MINUTES
UNIVERSITY OF HAWAI'I BOARD OF REGENTS'
MEETING OF
July 18-19, 2005

I. CALL TO ORDER

The meeting was called to order by Vice Chairperson Kitty Lagareta on Monday, July 18, 2005, at 9:08 a.m. in Campus Center Conference Chamber, Room 220, University of Hawai'i at Mānoa.

Attendance

Present were Regents Andres Albano, Jr., Byron W. Bender, Ramón S. de la Peña, James J.C. Haynes, Trent K. Kakuda, Allan R. Landon, Ronald K. Migita, 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.

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. Angela Meixell, Chancellor, Windward Community College; Dr. John Morton, Chancellor, Kapi'olani Community College; Mr. Ramsey Pedersen, Chancellor, Honolulu Community College; Dr. Peter Lūkī, Interim Chancellor, Leeward Community College; Dr. Neal Šmatresk, Vice Chancellor of Academic Affairs, University of Hawai'i at Mānoa (UH-Mānoa); Dr. Rose Tseng, Chancellor, University of Hawai'i at Hilo (UH-Hilo); Ms. Donna Vuchinich, President, and Mr. William King, Vice President, University of Hawai'i Foundation; Mr. J. N. Musto, Executive Director, University of Hawai'i Professional Assembly (UHPA); and others.

II. APPROVAL OF MINUTES

Upon motion by Regent Migita and second by Regent Haynes, the Board unanimously approved the minutes of the June 21-22, 2005 meeting, as circulated.

III. ELECTION OF BOARD OFFICERS

Regent Bender nominated Regent Lagareta as Chairperson of the Board for 2005-2006. Regent Tatibouet seconded the motion. Regent de la Peña's motion to close the nomination was seconded and unanimously carried. Regent Lagareta was elected Chairperson of the Board for 2005-2006 by unanimous vote.
Chairperson Lagareta said it was an honor to serve as Chairperson and felt that she was ably prepared by past Chairperson Patricia Lee. She stated that the current Regents are recognized leaders with unquestionable integrity and dedicated to the best interest of the University. She then introduced Allan R. Landon who was attending his first meeting since being confirmed.

Regent Migita nominated Regent Alvin Tanaka as Vice Chairperson of the Board for 2005-2006. Regent de la Peña seconded the motion. Regent Bender’s motion to close the nomination was seconded and unanimously carried. Regent Tanaka was elected Vice Chairperson of the Board by unanimous vote.

Regent de la Peña 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, Hawai‘i Revised Statutes. The motion was seconded by Regent Haynes and unanimously carried. The meeting was recessed at 9:10 a.m. to enter into executive session. The meeting reconvened in open session at 1:13 p.m. in the same location.

V. PUBLIC COMMENT PERIOD

The following testified on Agenda Item No. 5, “Establishment of a Bachelor of Science in Ethnobotany, College of Natural Sciences, University of Hawai‘i at Mānoa”.

1. David Reedy, UH-Mānoa student, expressed support for the proposed program in Ethnobotany.

2. Larry Lake, visiting faculty member, said he teaches several courses in Ethnobotany in Pennsylvania. Because of the resources in Hawai‘i, it would be a natural decision to establish the Bachelors in Ethnobotany and eventually into the graduate levels.

3. Julia Wieting, an undergraduate student at UH-Mānoa, said that she came to Hawai‘i to study Ethnobotany and Entomology. She said that Hawai‘i has the resources one cannot find in the rest of the country. She supported the establishment of the Bachelor of Science degree in Ethnobotany.

4. Daniel O’Doherty, UH-Mānoa student, expressed that he has had a good experience with the faculty and supported the establishment of the Bachelor of Science degree in Ethnobotany.

5. David Webb, faculty, Botany Department, UH-Mānoa, stated that there are only a few places in the United States that can offer this degree. The graduate work in Ethnobotany has garnered international acclaim and has brought in extramural funding for the University. He recommended that this degree program be approved.

Nine written testimonies were received by the Board office in support of the proposed program, copies of which were distributed to the Regents.

The following testified on Agenda Item No. 7, “Developer for the University of Hawai‘i West O‘ahu Campus Project”. Chairperson Lagareta and Regents Tatibouet and Landon recused themselves from the meeting during the presentation
of testimony on this item. Regent Albano presided due to the brief absence of Vice Chairperson Tanaka.

1. Dr. J. N. Musto, Executive Director, UHPA, asked that the Regents seriously examine the options in the development of the West O‘ahu campus, especially work force housing development. Therefore, he urged that before the Regents reject the proposal that deals with work force housing, that they clearly understand the opportunities being offered. He pointed out that because the alternative plan does not require the sale of land, there is no risk. Therefore if the process of work force development fails, the University will be set back in time but at no risk since it would still own the land. He said the Regents must fully understand their decision based on the information provided.

The following testified on Agenda Item No. 8, “Developer for the On-Campus Student Housing Project at University of Hawai‘i at Mānoa.” Chairperson Lagareta and Regent Migita recused themselves from the meeting during the presentation of testimony on this item. Regents Tatibouet and Landon returned to the meeting. Vice Chairperson Tanaka presided.

1. Katie Barry, representing the Associated Students of the University of Hawai‘i at Mānoa, expressed that a decision on a housing developer was urgently needed. She added that the buildings are in need of renovation and hoped that the students will be given the opportunity to provide further input.

VI. AGENDA ITEMS

University of Hawai‘i Endowment Fund - Proposal to Rebalance the University of Hawai‘i Endowment Fund and Inclusion into the Investment Policy a Provision Regarding Mutual Funds

(Note: Regent Landon recused himself from the meeting during this agenda item.)

Mr. Tom Sakai, Wachovia Securities, Third Party Monitor, explained that value stocks outperformed the Russell 3000 Growth Index in every calendar year over the last five years. The Fund’s portfolio has 23 percent in growth stocks managed by Bank of Hawai‘i, 37 percent in value stocks managed by NWQ and 25 percent invested in core stocks managed by Neuberger Berman. He proposed increasing the portfolio’s growth stocks from 23 percent to 28 percent, decreasing value stocks from 37 percent to 29 percent, and increasing core stocks from 25 percent to 28 percent. This would bring about a balanced structure.

Regent Migita inquired about the performance of the current managers over the past three years. Mr. Sakai reported that Bank of Hawai‘i had been under probation but met their benchmarks in each of the last two years. They were therefore removed from probation status. However, because their three years return was still below the benchmark, they will continue to be on watch status. NWQ as a value manager performed exceptionally as well as Neuberger Berman.

President McClain requested that Mr. Sakai provide the Board with information on the Fund’s 2nd quarter performance.
Regent Haynes moved to approve, at the recommendation of the third party monitor, the proposal to rebalance the University of Hawai‘i Endowment Fund. Regent Kakuda seconded the motion followed by discussion.

Regent Yamasato asked why rebalancing was necessary. Mr. Sakai responded that recently, value stocks outperformed growth stocks. Data also showed that growth stocks have been depressed. Regardless of the manager, the universe of growth stocks should continue to perform well.

In response to Regent Haynes, Mr. Sakai explained that the core stocks are managers that invest in both value and growth and so they can alter their profile towards more growth or more value which is a balancing method. In response to Regent Yamasato’s question as to the last reallocation, Mr. Sakai responded that it had been done over a year ago, weighted to value stocks. This turned out to be a good decision since NWQ performed exceptionally well. He said that he is now bringing the Fund to a more neutral structure.

Upon call the motion was unanimously carried.

Mr. Sakai then recommended that a provision be added to the Board’s policy related to mutual funds. This would be an amendment when mutual funds are used. Mutual funds are guided by their own internal policies so it is not possible for them to adhere to the guidelines of the Board’s investment policies.

Mr. Sakai recommended the following amendment: “The University of Hawai‘i acknowledges that if they choose to invest in a mutual fund or pooled fund, the guidelines established by the prospectus or by the pooled fund policy guidelines will take precedence and may not fully comply with policies established for the fund.” The University of Hawai‘i will periodically review the guidelines of any mutual fund or pooled fund investment to determine if they remain appropriate to the Endowment Fund.

In response to Chairperson Lagareta, Mr. Sakai explained that this provision was not included in the original policy. Mutual funds were allowed after the adoption of the policy.

Regent Migita moved that an amendment be made to the Board’s policy addressing the use of mutual funds, as recommended. Regent Yamasasato seconded the motion which was unanimously carried.

**Naming Opportunities for Private Gifts to the University of Hawai‘i Foundation to Support the Mauna Kea Astronomy Education Center**

Chancellor Tseng requested that the Board approve the space designations and gift levels proposed for donor recognition naming opportunities within the Mauna Kea Astronomy Education Center (“MKAEC”) to enable the University of Hawai‘i at Hilo (“UH-Hilo”) and the University of Hawai‘i Foundation (“UH Foundation”) to plan and implement a systematic, comprehensive, and meaningful donor recognition program that encourages donors to support the MKAEC.

Chancellor Tseng informed that the Center is located in the University Science Technology Park. The groundbreaking of this facility was in July 2004 and a year later, the 40,000 square foot building is approximately 98 percent complete. Opening is planned for December of this year. The cost of the $28 million to build this was largely funded by NASA and some other federal grants. The challenge now
is to obtain $2 million to $3 million for annual operating expenses. It is estimated
that half of the budget will be from earned revenues and another quarter will come
from on-going State and federal grants and a quarter from private funding. This
means that $500,000 to $700,000 has to be raised annually from private donors and
$12.5 million to $18.5 million from endowments to generate these monies.

At its January 2005 meeting, the Board of Regents approved in concept the
“Private Gift Naming Opportunity Guidelines at the University of Hawai‘i,” which was
formally submitted by the UH Foundation. The guidelines allow for the Chancellor
to approve the naming opportunities for interior spaces within a building on his/her
respective campus.

After consultation among UH-Hilo, MKAEC Director Marlene Hapai, and UH
Foundation, a list of facilities and interior and exterior space designations with
minimum gift levels for naming opportunities was developed. This recommended
action will enable the UH-Hilo, the MKAEC and the UH Foundation to work together
to create a donor recognition program that encourages major, private gifts in support
of the MKAEC and enable the University and Foundation to solicit gifts to support
the education and research mission of the MKAEC.

Copies of the proposed donor schedule were distributed to the members of
the Board. Chairperson Lagareta commented that she felt it was a sound plan.

Regent Tatibouet moved to approve the facility space designations and gift
levels proposed for donor recognition naming opportunities within the Mauna Kea
Astronomy Education Center at the University of Hawai‘i at Hilo in the amounts
recommended. Regent Haynes seconded the motion which was unanimously
carried.

**Naming Opportunities for Private Gifts to the University of Hawai‘i Foundation
To Support the University of Hawai‘i at Hilo College of Pharmacy**

Chancellor Tseng requested that the Board approve the space designations
and gift levels proposed for donor recognition naming opportunities within the new
University of Hawai‘i at Hilo College of Pharmacy to enable the University of Hawai‘i
at Hilo (UH-Hilo) and the University of Hawai‘i Foundation (UH Foundation) to plan
and implement a systematic, comprehensive, and meaningful donor recognition
program that encourages donors to support the new College of Pharmacy.

The College of Pharmacy does not have a building as yet. However, there
are monies to run the program which will not begin until 2007. The total cost of the
building is approximately $32 million. There is an advisory board comprised of many
pharmacists and potential community donors who have already worked with UH-
Hilo.

At its January 2005 meeting, the Board of Regents approved in concept the
“Private Gift Naming Opportunity Guidelines at the University of Hawai‘i,” which was
formally submitted by the UH Foundation. The guidelines allow for the Chancellor
to approve the naming opportunities for interior spaces within a building on his/her
respective campus.

After consultation among UH-Hilo, College of Pharmacy Director Jerry
Johnson, and the UH Foundation, a list of interior space designations with minimum
gift levels for naming opportunities was developed.
Chancellor Tseng said the request would enable UH-Hilo and the UH Foundation to work together to create a donor recognition program that encourages major, private gifts in support of the new College of Pharmacy and enable the University and the Foundation to solicit gifts to support the College of Pharmacy.

Copies of the proposed gift schedule were distributed to the members of the Board.

Regent Tatibouet moved to approve the facility space designations and gift levels for donor recognition naming opportunities within the proposed University of Hawai‘i at Hilo College of Pharmacy building. Regent Haynes seconded the motion followed by discussion.

Chairperson Lagareta asked how the $32 million targeted figure was derived. Chancellor Tseng said she thought it was a combination of building as well as maintenance costs.

Regent Kakuda noted the Board’s policy on naming of buildings. Chairperson Lagareta confirmed that the policy does not allow for buildings to be named for living persons. A person would have to be deceased for five or more years before a building can be named after that person. Regent Kakuda said that approving the recommendation would constitute an exception to Board policy which he was not prepared to do at this time. President McClain stated the Board had made exceptions in the past such as the naming of Kapiolani Community College’s Culinary Institute of the Pacific. Regent Kakuda asked whether this proposal was premature since UH-Hilo has yet to hire a dean for the College of Pharmacy. President McClain said he reviewed the Board minutes of October 2004 which stated that when a Dean is close to being selected and before bringing that person’s name to the Board, the President is obligated to give the Board an update on the financial plan of the College of Pharmacy. Regent Kakuda expressed that an exception granted to the naming of a building based solely on a monetary donation would be inappropriate. The Culinary Institute naming opportunities were for internal facilities.

Regent Tanaka asked if UH-Hilo is working towards accrediting the College of Pharmacy. Chancellor Tseng responded said that the process had begun four years ago with the assistance of consultants and mainland deans. UH-Hilo is already accredited by the Western Association of Schools and Colleges (WASC).

Chairperson Lagareta requested a copy of the detailed financial plan and budget for the College of Pharmacy.

Upon call the motion was carried by majority vote with Regent Kakuda voting in opposition to the motion.

Approval of Interior Space Designation and Donor Recognition Naming for the W.M. Keck Cosmochemistry Laboratory

Acting Hawai‘i Institute of Geophysics and Planetology (HIGP) Dean Mouginis-Mark requested that the Board approve the proposed space designation of two existing rooms in the basement of the Pacific Ocean, Science and Technology (“POST”) building on the Mānoa campus, and to provide a donor naming opportunity in recognition of the $1.5 million grant received from the W.M. Keck Foundation to establish the W.M. Keck Cosmochemistry Laboratory at the University of Hawai‘i at Mānoa. Board policy does allow for the naming of interior
facilities in recognition of major donors. The building is not being named in this case which would require an exception to Board policy.

This approval will allow the System and Mānoa along with the administration and faculty of the School of Ocean and Earth Science and Technology (SOEST) and the UH Foundation to recognize the $1.5 million grant from the W.M. Keck Foundation and provide appropriate name recognition for the Keck Foundation within the facility that will house the equipment purchased from this grant.

At its February 2005 meeting, the Board of Regents approved in concept the “Private Gift Naming Opportunity Guidelines at the University of Hawai‘i,” which was formally submitted by the UH Foundation. The guidelines allow for the Chancellor to approve the naming opportunities for interior spaces within a building on his/her respective campus.

The W.M. Keck Cosmochemistry Lab will be amongst the most advanced of its kind in the world. In addition to the Keck grant for the acquisition of the ion microprobe, the University has made a one-time commitment of $1 million, and NASA’s Sample Return Laboratory Instruments and Data Analysis Program is providing an additional $1.4 million grant to support the laboratory.

The new lab will be located in the basement of the POST building in two existing rooms that currently house cosmochemistry equipment. The W.M. Keck Cosmochemistry Laboratory will build on the success of the cosmochemistry program and open new doors for interdisciplinary research among the University’s internationally-renowned scientists who make up the core team of investigators and experts in ion microprobe analysis and cosmochemistry.

Based in Los Angeles, the W.M. Keck Foundation was established in 1954 by the late W.M. Keck, founder of Superior Oil Company. The Foundation’s grant making is focused primarily on pioneering efforts in the areas of medical research, science and engineering.

Regent Landon moved to approve the space designation of two existing rooms in the basement of the Pacific Ocean, Science and Technology (“POST”) building on the Mānoa campus, and to provide a donor naming opportunity in recognition of the $1.5 million grant received from the W.M. Keck Foundation to establish the W.M. Keck Cosmochemistry Laboratory at the University of Hawai‘i at Mānoa. Regent Haynes seconded the motion which was unanimously carried.

**Establishment of a Bachelor of Science in Ethnobotany, College of Natural Sciences, University of Hawai‘i at Mānoa**

Vice Chancellor Smatresk requested that the Board approve the establishment of a Bachelor of Science degree program in Ethnobotany, in the Department of Botany, College of Natural Sciences, University of Hawai‘i at Mānoa at no additional cost.

The proposed program is based on existing faculty, courses, space, and resources. However, should the program grow beyond its projected maximum level of 180 majors, additional faculty may be required. These increased needs will be offset by tuition generated by the additional students.

The proposed program will be the first Ethnobotany degree program in the United States, fulfilling a local and national demand that has been steadily growing.
over the past 15 years. Hawai‘i is uniquely situated to offer this degree because of its cultural diversity and interest in traditional cultural knowledge, plants, and conservation of both biological and cultural diversity. Ethnobotany is a botanical science focusing upon cultural interactions with plants. It is an emerging science based primarily on botany, biology, and anthropology. The Bachelor of Science in Ethnobotany will enable students to (1) work in areas related to the conservation of biological and cultural diversity including cultural resource management, cultural/biological interpretation, and consultancy for cultural and environmental impact issues; (2) work in natural health care business and practices; (3) enter graduate school programs in ethnobotany, botany, anthropology, and related fields; and (4) enter advanced medical training programs including allopathic medicine, pharmacy, nursing, naturopathic medicine, acupuncture, and herbalism.

Student interest in this field is strong. Approximately 200 students are enrolled in the introductory ethnobotany course, Botany 105, each semester. This is a clear indication of the level of student interest in the field as the course is currently only required for Hawaiian studies majors who account for only a small percentage of the 200 students each semester. Additionally, all of the upper division courses in ethnobotany are well enrolled with 18 to 30 students per class. Further, the Botany department has on file over 200 inquiries from undergraduate students inquiring about opportunities to study ethnobotany on the Mānoa campus.

An initial class of about 30 students is projected for the first year. Over a period of four years, enrollment is projected to total approximately 150 students. A number of the students are projected to be out-of-state and international students, paying higher tuition rates than local residents.

The curriculum for this multidisciplinary degree program was developed to reflect the range of theoretical and applied research aspects of ethnobotany. The proposed curriculum totals 93 credits, including 36 credits in basic sciences and mathematics and 57 credits of ethnobotany course requirements (botany, anthropology, geography, Hawaiian studies, and biology). The program emphasizes community research and service through joint faculty-student projects conducted during their five-semester capstone course (Botany 449, Ethnobotany Practicum).

The University of Hawai‘i at Mānoa is currently the leading center for ethnobotanical research in the Pacific. The aim of the ethnobotany program is to become the leading center for ethnobotanical research in the world. UH-Mānoa has the highest density of ethnobotany faculty members in the U.S., followed closely by a consortium of New York universities. Currently, there are at least seven faculty members conducting ethnobotanical-related work and at least 20 faculty and 28 adjunct faculty members who are supportive of the research efforts of ethnobotanists. Development of a degree program will help to unite these scholars around common education and research interests. Students entering the program will benefit from the multidisciplinary training and research experience of the faculty. This, in turn, is expected to result in an increase in collaborative research.

The proposed program supports multiple initiatives in the Mānoa strategic plan including engaging undergraduates in research and creative scholarship; supporting research initiatives where Mānoa is uniquely positioned to excel; building on comparative advantages such as unparalleled natural resources and cultural diversity; and promoting the study of Hawaiian culture.

The proposal was reviewed and endorsed by the Arts and Sciences Program and Curriculum Committee and the Mānoa Faculty Senate. Board policy provides
that all new academic programs, once approved, shall have provisional status until a review is conducted. Reviews are initiated once a full cycle of graduates has been completed. As this proposed program is a four-year baccalaureate degree, the required review would be conducted in academic year 2010-2011.

Regent de la Peña moved to approve the establishment of a Bachelor of Science program in Ethnobotany, College of Natural Sciences, on the Mānoa campus to be effective Spring 2006. Regent Bender seconded the motion followed by discussion.

In response to Regent Tanaka, College of Natural Sciences Dean Chuck Hayes informed that the necessary faculty had been hired and the courses developed. He added that what is needed is $20,000 to move into operation. Regent Tanaka expressed that as with any new program, its future growth should not be at the expense of existing programs. Dean Hayes explained that increased tuition revenues will hopefully accommodate future growth in this program.

Regent Tanaka said that it seems that the strategy is to move resources from programs that are stagnant into new programs. Vice Chancellor Smatresk added it would be a question of academic management in the future to insure that attention is paid to the resources required to run the programs successfully. He added that he felt this program can be funded with tuition revenues. However, Regent Tanaka emphasized the administration’s earlier promises to students that the tuition increase would be devoted to such priorities as campus safety and security. President McClain assured that once financial aid commitments to students are taken care of, he required every campus to spend 5 percent of their budget on security to insure that students have a healthy and safe environment.

Regent Landon commented that he felt that the proposal as explained was financially responsible.

Upon call the motion was unanimously carried.

**Material Transfer Agreement from German Cancer Research Center for Reagents 16L1h and 16L2h**

General Counsel Kirimitsu explained that at its last meeting, the Board had approved an indemnification clause for the Material Transfer Agreement from the German Cancer Research Center to the University of Hawai‘i for research using reagents. Since then, the German Cancer Research Center had responded that it cannot accept the seven-year sunset clause or provision in the approved indemnification. He therefore recommended that the Board remove the seven-year sunset on the indemnification. He assured that the scientist has informed the University of Hawai‘i that the risk for exposure to liability is minimal and that the indemnification is limited to only actions arising out of gross negligence or willful misconduct which limits the exposure considerably or substantially. Finally, the State statute of limitation is for two years from the act in question or the subject act or two years from reasonably discovery act.

Regent Tatibouet stated that based on assurances from General Counsel that she would move to remove the seven-year sunset clause imposed on the indemnity provision in the Material Transfer Agreement from the German Cancer Research Center on reagents 16L1h and 16L2h. Regent Haynes seconded the motion which was unanimously carried.
Developer for the University of Hawai‘i West O‘ahu Campus Project

(Note: Chairperson Lagareta and Regents Tatibouet and Landon recused themselves from the meeting during the consideration of this item. Vice Chairperson Tanaka presided in the absence of Chairperson Lagareta.)

Director Yokota requested approval for the selection of West O‘ahu Campus Development, LLC (WOCD) as the developer for the purpose of entering into exclusive negotiations for a comprehensive real estate development agreement for Phase I of the University of Hawai‘i at West O‘ahu campus project.

WOCD is a limited liability company whose sole owner is Hunt ELP of El Paso, Texas. At last month’s Board meeting, representatives of the development team were introduced. Director Yokota said that the West O‘ahu site consists of approximately 500 acres in Kapolei and in September 2002, the Board of Regents selected this site for the West O‘ahu campus. About a hundred acres of this site will be needed for the development of the campus which will accommodate up to 7,600 students. Because only a portion of the land is needed for a campus, the Board had authorized the administration to seek private developers to construct the first phase of the project and the associated infrastructure. This first phase of the project could accommodate up to 1,500 students. The concept is that development rights to the portion of the land of the site that are needed for construction of the campus could be exchanged with the developer for construction of Phase I of the project and the associated infrastructure. The administration proceeded to seek developers on this basis for construction of Phase I of the campus.

The University began the request for quotations (RFQ) process last December with the issuance of an RFQ document. Seven development teams responded and based on the evaluation on their qualifications by the University’s evaluation committee, four were invited to submit proposals for the West O‘ahu campus development project. WOCD was one of the developers who submitted proposals. The members of the evaluation committee were David McClain, Interim President; Linda Johnsrud, Interim Vice President for Academic Planning and Policy; Gene Awakuni, Chancellor of the UH-West O‘ahu Campus; Duff Zwald, Director of the Office of Procurement and Real Property Management; and Eric Flower, staff member on the West O‘ahu campus. Advice was provided by the University’s consultant Ray Flatland who has a strong background in real estate and complex development projects with 30 years of experience in structuring developer relationships with several universities.

The evaluation committee considered the written proposals, the presentations by the development teams, and interviews with the team members as supplemented by the due diligence findings and the advice and counsel of the University’s consultant. As with all public/private development projects, it is essential that the University select a partner with which it can work over the long term while minimizing financial risks to the University. It was particularly important that a development partner for West O‘ahu offer flexibility in financing strategies and the ability to assume a significant portion of the financial risk.

The proposal by WOCD was based on strong equity participation but it also confirmed its ability and willingness to customize the financing strategy to optimize the value of the University’s land assets. This will allow the University various options that could be selected as more detailed plans were developed and as this is a long-term project, this was very important. The information submitted by WOCD indicated that sufficient value can be generated from the lands to support at a
minimum the first two phases of campus development. Finally, WOCD conveyed the ability to deliver a wide range of products that could help generate the most income from the University’s property. It is familiar with workforce housing as well as subsidized housing and market rate housing and has also done a significant amount of commercial development as well. The University also looked at WOCD’s breadth of work that was done and its capability to deliver a number of products on the University’s land. WOCD also delivered thoughtful enhancements of the University’s long-range development plan to integrate the residential and retail uses into a pedestrian-oriented community that could complement the University’s campus. At the same time, the team was sensitive to the University’s critical priority of preserving long-term expansion capability on the lands that are closest to the campus.

At last month’s meeting, the Board deferred decision-making on this matter to allow the administration to conduct additional due diligence, which was conducted on Hunt ELP, the sole owner of WOCD, as well as on members of its team. The due diligence investigations, according to Director Yokota, confirmed representations made by the developer and its team. References for Hunt spoke highly of its ability to work with public institutions and create strategies for privatized developments. Other contacts indicated positive experiences with Fluor, EDAW and Group 70 as well and these are members of the WOCD team. Most of the team members are currently working together with the Navy at Ford Island where infrastructure and housing are being developed at a similar scale to that contemplated for West O‘ahu. Communication with a Navy representative indicated a high degree of respect for the Hunt team.

Regent Albano moved to approve the selection of West O‘ahu Campus Development, LLC as the developer for the purpose of entering into exclusive negotiations for a comprehensive real estate development agreement for Phase I of the University of Hawai‘i at West O‘ahu campus project. Regent de la Peña seconded the motion.

Regent Yamasato inquired as to how expenses related to operating cash flow. Mr. Flatland responded that in evaluating the proposals, the financial proposals presented were carefully examined. Pro formas were submitted with each of the development proposals and a part of the process was to evaluate in detail the underlying assumptions that drove those pro formas and generated the cash flow. In doing so, it was felt that the Hunt proposal presented the most positive cash flow for the University and created the most likely ability to deliver the cash flow in a timely manner.

Vice Chairperson Tanaka asked Chancellor Awakuni if the cash flow is enough for operations. Chancellor Awakuni said that the cash flow issue is one that is still being reviewed and was predicated on the balance of the residential development and the commercial ground leases that will be established. He said the plan is to try to retain control of the commercial retail ground leases in perpetuity to protect the land and have an ongoing income stream for the operations of the campus. It is estimated that the overall maintenance cost would be about 10 percent of the operating budget. What is being targeted is the revenue stream to fuel that operations and growth. In addition, with the increase in enrollment, there will be an increase in tuition which will be used toward the continued growth of the faculty and staff. Chancellor Awakuni assured that given current valuations, he would be able to get through the first two phases and have the operating funds for maintenance.
Regent Yamasato asked if the campus could be self-sustaining. Chancellor Awakuni explained that to be self-sustaining, some of the land must be sold in fee. They are trying to preserve as much of the land as possible and still have an income stream to do the initial Phase I development and also for the ongoing maintenance of the campus.

Regent Bender inquired if part of the 500 acres will be sold in fee. Chancellor Awakuni said that it had not been determined with any specificity at this time. However, approximately 200 acres are being looked at for fee development or high density long-term ground leases. According to Chancellor Awakuni, 106 acres would be for the initial 7,600 enrollment. The campus is being planned for 11,500 students so additional acreage must be retained for a rough total of about 160 to 168 acres for the campus development.

Regent Bender asked if the rental of the commercial property provided a cash flow in perpetuity. Chancellor Awakuni said that at present market conditions, it is expected that a substantial revenue stream will be generated in perpetuity. However, if at some point, the University decided it needed the land for other purposes, it will have the ability to develop the land in any manner.

President McClain said that, as indicated by Director Yokota, the proposal was for strong equity participation but during its interview with the evaluation committee, WOCD discussed alternative financing strategies and was willing to customize the financing strategy to optimize the value of the land assets for the benefit of the University. Therefore, in response to testimony from Dr. Musto, President McClain explained that as negotiations proceed, the financing option mentioned would be revisited to optimize the transaction on behalf of the University. Mr. Flatland concurred, adding that there was no commitment to a fixed strategy. The intent was to engage a team that presented a range of skills and a range of capabilities, allowing for customization of solutions, including workforce development.

Regent Albano inquired about the value of the 500 acres before the RFQ was released. Mr. Flatland said that a valuation had been run as a function of the long-range development planning. He said that once his firm was engaged to assist in the process, pro formas and land valuations were created. The proposals that came in were more optimistic and in each case, the underlying assumptions were examined to extract the maximum value of the land. General Counsel Kirimitsu assured the Board that outside counsel would be retained who specialized in real estate and construction law.

Regent Albano suggested that there be one point of contact from the University’s side. Chancellor Awakuni said that a project manager would be the lead University person for this project.

Regent Haynes said he supported the project but needed to be assured that compromises were not made to limit the size of the campus to benefit the commercial use aspects. Chancellor Awakuni said he would not mortgage the future of the campus and is trying to protect the interests of both West O’ahu and the University by insuring that there will be ample land for expansion.

In response to Regent Migita, Chancellor Awakuni informed that the original plans did not include student housing. There would be a university village and some thought was given to student housing in the area. Chancellor Awakuni said he had explored private/partnerships for student housing.
Regent Yamasato inquired about further approvals from the Board. Chancellor Awakuni informed that once a selection is made, there will be negotiations with the developer. Detailed plans and transaction documents may take as long as four to six months and will go on in parallel with the continuing entitlement process.

Regent Yamasato asked when the master plan for the 500 acres would be ready for the Board’s review. Chancellor Awakuni informed that the master plan itself was submitted to the EIS process. Final details of the plan will probably occur within the next few months. Chancellor Awakuni added that he hoped to open the campus on schedule in September 2008. In response to Regent Yamasato, Chancellor Awakuni said that the specific details about the agreement with the master developer will be brought to the Board for approval. Vice Chairperson Tanaka asked that the Regents should be given ample time to review the information before being expected to make a decision of this importance. In the past, the Board was not given much time to review the information. Director Yokota assured that this time the Regents will be given sufficient time to review the information.

The motion to approve the selection of West O’ahu Campus Development, LLC (WOC) as the developer for the purpose of entering into exclusive negotiations for a comprehensive real estate development agreement for Phase I of the University of Hawai‘i at West O’ahu campus project was carried by majority vote. Regent Bender abstained.

The meeting was recessed at 2:58 p.m. and reconvened at 3:05 p.m.

Developing for the On-Campus Student Housing Project at University of Hawai‘i at Mānoa

(Note: Chairperson Lagareta and Regent Migma recused themselves from the meeting during the consideration of this item.)

Vice Chairperson Tanaka announced that the administration would present two proposals to develop student housing at the University of Hawai‘i at Mānoa. He emphasized that by making this public presentation, the teams would be waiving any rights to confidentiality.

Director Yokota provided a brief update. On December 20, 2004, the University issued a Request for Qualifications/Proposals (Request) seeking expressions of interest and qualifications from development teams for the implementation (planning, design, construction, financing and possible management) of a multi-phase student housing project on the UH-Mānoa campus. There was a very strong response from the local development community and from national developers, architects and consultants. Eleven development teams submitted Statements of Qualifications (SOQs).

Five developers were invited by the University to submit proposals in response to the University’s Request, as supplemented by Addendum No. 3, issued on February 23, 2005. The Committee determined that all five development teams were qualified to develop the Project. The University required that the Proposal include an assessment of the feasibility of renovating the existing Frear Hall, as well as a conceptual design for the replacement of Frear with a new facility of 400 beds in a semi-suite configuration. Additionally, teams were asked to submit a master
The site plan for the Frear, Johnson, and Gateway sites that integrated and maximized the exterior opportunities for circulation, and passive and active recreation. The developers were provided with outline specifications, a building program for a 400-bed facility to replace Frear Hall and maximum allowable rents. Actus/A&O and ACC were two of five developers who submitted proposals.

The Committee reviewed the proposals based on the three evaluation factors. The Committee also interviewed the five development teams over a two-day period. Upon completion of the interviews, the Committee identified three of the development teams as the most likely to be selected.

In the proposals submitted, the developers had demonstrated the need to increase the number of beds on the Frear Hall site to approximately 700 beds to improve the financial feasibility of creating a self-sustaining project. Because the Proposals were based on larger projects of varying sizes, the Committee elected to request final proposals from the three development teams based on a standardized project size of between 675 and 725 beds on the Frear Hall site and to clarify several other attributes regarding the Proposals. The three development teams asked to submit final proposals were: Actus/A&O; ACC; and KUD International/Capstone Development Corporation. All three teams submitted final proposals, which were reviewed by the Committee. Members of the Committee also conducted final due diligence checks by contacting staff at educational institutions for which the developers had constructed student housing.

Director Yokota requested that the Board approve the selection of a developer for the purpose of entering into exclusive negotiations for a comprehensive real estate development agreement to develop an on-campus student housing project at the University of Hawai‘i at Mānoa. Since the Board deferred this matter at its June 2005 meeting, the administration submitted for consideration the development teams who received the two highest scores in the evaluation of proposals by the University’s Evaluation Committee for the Project. These are: Actus Lend Lease LLC/Allen & O’Hara Inc. (Actus/A&O), co-developers, and American Campus Communities (ACC).

Mr. William Bayless, representing ACC, provided information about his firm and its approach to the project. He stated that student housing was ACC’s core business. The firms were founded in 1993 with the single mission to become the best company in the student housing industry. The seven members of the senior management team have been involved with the development, acquisition, or management of 114 student housing properties. ACC was awarded the development of 40 on-campus privatized student housing communities consisting of more than 20,000 beds, developed more than one billion dollars of student housing properties, and acquired more than $300 million in student housing assets. ACC has secured for itself and for its third-party University clients, more than $1.2 billion in student housing financing utilizing virtually every form of financing available. ACC’s management portfolio has also grown to 44 communities, totaling more than 27,000 beds. Last year, according to Mr. Bayless, ACC became the first student housing company in the nation to go public and is traded on the New York Stock Exchange.

ACC has the highest percentage of institutional ownership with 93 percent of outstanding shares held by large institutional investors and mutual funds. With both of the companies being public entities, all of the information of ACC’s accomplishments is documented. ACC has unparalleled experience in the on-campus arena. ACC’s major on-campus partners, some of the most prominent
Mr. Jason Wills added that ACC had spoken to many of the University's administrative staff and students and spent time trying to understand this market. He said that the goal would be to consult with these stakeholders to customize the project. ACC also likes to have student involvement in the process and insures that they hear about the project.

Mr. Bayless said that in talking about the management, the credentials in on-campus student housing management run parallel. ACC currently manages 22 on-campus communities of this type; the senior staff has sat on more than 38 management committees of public/private partnerships of this type of housing and provide turnkey management for GMAC and Key Bank which are the two largest commercial lenders in the sector on their foreclosure and troubled properties.

Mr. Lucien Wong, Senior Vice President for Actus Lend Lease Hawai‘i, requested that the Regents follow the recommendation of the evaluation committee and select Actus Lend Lease. He said that Actus went through a two-hour presentation with the committee and hoped that the Regents would come to the same conclusion as the Evaluation Committee.

Mr. Wong explained that Actus decided its members had to be leaders in the field, come with local knowledge and credibility, a commitment to long-term relationships, and a record of success in working with other companies. For this development team, the locally based team leader, Actus Lend Lease LLC, was joined by Allen & O'Hara Inc. a national developer and manager of student housing facilities based in Tennessee, as co-developer.

Actus is a community development company offering community and housing design, communications and market research, development, construction, asset and property management, and project finance. Actus has been selected as the developer for several military housing privatization projects at Fort Hood, Texas; Fort Campbell, Kentucky; Fort Drum, New York; the Marines’ Tri-Command, Beauforty76t/ Parris Island, South Carolina; and recently at Hickam Air Force Base and with the U.S. Army in O‘ahu. Actus is the largest developer of military family housing in the country with over 25,000 homes currently under management, and in Hawai‘i, over 9,000 homes alone. Actus has been in Hawai‘i for more than twelve years and said that the military contracts are for fifty years so Actus should be around for at least that period. Actus has offices in downtown Honolulu, at Schofield, and at Hickam Air Force field.

Mr. Wong said that Actus has an established local presence that will continue for at least 50 more years in Hawai‘i, local and global resources, and a successful record of managing and organizing large complex projects, and it starts with selecting a very good team. Actus would be working closely with Allen & O’Hara Education Services, Inc., a subsidiary of Education Realty Trust, Inc. which is based in Memphis, Tennessee.

Mr. Bill Harris of Allen & O’Hara said that his company would be the entity that handles student housing developments. A&O was founded in 1952 and is owned by Education Realty Trust which is traded on the New York Stock Exchange. He said that A&O has been developing and managing student housing for 41 years. Its sister company, Allen & O’Hara Inc., not to be confused with the development company, has been in the hotel business for 53 years. Mr. Harris said that A&O
has done 98 student housing projects at 61 universities, totaling 55,000 beds. These are just projects that A&O has been involved in. He added that there isn’t any other single firm that has this breadth of experience in student housing development. He said that A&O has been operating student housing with the “aloha” spirit all these years and has housed over 450,000 students and currently manage over 30,000 beds and most importantly, it has a long-term commitment. He said that there isn’t any other firm that comes close to A&O in terms of management experience.

Mr. Wong then introduced members of the Actus team including representatives from Wimberly Allison Tong & Goo, HEWV, and Nordic Construction who provided information on their respective firms and their record of successful projects.

Director Yokota stated that selection and approval of a developer is the first of a series of steps toward the development of the Project. After approval, the developer will be required to enter into an agreement with the University within sixty days. If the University and the developer fail to reach agreement within the sixty-day period, the University has the exclusive right to extend the time frame, cancel further negotiations, or begin negotiations with other developers.

The scope of work in the agreement will have two parts. The first part of the scope of work consists of pre-design consulting services, which will help the University finalize the architectural program for the Project and the Project development budget. If the outcome of the first part yields a student housing project that the University determines to be marketable, financially feasible and sustainable, the University will enter into a subsequent agreement with the developer that will include the design, construction, financing and possible management of the Project. Although it is anticipated that the University will proceed with the second part of the scope of work, it may cancel the relationship, rather than proceed with design, construction, and financing. If this occurs, no fees or expenses incurred by the developer in the first part will be reimbursed by the University.

The legal agreements negotiated for the Project will be submitted to the Board for review and approval.

Regent Albano commented that the size of the project as it moves forward potentially will be 3,000 beds. Director Yokota said that when the Request for Proposals (RFP) was done, it was for a minimum of 800 beds since at the time of discussions with the Regents, there was a concern that whoever was selected in the process would not be guaranteed future phases of the project. She said that for future phases, the Regents may decide to give priority to the selected developer or the University may go out with a separate Request for Qualifications (RFQ). This option was reserved for the University. Regent Albano wanted a clarification that initially, this project would be for 700 beds but potentially, it could be 3,000 beds. Director Yokota said that her direction was to do it in as small an increment as possible to test the concept and test the process.

Regent Albano asked Director Yokota if either finalist would be able to do the project. Director Yokota responded that when the five teams were evaluated, it was determined that all five teams were qualified to do the project.

In response to Regent Tatibouet’s question about cost comparisons, General Counsel Kirimitsu explained that ordinarily, financial information submitted as part of an RFQ/RFP is confidential until the actual contract is signed. However,
inasmuch as the top teams were being considered, the Vice Chairperson at the outset of the meeting had asked the firms to waive confidentiality. Regent Tatibouet said the public needs to understand that the Board has a fiduciary responsibility so while exact figures are not necessary, it would be important for the Regents to know how the two firms compare in terms of their cost. General Counsel Kirimitsu recommended that the Board move into executive session to consult with its attorney.

Regent Tatibouet moved to enter into executive session for the purpose of consulting with its attorney. Regent Kakuda seconded the motion which was unanimously carried. The meeting was recessed at 4:30 p.m. and reconvened in open session at 5:10 p.m.

Regent Tatibouet reiterated that she remained concerned about the cost of developing the project. However, if the financials are not shared, she would have to make her decision based on what was presented along with certain responsible assumptions since Regents have a fiduciary responsibility. Regent Albano concurred, adding that both firms seemed acceptable but in the final analysis, he was interested in retaining a firm whose primary business is in student housing development. He would also take into consideration how many student housing bed spaces each firm had completed. Mr. Wong stated that Actus would be uncomfortable in sharing its financial information due to the competitiveness of the business. Mr. Bayless, however, stated that ACC would be willing to disclose its financial plan.

Regent Kakuda asked each developer to explain how they would involve student input. Mr. Bayless responded that ACC would leave that matter to the University’s discretion. Mr. Harris, stated that Actus would also allow student input to be dictated by the University.

Regent Haynes commented that charitable donations by companies bidding for University business should not be a factor in the final decision.

Vice Chairperson Tanaka explained that the Board’s selection would be by written ballot. Regents Albano, Tatibouet, Tanaka, Kakuda, de la Peña, Bender, Yamasato and Haynes selected ACC. Regent Landon abstained. Regent Haynes, therefore, moved to select American Campus Communities for the purpose of entering into exclusive negotiations for a comprehensive real estate development agreement to develop on-campus student housing projects at the University of Hawai‘i at Mānoa. Regent Albano seconded the motion which was carried by majority vote. Regent Landon abstained.

The meeting was recessed at 5:40 p.m. and reconvened at 9:35 a.m., July 19, 2005 in the same location.

Tuesday, July 19, 2005

REPORT OF EXECUTIVE OFFICER

(Note: This portion of the agenda was taken out of order to accommodate the awardees.)
Recognition of University of Hawai‘i’s Nominees for the 2005 Governor’s Award for Distinguished Service

President McClain explained that each year the University selects its employee and employee team nominees for the 2005 Governor’s Awards for Distinguished State Service. They will compete with employees from other government agencies for statewide honors to be announced at an awards ceremony on Friday, October 7, 2005 at the State Capitol.

President McClain said that it is not often that employees who are nominated for this award can be characterized as “valor under fire,” but in this case, it is exactly that situation. The Mānoa campus suffered a devastating flood on October 30 of last year, presenting a major challenge to the campus. Mr. John Awakuni was selected to represent the University of Hawai‘i as Employee of the Year for his dedication and service to Hamilton Library. His breadth and depth of knowledge, as well as his initiative and resourcefulness enabled him to manage a variety of impromptu tasks while managing the library’s day-to-day business. In the aftermath of the flood, Mr. Awakuni effectively guided and advised the Library in the recovery by coordinating the purchasing, documentation and execution of tasks. Mr. Awakuni’s genuine caring attitude, meticulous attention to detail, tireless dedication, and sheer perseverance make him one of the true heroes of the University.

President McClain then introduced the team of Ms. Nora Goya, Ms. Jane Kageura, Ms. Audrey Nishioka, and Ms. Faith Tanaka of the Library Services Fiscal Office who were nominated for the Team Excellence Award for their outstanding work and significant contributions furthering the libraries’ mission to acquire and make unique research materials accessible to scholars. They have demonstrated creativity in achieving cost savings and accomplishing complex financial transactions on behalf of the library’s special collections. Their efforts during the flood recovery process were an inspiration to all and demonstrated their dedication and service.

VI. AGENDA ITEMS (CONTINUED)

Recommendation on External Auditor

President McClain requested that the Board rescind its decision of April 21-22, 2005, selecting the firm of Grant Thornton LLP as its external auditor and instead approve the selection of PricewaterhouseCoopers LLP to perform the University of Hawai‘i’s mandated annual audits for the fiscal years ending June 30, 2005 through June 30, 2007 including the Office of Management and Budget (OMB) Circular A-133, the University Bond System, and the University of Hawai‘i at Mānoa Athletics Department audits.

Pursuant to a Request for Proposals (RFP) advertised in March 2005, proposals were received from seven certified public accounting firms. These proposals were initially reviewed by a five-member University evaluation committee and a Board of Regents’ Task Group in a two-step process in early April 2005, as prescribed in the RFP. The firm receiving the highest evaluation score, Grant Thornton LLP, was approved by the Board at its April 21-22 meeting.

Subsequent to that meeting, PricewaterhouseCoopers LLP, one of the firms that was not selected filed a protest challenging the evaluation and selection
process. As provided under the State’s procurement law, the protest was submitted to the President, as Chief Procurement Officer, for decision. Based on a review and investigation of the claims raised in the protest, it was determined to be in the best interest of the University to disregard the first evaluation and appoint a new evaluation committee.

The new three-person committee evaluated the original proposals based on the RFP criteria and forwarded the three proposals receiving the highest evaluation scores to the Regents’ Task Group for its evaluation. Although one of the three firms decided to withdraw from consideration, the two remaining firms, Grant Thornton LLP and PricewaterhouseCoopers LLP, made oral presentations to the Task Group on July 6, 2005.

The members of the Task Group evaluated and scored both remaining proposals. When these scores were combined with the evaluation scores of the second University evaluation committee, the audit firm receiving the highest overall score was PricewaterhouseCoopers LLP.

Regent Yamasato moved to rescind its prior action taken at its April 21-22 meeting with respect to the appointment of Grant Thornton LLP as external auditor and approve the appointment of PricewaterhouseCoopers LLP to perform the financial and compliance OMB Circular A-133 audit and financial audits of the University Bond System and the University of Hawai‘i at Mānoa Athletics Department for the fiscal years ending June 30, 2005 through June 30, 2007. Regent Haynes seconded the motion followed by discussion.

Regent Yamasato stated that the Regents’ Task Group felt that it was in the best interest, at this time, to remain with PricewaterhouseCoopers because of their experience with the University.

Upon call the motion was carried by majority vote. Regent Landon abstained and Regent Kakuda voted against the motion.

VII. GIFTS, GRANTS AND CONTRACTS

Vice President Gaines reported that the gifts, grants and contracts received during the period May 1, 2005 through May 31, 2005 totaled $37,820,881. The University of Hawai‘i at Hilo received a total of $622,242 during the same period.

Vice President Gaines also reported on the preliminary end-of-the year numbers. He said that due to the excellent work of the faculty, the Office of Research Services, and the Research Corporation of the University of Hawai‘i (RCUH), research grants received by the University, including Hilo, was close to $210 million. Non-research grants approached $150 million. Both figures combined for the year, totaled $353 million compared to $330 million last year. There was a slight increase in the collections of research, training, and revolving fund (RTRF) monies as well.

Regent Haynes 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 and unanimously carried.
VIII. 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 requested that Dr. Jim Tiles, Vice Chair of the Mānoa Faculty Senate Executive Committee, be allowed to address the Board regarding the President’s recommendation for interim chancellor of the Mānoa Campus. Chairperson Lagareta consented.

Dr. Tiles stated that the faculty at Mānoa firmly supported the separation of the offices of the President and the Chancellor of Mānoa. The Senate requested that President McClain not disrupt the team appointed by the previous Chancellor.

The Mānoa Faculty Senate Executive Committee tried to devise some principles for the appointment of both the interim and permanent chancellors. These principles were sent to the President and distributed to the Senate and the faculty.

Dr. Tiles said that it had been argued that there will be a better pool of candidates for the chancellorship if candidates know who the University President was going to be. The Mānoa Senate Executive Committee (SEC), however, felt that the pool would be superior as long as candidates know they will have managerial autonomy over the running of the campus, will be given resources commensurate with the expected performance, and given autonomy over the distribution of those resources. When assessing the performance of the Chancellor of Mānoa, the Board should listen to the views of students, faculty and Deans and Directors.

The SEC did not recommend any specific person but specified that current deans and directors who might return to that position after the interim and those who would be candidates for the post of permanent chancellor be excluded. The SEC was satisfied with President McClain’s choice and looked forward to working with Dr. Konan. President McClain assured that the selection of the Chancellor of Mānoa would be one of the responsibilities of the interim chancellor.

President McClain recommended the following personnel actions.

UNIVERSITY OF HAWAI’I, SYSTEM

Executive

GAINES, JAMES R.
Interim Vice President for Research
Office of Vice President for Research
Reappointment
August 1, 2005 - July 31, 2006, or until a permanent appointment is made, whichever occurs sooner
NAKAMURA, GLENN K.
Interim Director of University Budget
University Budget Office
Reappointment & Salary Adjustment
July 1, 2005 - June 30, 2006, or until
a permanent appointment is made, whichever
occurs sooner

Managerial

HELM, CHRISTOPHER
Interim Director of Research Services
Office of Research Services
Upon Board Approval - July 31, 2006, or
unless sooner relieved

UNIVERSITY OF HAWAI’I AT MĀNOA

Executive

BOLAND, MARY G.
Dean, UHM
School of Nursing & Dental Hygiene
Multi-year Appointment
August 22, 2005 - August 21, 2008

FRAZIER, HERMAN
Director of Athletics
Intercollegiate Athletics, UHM
Multi-year Reappointment & Salary
Adjustment & Incentive Plan
August 1, 2005 - July 31, 2010

KEIL, KLAUS
Interim Dean, UHM
School of Ocean & Earth Science & Technology
Reappointment
August 1, 2005 - July 31, 2006 or until a permanent
dean is appointed, whichever is sooner

KONAN, DENISE E.
Interim Chancellor, UHM
Office of the Chancellor, UHM
August 1, 2005 - July 31, 2006, unless
sooner relieved

MOUGINIS-MARK, PETER J.
Acting Director of Research Institute
Hawai‘i Institute of Geophysics & Planetology
Reappointment
July 1, 2005 - June 30, 2006 or until the return
of the Director whichever occurs first
O’MEALY, JOSEPH H.
Interim Dean, UHM
College of Languages, Linguistics & Literature
Reappointment & Salary Adjustment
September 1, 2005 - August 31, 2006 or
unless sooner relieved

TANAKA, PETER
Interim Dean, UHM
Outreach College
Reappointment
October 1, 2005 - September 30, 2006 or
unless sooner relieved

Professor or equivalent

BOLAND, MARY G.
Professor, I5
School of Nursing & Dental Hygiene
Appointment & Waive the Probationary Period
to Allow for Expedited Tenure Proceedings
August 22, 2005

Administrative, Professional & Technical

WALLACE, ROBERT R. SR.
UH Head Basketball Coach (Men)
Intercollegiate Athletics, UHM
Multi-year Reappointment & Incentive Plan
May 1, 2005 - April 30, 2007
Salary Adjustment
May 1, 2005
May 1, 2006

UNIVERSITY OF HAWAI’I AT HILO

Executive

STEINER, WILLIAM W. M.
Dean (UHH)
College of Agriculture, Forestry & Natural
Resources Management
September 1, 2005 - August 31, 2006

SAKAI, MARCIA
Dean (UHH)
College of Business and Economics
August 1, 2005 - July 31, 2006
Regent Migita moved to approve the personnel actions as recommended in Attachment #3 of the Board of Regents’ agenda dated July 18, 2005. Regent Landon seconded the motion which was unanimously carried.

Newly appointed Interim Chancellor Konan expressed her appreciation to the Board and President McClain for the confidence shown her. She added that she was excited about leading the Mānoa Campus. Interim Vice President Morton also expressed his appreciation to the Board, adding that he was looking forward to working with his community college colleagues to continue the growth of the campuses.

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 #3 of the Board of Regents’ agenda dated July 18, 2005.)
IX. UNIVERSITY OF HAWAI’I FOUNDATION REPORT

Foundation Vice President King said that at the next Board meeting, he will give the Board an update on the financials for the year as well as an overview of the Foundation’s budget for the next year. He reported on recent and upcoming Alumni Association/Alumni Relations events.

The directory of alumni should be out in early Fall. There are more than 3,000 users for the on-line community, and the Foundation is in the process of installing a career services module that will allow alumni to post jobs, resumes, and seek career mentorship. An e-mail was sent to the alumni and over a hundred responses were received from people who are willing to be mentors. The Alumni Director is also working on the San Jose tailgate which will be on October 22nd. There are 3,000-plus Bay Area members.

Vice President King reported that through the month of May, the Foundation received $29.3 million and finished the year at $34.8 million which included the Athletic Department’s gift of $1.4 million, the Inouye Chair of about $1.6 million and some planned gifts of close to a million dollars. He said that the Foundation is continuing to work on filling vacancies, campaign planning, and identifying and working on high-end prospects for the coming fiscal year.

X. REPORT OF THE EXECUTIVE OFFICER (CONTINUED)

President McClain acknowledged Dr. John Morton, Dr. Denise Konan, and Dr. Leon Richards for their willingness to serve the University in their new capacities.

Centennial Celebration

President McClain announced that the University of Hawai’i Foundation has been able to raise over $80 million on behalf of the University for the centennial campaign. He provided background on the University of Hawai’i which was created on March 25, 1907 when Governor George Carter signed into law, Act 24 of the Territorial Legislature, establishing the College of Agriculture and Mechanic Arts.

The centennial celebration is planned for the Spring of 2007 and will continue until Fall of 2008. The University of Hawai’i will commemorate this extended birthday across all ten campuses under the banner of celebrating 100 years of higher education in Hawai’i. Early plans include expanding and branding existing events as part of the centennial celebration and publishing a commemorative book to highlight the diversity and scope of the University’s activities. There will be a major conference that will launch the celebration of the centennial which the Mānoa campus is planning. A major event is also planned at the conclusion of the centennial which perhaps the System will lead and a number of other activities such as archival displays.

XI. NEW OR OTHER BUSINESS

There was no new or other business.
XII. ANNOUNCEMENT

Next Meeting

Chairperson Lagareta announced that the next meeting of the Board of Regents would be held on Thursday, September 15, 2005 at Kauai Community College.

Chairperson Lagareta thanked the Regents for the honor of serving as their chairperson for the coming year and expressed her excitement over the continued achievements of the University. She also thanked President McClain for his support.

Regent Tatibouet 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, Hawai'i Revised Statutes. The motion was seconded by Regent Haynes and unanimously carried. The meeting was recessed at 10:00 a.m. to enter into executive session.

XIV. ADJOURNMENT

The meeting was reconvened in open session at 3:05 p.m. at which time the meeting was adjourned.

Respectfully submitted,

David Iha, Executive Administrator and Secretary of the Board