s executive committee meeting, a reduction to $1.7 million for the next fiscal year was approved and said that a decision on a reduction will be made each year.

Regent Tatibouet reported that the Regents’ Task Group on the University of Hawai‘i Foundation felt that a sunset provision would provide the Foundation the higher assessment fee to get through the Centennial Campaign. The Foundation would then come to the Board around February 2007 to determine what the rate would be after the sunset date. In addition the Task Group would pursue some of the other aspects of the agreements and memorandum of understanding. Chairperson Lee expressed appreciation to Regents Albano, Bender, and Kai for serving on the Task Group along with its Chair, Regent Tatibouet. Regent Lagareta also acknowledged President Vuchinich and Vice President King of the Foundation for their diligence in working with the Task Group. She felt that it was in the best interests of the University of Hawai‘i Foundation and the University to increase the gift assessment and moved to grant an increase to the assessment fee on all gift and non-gift revenues received by the UH Foundation to 3.5% with the provisos as noted. The maximum assessment per gift will be $150,000. The new gift assessment will become effective May 1, 2005 and will be applied to gifts made from that time forward. On June 30, 2007, the rate will sunset back to the current 2.0%. Regent Tatibouet seconded the motion which was unanimously carried.

Regent Lagareta requested that the Foundation review the budget for its communications area. In response, President Vuchinich informed that it is difficult to compete with the national market for people who have fund-raising expertise. She said that the Foundation is advertising nationally and is at the point of possibly employing recruiters. Regent Lagareta said that one of the reasons that she was in favor of this proposal is that she felt the Foundation was somewhat restrained in the resources necessary to do the work.

Chairperson Lee commented that support from the University was at one time $1 million which was increased to $3 million. She asked if there was a commensurate increase in the revenues for the University by the Foundation. President Vuchinich said that in her first year, the fund-raising produced $18 million; last year it was $26 million; and this year, $20 million which should be up to $35 million by year’s end.

9. **Legislative Update**

Associate Vice President Tanaka presented a summary of the legislative proposals affecting the University of Hawai‘i. She reported that UOH-01 on procurement had passed the House and crossed over to the Senate. UOH-02 on fiscal flexibility was still alive. UOH-04, which authorizes the University of Hawai‘i to have independent bonding authority to build up to $250 million in student housing, had crossed over to the Senate. UOH-06, consolidating special/revolving funds was not moving. UOH-07, the optional retirement program, had crossed to the Senate. UOH-09, which would simplify the process to enter into developer lease agreements on projects, like student housing, West O‘ahu, and the Cancer Research Center, was not moving. However, Director Yokota will be working with the Department of Accounting and General Services in hopes of finding a workable recourse. UOH-10, the land management bill, was still moving through the legislature.

Other bills of interest that are not part of the legislative package included the recodification of higher education statute. This bill was still moving. Emergency appropriation for UH flood relief is still moving as well as the bill relating to financial disclosure statements. This adds business interests and real property interests outside the State of Hawai‘i to the business interests and real property interests that must be disclosed under the financial disclosure law.
Also still moving were two pieces of legislation related to the Board of Regents. The first proposed a constitutional amendment to Article X, Section 6, of the Hawai‘i Constitution to modify the appointment process for the Board of Regents. The second would establish a candidate advisory council to screen and propose candidates for appointment to the Board of Regents.

Associate Vice President Tanaka reported that the House had passed over the biennium budget. The capital improvements program budget was increased by about $90 million. Regent Lagareta reminded that this was contingent on the Governor releasing the funds.

10. **Proposed Amendments to Title 20, Chapter 4, Hawai‘i Administrative Rules Residency Policy for Tuition Purposes**

Chairperson Lee congratulated Vice President Ching on receiving the 2004 Alpha Gamma Delta Distinguished Citizenship Award. She was honored by the State Legislature on March 15, 2005.

Vice President Ching requested that the Board approve proposed amendments to Title 20, Chapter 4, *Hawai‘i Administrative Rules*, relating to the determination of residency for tuition purposes. The proposed amendments address a statutory change, which became effective upon its enactment, and clarify and streamline existing administrative procedures.

The purposes of the proposed amendments are to: 1) make housekeeping changes to update the *Hawai‘i Administrative Rules* by inclusion of new statutory language and deletion of an obsolete practice; 2) clarify and streamline the University’s administrative practices and procedures related to residency; 3) compress wording of the policies to allow greater stringency in the interpretation of the rules for conversion of non-residency to resident status for tuition purposes; 4) revise the composition of the Committee on Resident Status that hears and decides on appeals, to ensure greater consistency of decisions; and 5) require payment of non-resident tuition, as opposed to resident tuition, while the student is in the appeal process.

In 1989, an amendment to the residency criteria for tuition purposes was set forth in Section 304-4, *Hawai‘i Revised Statutes*. This amendment provided that the tax dependency criteria shall not apply to students who are claimed as tax dependents by a parent residing outside Hawai‘i, provided: 1) the parent claiming the student is entitled to do so under a child support agreement resulting from a divorce or legal separation; and 2) the student and the other parent meet all remaining residency criteria. Inasmuch as statutes are effective on their enactment, the University was, therefore, required by law to administer its residency determination procedures in conformance with the provision. While the University has administered residency determination procedures in conformance with the law since 1989, the *Hawai‘i Administrative Rules* have not been updated.

Approval of this request by the Board of Regents will appropriately update the *Hawai‘i Administrative Rules*. Deletion of the section on statutory exemptions. Act 237 in 1996 abolished statutory exemptions previously included in HRS 304-4. Although these statutory exemptions were abolished, the Board of Regents in 1996 chose to retain them as BOR exemptions. Deletion of the section on prospective students denied admission solely on the basis of their nonresident status. Since the University does not deny admission solely on the basis of nonresident status, this section is incorrect and unnecessary. Other changes are proposed to clarify and streamline residency rules and procedures:

1. Addition of a definition of “residence” to clarify that the term is synonymous with the concept of “domicile,” and consistent with basic residency criteria and terminology used by other public institutions of higher education.
2. Specification of age limit of no more than 23 years of age for dependents, which is consistent with limits set by the military and financial aid for dependency.

3. Clarification of language relating to residency status of non-U.S. citizens, in compliance with federal laws and consistent with terminology used by other public institutions of higher education.

4. Compressed wording to apply stringency in the rules allowing nonresidents to gain resident status after one year of enrollment.

5. Change in composition of the Committee on Resident Status, which hears appeals to initial decisions of student residency. The current committee of two students and one faculty member, as mandated in the current Rules and Regulations, is proposed to be replaced with an Appeals Board of campus residency officers and one administrator. The proposed change is intended to result in a faster, more efficient appeals process and greater consistency in appeal decisions.

6. Change in the current rule of payment of resident tuition, while filing an appeal, to payment of non-resident tuition during this process. Currently, appellants are allowed to register at the resident tuition rate pending the outcome of their appeal. The proposed measure would alleviate any difficulty in securing the nonresident differential from the student whose appeal is denied, and is consistent with their initial classification of non-resident status. Students whose appeals are upheld by the Appeals Board will be refunded the nonresident differential. This proposed policy is consistent with other public institutions of higher education.

Chairperson Lee commented that she had been waiting for this for a long time. Regent Lagareta concurred adding that this was long overdue.

Regent Tanaka asked if there are statistics showing what kind of dropoff there would be in non-resident applications. Vice President Ching said that her sense was that there would not be a substantial dropoff for the reasons that other states in the nation are also stringent. President McClain added that the University of Hawai‘i had a 13 percent enrollment surge over the last three years and no corresponding increase in State funding. Now the University is at capacity.

If this leads to a dropoff in enrollment, it would really put the University back in a situation where the numbers could be financed.

Regent Tatibouet expressed that the proposed language may need to be more clearly drafted. She was informed that the language could be clarified after conducting public hearings. Chairperson Lee said that even if someone can meet the evidence of domicile, there are other restrictions which will prevent the student from being considered a resident.

In response to Regent Kakuda, Vice President Ching said that if it would be agreeable to the Board, three students, undergraduate and graduate, could be added to the appeal committee with the requirement that at least one be present at each meeting.

Chairperson Lee asked Legal Counsel for an opinion on this matter as to whether the proposed amendment with the addition of “commencing public rule making process which would lead to the formal adoption of these amendments” could be approved before public hearings are held. Legal Counsel Kirimitsu explained that the Board is being asked to approve the proposed amendments and with the understanding that these amendments must go through a rulemaking process. He recommended that the Board approve the amendments and
commence the public rulemaking process. In response to Chairperson Lee’s question as to whether the Board could approve the proposed amendments in concept, Legal Counsel Kinimitsu said that it would be fine.

Regent Bender moved to authorize, pursuant to Chapter 91, HRS, that public hearings be held on the proposed amendments to Title 20, Chapter 4, Hawai‘i Administrative Rules, relating to the determination of residency for tuition purposes, as presented. Regent Lagareta seconded the motion which was unanimously carried.

The meeting was recessed at 3:00 p.m. and reconvened at 3:15 p.m. in the same location.

11. Community Colleges Accreditation and Program Reviews

Chancellor Morton, reporting on behalf of the community college chancellors, stated that ACCJC had expressed concerns that the University of Hawai‘i Community Colleges lacked an integrated systemwide program review, assessment and improvement process that sets the expectation that campuses develop a culture and practice of assessment and that supports improvement in campus practice at the system decision-making level. Furthermore, the Commission stated that confusion continues about the respective roles of campus and system administrators in determining campus priorities and this lack of distinction continues to challenge the ability of each college to meet accreditation standards.

The ACCJC found uneven progress in developing program review policies and practices among the campuses; inconsistent use of data across campuses; uneven support among campus constituencies for program review; and unclear links between program reviews and budget requests and allocation decisions at the campus and system level.

The fundamental system question from the ACCJC is: How can the system make rational planning and allocation decisions if the assessment information coming from the colleges is so inconsistent? It is important to note that the question is a system question. Even campuses with acceptable program reviews in place were put on warning.

The community college chancellors met to develop and agree on common principals that, when fully implemented, meet UH Board of Regents’ and executive policy requirements on program review; address ACCJC concerns; and provide system consistency but also enough local control to make reviews meaningful at the campus level. The exact process and structure, according to Chancellor Morton, will vary by campus because the governance and the organizational structure vary by campus so the way the information will flow and the way people will be engaged will differ by campus, but the principles will remain the same.

Chancellor Morton assured that the community college chancellors were committed to insuring that they are consistent with ACCJC in order to get off “warning” status. They will be reporting to ACCJC on April 1st on their progress to date.

Regent Bender asked for clarification on who would be reporting to ACCJC. Chancellor Morton explained that it would be each of the six colleges who were placed on “warning” status. Regent Bender added that he was impressed with the work that was done in this report, but it seemed that of the eight principles, the first six focus on campus by campus where the program review occurs and one on the problems at the system. Chairperson Lee added that the President is thinking about strengthening the community college organization in some respect. At the Board level, she said that the committee structure has been changed to have instead of five regents on each committee, just three regents. However, the Board is considering having five regents on the community college committee.
President McClain said that he thought that in addition to what the campuses have done, there needs to be other things done at the system level and at the Board level. He suggested that in addition to augmenting the size of the community college committee, it might be helpful for the community college committee to meet four times a year aside from the regular Board meetings. At the system level, he is considering creating a Vice President for Community Colleges to clarify lines of authority. As such there may be cost implications.

V. 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:

UNIVERSITY OF HAWAI'I AT MĀNOA

Executive

SHOMAKER, T. SAMUEL
Acting Dean
John A. Burns School of Medicine
Appointment
February 1, 2005 - January 31, 2006, unless sooner relieved
Salary Adjustment Upon Return to Associate Dean for Academic Affairs

Managerial

SEKIOKA, TERRY
Interim County Administrator, Kaua‘i County
College of Tropical Agriculture and Human Resources
April 25, 2005 - April 24, 2006, unless sooner relieved

SINGLETON, PAUL
Acting County Administrator, Maui County
College of Tropical Agriculture and Human Resources
April 25, 2005 - April 24, 2006, unless sooner relieved

Regent Bender moved to approve the personnel actions as recommended. Regent de la Peña 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 March 17, 2005.)

VI. GIFTS, GRANTS AND CONTRACTS

Vice President Gaines reported that during the period January 1, 2005 through January 31, 2005, the University of Hawai‘i system received a total of
$20,786,378 in gifts, grants and contracts. The University of Hawai‘i at Hilo received a total of $804,732 during the same period.

At the six-month mark, the University of Hawai‘i system was $9 million ahead of last year in terms of research awards but $14 million behind in the training grants. At the eight-month mark, the University of Hawai‘i system moved further ahead in research awards with $11 million. The research awards for the year are up over eight percent and this is where the majority of the indirect cost recovery comes from. However, the University is down approximately $17 million in the training grants over that period but it is expected that more training grants will be coming in the next several months.

Addressing the recent interest in the amount of work that the University does for the Department of Defense, President McClain informed that in the period July 2004 to January 2005, there were 63 contracts from the Department of Defense in the amount of approximately $21 million which is about 16 percent or so of the total research contracts. There were another 10 training contracts with $1.4 million; the total amount is about $22 million out of $200 million or about 10 percent from the Department of Defense. He emphasized that all of these contracts were not classified research. Vice President Gaines added that the latest update on the number of Mānoa faculty who are principal investigators on any of the classified contracts is four, the same as from the previous year.

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

**VII. UNIVERSITY OF HAWAI‘I FOUNDATION REPORT**

Vice President King reported that fund-raising was strong in the first quarter but dropped in the second quarter. The shortfall lies in the gifts of $500,000 and over; only three gifts of an expected 17 gifts were received through the end of December 2004. There is a solid growth of 16 percent in the fund balance through this period, a growth driven in part by donations but for the most part investment returns. The fund balance at the close of December 31 was $166.8 million.

Vice President King stated that President McClain had not used much of the protocol funds allocated to him. President McClain commented that in the interest of the University, he was reserving part of those funds for the celebrations that the University of Hawai‘i will want to conduct to mark its 100th anniversary.

President Vuchinich reported on alumni relations activities for the month of January 2005. Harris Publishing Company had contacted 153,000 alumni for a directory project and with confirmations from 55,380 alumni. Over 9,400 orders were received to purchase the directory. Alumni dinners with President McClain were held in Washington, D.C. and New York in February. The life member luncheon was held at the Honolulu International Country Club on March 2. Upcoming events include the California Wine and Cuisine Tour, the Distinguished Alumni Awards Dinner on May 10, and a New Zealand/Australia trip for October.

President Vuchinich reported that the fund-raising results at the end of February were $19.2 million and the total campaign results, therefore, were at $66.3 million.
VIII. REPORT OF EXECUTIVE OFFICER

President McClain announced that Vice President Ching received the 2004 Alpha Gamma Delta Distinguished Citizenship Award from the State Legislature.

At its recent meeting on February 17-18, 2005, the Western Association of Schools and Colleges (WASC) Senior Commission has endorsed the Special Visit Team report that found significant improvement in the overall operations of the governance processes at the University since their last visit in March 2004. He thanked the Board of Regents for its cooperation to achieve this. Chancellor Awakuni said that the University of Hawai‘i at West O‘ahu has received a full seven-year accreditation and thanked Interim Chancellor Johnsrud’s leadership in that effort. He said that it really is a testament to all the hard work that the faculty and staff put into this endeavor.

Vice President Gaines reported that following his meeting with people on the Big Island regarding Mauna Kea, they had suggested that the University adopt and follow through on a plan which addresses the issues on Mauna Kea. There are two bills that are moving through the legislature that impact the University of Hawai‘i and its management of Mauna Kea. One bill would basically take the Board of Regents and the University of Hawai‘i out of the loop by creating a separate authority to manage Mauna Kea. The second bill would give the University rulemaking authority over its properties. Mauna Kea is a perfect example of one of its properties; the Lyon Arboretum would be another such property.

In terms of a plan for Mauna Kea, he suggested an internal reorganization where the Mauna Kea Support Services Unit, a service group of the Office of Mauna Kea Management which currently reports to the Institute for Astronomy, report to the Office of the Mauna Kea Management. This is considered more than a symbolic change to the people on the Big Island and something that they suggest very strongly. The Office of Mauna Kea Management has had for a long time six positions where they have position numbers but for which they never had funding. The University of Hawai‘i system is prepared to fund those positions. There will be monies available for remediation and to the extent that any of that money can be used for these positions, the UH system will but if not, it will find funds in the system research and training revolving funds (RTRF) to pay for these particular positions.

The second piece is an education and outreach campaign, primarily directed to Big Island residents that highlights the possibilities of a good career in technology in general and in fields like astronomy and engineering in particular. This campaign has started on March 1.

The third piece involves having a traditional Hawaiian forgiveness ceremony where the University agrees that it has managed the mountain badly in the past, promises to do better in the future, and proffers a substantial gift to basically say that it is sorry. These are the three pieces of the plan which has been discussed with the two Senators in Washington and they have felt that these are good steps to undertake. President McClain added that he wanted the Board to understand the University’s efforts to improve the quality of the stewardship of Mauna Kea.

President McClain updated the Board on UH-Hilo’s doctorate in Hawaiian language and language revitalization. Chancellor Tseng appointed Professor Rick Castberg and Chancellor Englert appointed Professor Robert Bley-Vroman as special advisors to see the process to a successful conclusion. In response to Chairperson Lee’s question as to what the timetable was as far as coming back to the Board, Professor Bley-Vroman responded that he thought that the review process should begin within a week and may take several months to complete. Regent Kai commented that he was surprised that Chancellor Englert had appointed Professor Bley-Vroman as a special advisor since he was an opponent of the proposal when it was presented at the October 2004 meeting. Regent Kai added that he wanted to make sure that Professor Bley-Vroman was working in
good faith toward this effort. Professor Bley-Vroman explained that at the Board’s October meeting he was the representative from the Mānoa Faculty Senate. The Senate had asked the Board not to act on the matter. However, he had always been personally in favor of the program. He said that he and Chancellor Englert are committed to the success of the program. Chancellor Tseng assured the Board that there will be an excellent program submitted for final approval and that UH-Hilo welcomes the expertise, experience and guidance from UH-Mānoa. She said that both Professor Bley-Vroman and her faculty are working very hard on getting final approval for this program.

President McClain introduced Maui Community College Student Services Dean, Alvin Tagomori who provided a brief presentation on student housing at MCC. There are eleven 2-bedroom apartments providing bed spaces for 44 students. He said the rooms are rented and utilities are included. MCC is looking forward to a privately-built, privately-managed 400-bed student housing complex that will become available in Fall 2006. The housing complex sits on County property that is leased for one dollar a year. The student housing is self-supporting so the revenues that are generated from the housing are needed to pay for salaries, electricity, water, etc. The costs have exceeded revenues for the past five years. Student housing has been surviving on available cash that was built up but this kind of arrangement where costs exceed revenues cannot continue. The student housing rental rates have not been raised for eleven years. The students were promised five years ago that until an itemized listing of improvements was completed, there would be no rate increase. The other factor that made the cost exceed revenues is that eleven years ago, there were 55 beds. Overcrowding became an issue so the number of bed spaces was downsized from 55 to 44; four students sharing an apartment. The reduction in rental bed spaces and the subsequent loss of revenue was a factor for the deficit. Significant improvements and upgrades were made through the years and were completed in the Fall of 2004.

A proposed rate increase which will be presented to the Board in April would begin in Fall 2005. The proposal calls for a 15 percent increase in Fall 2006, and a 15 percent increase in Fall 2007. The proposal was presented at two meetings at the Student Housing Lounge, and individual meetings were also held with students who could not attend either of the two meetings. Two presentations were also made to the student government. At all of these meetings, the students were very understanding. MCC student housing residents Wendy Kayama and Douglas Morgan testified that they were in support of the proposed increase in order to improve the facilities.

**IX. NEW OR OTHER BUSINESS**

There was no new or other business.

**X. ANNOUNCEMENT**

Chairperson Lee thanked Chancellor Sakamoto 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, April 21, 2005 at Windward Community College.

Regent Kakuda moved to enter into executive session to consider personnel, legal, and collective bargaining matters and to consult with the Board’s attorney in accordance with Chapter 92, HRS. The motion was seconded by Regent de la Peña and unanimously carried. The meeting was recessed at 5:10 p.m. to enter into executive session.
XI. ADJOURNMENT

The meeting was reconvened in open session at 12:45 p.m., Friday, March 18, 2005 in the same location. There being no further business before the Board, the meeting was adjourned at 12:46 p.m.

Respectfully submitted,

David Iha, Executive Administrator and Secretary of the Board