The meeting was called to order by Chairperson Kitty Lagareta on Thursday, September 15, 2005, at 10:00 a.m. in the Performing Arts Center, Kaua‘i Community College. She welcomed newly appointed Regent Michael A. Dahilig to the Board.

**Attendance**

Present were Regents Andres Albano, Jr., Byron W. Bender, Michael A. Dahilig, Ramón S. de la Peña, Allan R. Landon, Ronald K. Migita, Alvin A. Tanaka, and Jane B. Tatibouet; Interim President David McClain; Executive Administrator and Secretary of the Board David Iha; and Executive Assistant Carl H. Makino. Regents James J.C. Haynes II and Myron A. Yamasato were 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; Mr. Michael Rota, Associate Vice President for Community Colleges; 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. Denise Konan, Interim Chancellor, University of Hawai‘i at Mānoa (UH-Mānoa); Dr. Angela Meixell, Chancellor, Windward Community College; Mr. Ramsey Pedersen, Chancellor, Honolulu Community College; Dr. Peter Quigley, Interim Chancellor, Leeward Community College; Dr. Leon Richards, Acting Chancellor, Kapi‘olani Community College; Dr. Rose Tseng, Chancellor, University of Hawai‘i at Hilo (UH-Hilo); Dr. Neal Smatresk, Vice Chancellor of Academic Affairs, UH-Mānoa; Ms. Donna Vuchinich, President, and Mr. William King, Vice President, University of Hawai‘i Foundation (UHF); Dr. J. N. Musto, Executive Director, University of Hawai‘i Professional Assembly (UHPA); Ms. Lei Desha, Field Services Officer, Hawai‘i Government Employees Association (HGEA); and others.

**III. APPROVAL OF MINUTES**

President McClain clarified that in his executive officer’s report, he indicated that the University of Hawai‘i Foundation had raised over $80 million on behalf of the University for the centennial campaign. Regent Migita moved to approve the minutes of the July 18-19, 2005 meeting as amended. Regent Tatibouet seconded the motion which was unanimously carried.
III. PUBLIC COMMENT PERIOD

The following testified on Agenda Item No. 21, “Amendments to Board of Regents’ Policy, Section 5-19(c), Research Corporation of the University of Hawai’i (RCUH)”.

1. Lei Desha, Field Services Officer with the HGEA, testified that the Union did not concur with the administration’s recommendation to suspend the implementation of the Board’s 2002 policy on service ordering to RCUH. Instead, HGEA supported the suspension of the 2004 amendments to the policy. She stated that the action before the Board precipitated from concerns raised by principal investigators and the RCUH. The HGEA had never advocated that current RCUH employees should be adversely impacted by anything that the HGEA may negotiate. The HGEA had openly discussed “grandfathering” RCUH employees and felt that the issue centered on RCUH employees hired from October 2002 to the present. The HGEA is not advocating that these individuals should be terminated. She stated that rumors spread by the “uninformed” are unfortunate for all concerned. In good faith, the HGEA entered into negotiations with the University. She said that the HGEA is committed to continuing these discussions. However, HGEA is concerned about the University’s ability to continue the discussions with the same level of commitment and integrity since the recommendations before the Board of Regents are suspected of bad faith on the part of the University. The HGEA recommends that the Board of Regents asks its General Counsel, in light of the recommendation, what pre-existing policy would be in place for the University since from HGEA’s viewpoint, the University lacked a pre-existing policy that everyone would adhere to. Ms. Desha reminded the Board that five Regents are on the Board of the RCUH. All members have a fiduciary responsibility and a duty to exercise due diligence with respect to the management and administration of the affairs of both the University and the RCUH.

Chairperson Lagareta inquired as to concerns from both sides and the number of employees affected by this policy. Ms. Desha said that it depends on when one asks for such data. She said HGEA was provided varying numbers depending on the time. More recently, she was told that over 2,000 employees would be affected. HGEA was interested in looking at individuals on the RCUH payroll who are in positions indicated as 50 to 100 percent FTE. Further, depending on the nature of the job, HGEA felt that certain employees should remain on the RCUH payroll but that others had no business being hired through RCUH.

Chairperson Lagareta asked if those who are grandfathered in aren’t affected going forward, what will the effect be if HGEA’s position is upheld. Ms. Desha responded that HGEA was not looking to terminate individuals. When this matter is settled and individual grants expire, positions would go through the review process as delineated and a determination made as to whether it is appropriate for such employees to remain on the RCUH payroll or be transferred to the University payroll.
Chairperson Lagareta asked what would happen to research should HGEA’s position be supported. Ms. Desha said that from her perspective, the review process of positions was intended to be a pilot process and would later be evaluated. HGEA had given up, according to Ms. Desha, significant collective bargaining issues in order to support the University’s research enterprise. It was now incumbent on the University, RCUH, and the researchers to do their part in order to reach a reasonable position and move the process forward.

Ms. Desha said the service ordering of research and non-research personnel to RCUH is a long-standing issue with HGEA. Under former Chairperson Patricia Lee’s leadership, the Board of Regents made changes to its policies. Among the changes was the establishment of a policy on what could be service-ordered to RCUH. Contrary to popular belief, HGEA was not the reason the policy was adopted. Chairperson Lagareta said that Dr. Lee’s perspective was that this issue came at a time when there were concerns about the former president. There was considerable abuse of RCUH and too many things were being service-ordered to RCUH and it was becoming a “catchall” for more things than intended such as the design, planning, and construction of the Medical School. The project was service-ordered to RCUH without the knowledge nor consent of the Board. She added that she was optimistic that a reasonable agreement could be reached.

2. Dr. Peter Mouginis-Mark, Acting Director of the Hawai‘i Institute of Geophysics and Planetology (HIGP) at UH-Mānoa, expressed that any change to the Board’s policy as it affects employment through RCUH presents a great risk to the abilities of HIGP to compete at the national and international levels to gain funding. He felt that it was critical for principal investigators to have the ability to attract and retain support staff. It is essential that there be no limits on the duration on RCUH employment.

3. Dr. Sam Shomaker, Interim Dean of the John A. Burns School of Medicine, said he favored the suspension of the Board’s policy. He said that RCUH has worked very well as an employer of personnel funded by extramural grants and contracts. He said he would have concerns with respect to any actions that would imperil RCUH’s role in this respect. Chairperson Lagareta asked what would be impacted at the School of Medicine if there were a change. Dr. Shomaker said that any biomedical research that is currently on-going at the University across the system will eventually be impacted by the changes that are being discussed. The financial consequences of that need to be very carefully considered.

4. Dr. Sylvia Yuen, Director of the Center on the Family at UH-Mānoa, representing the University of Hawai‘i Association of Research Investigators (UHARI), delivered a petition addressed to the Board of Regents signed 1,024 UH faculty and RCUH employees requesting that they support the use of RCUH for employment of research and training staff. She advocated that principal investigators be at the table when negotiations are held on the employment of project staff through RCUH.
5. Dr. Michael Hamnett, Executive Director of RCUH, supported the suspension of the policy adopted in 2002 and amended in 2004. He said that the policies constrain employment through RCUH and because of that, is detrimental to the flexibility that is required to manage research at the University of Hawai‘i. He opposed any limitation on employment at RCUH on UH extramurally sponsored training and research. Prospective job applicants have already informed Dr. Hamnett that they are not willing to consider applying for a job and moving to Hawai‘i if there is going to be a one-year limit on the RCUH appointments. He said that the policy circulated by Dr. Gaines would significantly increase the bureaucracy factor and reduce the ability of RCUH to recruit and retain qualified staff.

President McClain commented that as a researcher, here and at Boston University, if the research enterprise was not efficient, he took his grants elsewhere. He said that he appreciated Dr. Hamnett’s concern about the need to make the University’s bureaucracy work as efficiently as possible and it will be to the benefit of the University to do that.

President McClain inquired about a statement in Dr. Hamnett’s testimony where he claims that RCUH had not been included in developing proposed changes to the policy. Special Assistant James Nishimoto, who worked with Vice President Gaines in the negotiations with HGEA, had assured President McClain that Dr. Hamnett had been given a full briefing on the proposed policy and at the time of the briefing, Dr. Hamnett had not raised objections. Dr. Hamnett responded that Mr. Nishimoto described a policy whereby Vice Chancellor Gary Ostrander would review the service order RCUH employment form (SOR form) and HGEA would be apprized and if they had any objection. Dr. Hamnett said that when he received the draft policy on August 14th, that it was not like what Mr. Nishimoto had described to him.

Chairperson Lagareta added that as one of the Regents on the RCUH Board, there were some odd things filtered through RCUH from the renovation of the former President’s office to the Medical School. She asked Dr. Hamnett if there were inappropriate and really out-of-bound requests coming into RCUH in the future, what would be a mechanism to handle those. In response Dr. Hamnett informed that there is a mechanism to insure that there will be cross-checking on such requests. President McClain said that when projects move over to RCUH, the administration could generate a certificate which says that this service order is in accordance with Board policy.

Regent Tanaka commented that General Counsel needs to be consulted as to what policy will be in effect and how it benefits RCUH since there was no Board policy in effect prior to 2002. There was an executive procedure which applied to service ordering projects to RCUH. Prior to President Mortimer’s March 1998 memo, a form had to be completed providing reasons why something needed to be service-ordered to RCUH. Dr. Hamnett said there was confusion as to what policy is in place. President McClain said he thought the Board suspended the October 2002 policy in September 2003 when the University administration brought to the Board’s attention the fact
that the policy that was written was really going to hamstring the researchers. That suspension extended through April 2004. No action was taken at that time to extend the suspension so then the University fell back to October 2002 policy for that period. Then in the Fall of 2004, a more liberal policy was promulgated which lead HGEA to file a prohibited practice complaint. The University agreed to suspend that policy in November 2004 so that negotiations could be conducted with HGEA. Those negotiations produced an agreement which the researchers found objectionable.

In response to Regent Landon, President McClain said that the HGEA’s concern is that they want as many positions to come to the University as possible because they would also become union members. Professional and technical positions that go to RCUH are all in a non-union environment. President McClain said that HGEA views RCUH as a threat to their existence at the University of Hawai‘i. They are not comfortable with the policy that the University came up with in September 2004. President McClain explained that the dilemma was that HGEA is comfortable with the policy circulated by Interim Vice President Gaines’ office but the researchers are not.

Regent Migita suggested that General Counsel present a simple “road map” on how to resolve this matter. Chairperson Lagareta concurred, adding that General Counsel and Dr. Gaines are to speak on that point when the item is taken up by the Board.

The following testified on Agenda Item No. 16, “Budget Recommendations for the FY 2006-2007 Supplemental Budget”.

1. Professor Anne Alvarez, faculty, School of Social Work, UH-Mānoa, Director of the School’s Distance Education Program, commented on the budget item, $210,000 for the hiring of three new instructional faculty for the School of Social Work. Funding for the project was at the top of the Chancellor’s biennium budget priorities last year but was not included in the final biennium budget request. In both cases, the amount supported by the Chancellor, the President, and the Board was $750,000, nearly four times the amount being requested this year. She said the positions are critical to providing programs via distance education to neighbor island professionals.

2. Dr. J. N. Musto, Executive Director of the University of Hawai‘i Professional Assembly (UHPA), testified on three items in the budget important to UHPA and its members. The first item requests an appropriation to the community colleges to the workload reduction. The next item dealt with minimum salaries. When the agreement on the current contract was reached, the “salary schedules” were eliminated in the contract. These “salary schedules” were salary matrix. The Board of Regents had adopted what has been termed a shadow policy for how much further on top of that schedule the administration could hire people without coming back to the Board for additional approval. But the question becomes whether or not funds are available internally without asking the legislature for an additional appropriation. He said he had conversations with the Chairs of both the House and Senate Higher Education Committees, Representative Waters and Senator Hee, about this very issue. He said that he
thought they were receptive to this issue and would like to see it, again, brought forward as a part of the supplemental budget.

The third item involved the Board policy that dealt with the continuing evaluation of a faculty after they receive tenure. UHPA developed a commitment to some form of remediation if a tenured faculty was found deficient. At that time, both President Simone and Asst. Vice President Madeline Goodman and then Professor Byron Bender and himself (Dr. Musto) all agreed that it should not stop with deficiencies. There should be a system of professional development that allows people who are doing well to have access to even other opportunities for professional development. That concept suffered from a lack of resources. This proposal is a total of about $6 million and is reasonable in the broader scheme of the University budget.

3. Dr. Keith Claypoole, Clinical Psychologist and a member of the Department of Psychology, University of Hawai‘i, stated that he had worked on Kaua‘i for the last three years as the Acting Director of the Kaua‘i Mental Health Center. He asked that the Board support the budgetary items to provide support for long distance education for a Master’s in Social Work (M.S.W.).

4. Ms. Kaui Castillo, Unit Manager for the Queen Lili‘uokalani Children Center, expressed support for the budget item for the School of Social Work to provide distance education for the neighbor islands. She stated that offering long distance education would be an excellent venue to increase those with graduate degrees who are already invested in their communities and to increase the resources for the rural community that are needed badly. She asked for support of the School of Social Work’s request to promote distance education.

The following individuals testified on “Gifts, Grants, and Contracts”, page 5, Item No. 8, “Field Evaluation of Genetically Engineered Banana Plants for Banana Bunchy Top Virus Resistance in Hawai‘i”:

1. Ms. Jeri Di Pietro, a member of GMO Free Kaua‘i, commented on the awarding of grants for genetic engineering and the development of transgenic banana plants. She expressed concern that too much attention is being given to corporate agricultural research and not enough funding towards traditional agricultural methods. She said CTAHR should be providing equal time and energy into the promotion of other alternatives, traditional crops, conventional and organic. The GMO test plots on Kaua‘i are especially toxic to the environment because they are in the research and development stage. They are trying to require new tolerances to stronger pesticides and in this research stage there are more chemicals sprayed on the land.

2. Ms. Michaela Boudreaux, expressed that her understanding of the Federal Land Grant College System is that it is a system to facilitate local solutions for local agricultural problems for the betterment of all. CTAHR looks like a vehicle for big business interests while substantiated by the fact that a low percentage of research is devoted to organic sustainable agriculture.

1. Ms. Mahealani Silva, producer of Naleo Hawai‘i issues, the Voices of Hawaiian issues on Kaua‘i community radio, read from The Pala pala ku like oke aha pono, the Paouokalani declaration. She explained that the reason for bringing this up in relation to the subject grant is because she does not want to see another collection of gene pools transferred to diverse corporations. Kanaka maole representatives need to be consulted.

Written testimonies were received from:

1. Ms. Puanani Roger, Hookipa Network, Kauai, expressing thanks to Dr. David Duffy for obtaining a grant to conduct geological survey continuing research on cultural landscapes on lands of the Hawaiian Islands.

2. Mr. Andrew Ogata, Vice President, ASUH-Mānoa, expressing objection to Chancellor Konan recommending an interim vice chancellor for student affairs without officially consulting with ASUH, GSO, and the Faculty Senate. He also requested that Dr. Alan Yang be considered since he is far more qualified than the individual being recommended.

3. Mr. Robert Green, ASUH-Mānoa Senator, expressing concern that Chancellor Konan had not officially consulted with students and questioned whether the person being recommended by the Chancellor was qualified to be the Interim Vice Chancellor for Student Affairs.

IV. AGENDA ITEMS

University of Hawai‘i Endowment Fund

Mr. Tom Sakai, Wachovia Securities, Third Party Monitor, reported on the performance of the Endowment Fund for the period ending June 30, 2005. He informed that the total Fund for the second quarter was up 1.8 percent as compared to the policy index which was up 1.6 percent. For the fiscal year, the Fund’s return was 5.7 percent versus 6 percent, and 6.4 percent for the past three years versus 7 percent. During the second quarter, the Fund’s value increased by $991,460, ending with a value of $55,052,000. For the fiscal year, the Fund’s value increased by $2,978,000.

NWQ had a return of 10.7 percent which was 4.4 percent higher than the S&P. Neuberger Berman, for one quarter had a return of 4.4 percent which was 3 percent higher than the S&P and Bank of Hawai‘i had a return of 2.3 percent which was 4 percent below the benchmark. For the first fiscal year, NWQ, a value manager, was up 14.1 percent. Growth which is represented by Bank of Hawai‘i was up 1.7 percent. Bond performance was neutral. Foreign stock selection was unfavorable. Brandes which has 9 percent of the total fund, returned 11.5 percent for the last 12 months which was below the 14.1 percent of the index. The ultra short bond selection, The Pacific Capital Ultra Short Government Fund, represents
only 6 percent of the total fund had a return of 1.7 percent which is lower than the 2.1 percent return of the six-month Treasury Bill.

The return for Bank of Hawai’i was 1.3 percent for the second quarter versus the policy index of 2.5 percent. Their policy index is 50 percent Russell 1000 Growth and 50 percent Lehman Brothers intermediate government bond. Prior to July 2003, however, the index was 65 percent S&P 500 and 35 percent international bonds. This is significant because S&P 500 is an index of growth and value stocks. Over the last three years, the Russell 1000 growth was up 3.7 percent, the value up 11 percent. The major reason for the underperformance was their investment strategy. They were overweighted in stocks and under-weighted in bonds. Their portfolio’s 3 percent return over the last 12 months underperformed by the policy index by .4 percentage points. However, their 5.9 percent return over the last two years performed in line with the policy index. As such Bank of Hawai’i’s watch status has been extended for an additional six months period ending December 31, 2005 with the expectation that the portfolio’s trailing 12-month return and trailing two-year return equal or exceed the policy index or rank at the 50th percentile or better. Mr. Sakai recommended that, in accordance with the Board’s policy, Bank of Hawai’i should be terminated if they fail to meet both objectives.

Mr. Sakai informed that Neuberger & Berman, LLC, for the first quarter, was off to a good start as the newest manager with a return of 2.7 percent versus the policy index of 1.4 percent. Their stocks returned 4.4 percent, outperforming the S&P 500 by three percentage points and ranking in the top 20th percentile of managed equity funds. The 16.8 percent return of the energy sector outperformed the 1.5 percent return of the S&P 500 energy sector by 15.3 percentage points. They were overweighted in energy, 22 percent versus 9 percent for the S&P 500. Also, they were overweighted in the financial sector, 37 percent versus 20 percent and this sector gained 3.6 percent and outperformed the S&P 500 by 1.7 percentage points.

NWQ’s returns have been exceptional with a 16 percent return versus the index 13.2 percent. Their bonds were neutral but their stocks underperformed. They had a return of 10.7 percent on an absolute basis but underperformed the value index by 3.4 percentage points.

Brandes returned -2 percent which was lower than the international index of .8 percent. For the fiscal year, their return was 11.5 percent versus the 14 percent index and 17.2 percent versus 12.5 percent for the last three years. This fund was rebalanced away from international.

The cumulative return of the total fund investment performance as of June 30, 2005 was 7.9 percent, inception to date, versus the policy index of 8.2 percent. Bank of Hawai’i’s return over the long-term from inception to date was 8.1 percent versus 7.8 percent index. Brandes is 12.1 percent versus 3.9 percent and NWQ from inception to date is 16 percent versus 13.2 percent and Bank of Hawai’i - Ultra Short from inception to date is 1.2 percent versus 1.5 percent. Having rebalanced the portfolio in favor of growth, the growth index since March 31, 2005 was up 6.4 percent and value up 4.5 percent. Since June, the growth index is up 3.7 percent and the value is 3.5 percent.

Regent Migita asked what the rationale was for selecting a six-month extension of probationary period. Mr. Sakai explained that he did not want to keep a manager that may underperform for a full year. He added that the Board’s policy
on placing managers on probation has worked and presents a fair and objective mechanism for evaluating the performance of the managers. In the past, six months has been a sufficient and fair amount of time for manager to turn things around. Once off probation, managers are kept on a watch list while the 12-months and two-year performance meet the benchmarks.

Regent Albano asked why banks continue to perform poorly compared to other investment companies. Mr. Sakai explained that it was probably due to changes within the organization. First Hawaiian Bank, for example, brought in a new management team and made some changes. Some banks do perform well so it depends on the respective organizations. Bank of Hawai‘i has also undergone changes and should be given the extension to see if those changes will make a difference in their performance. He added that he would like to see local managers succeed but the Board’s probation guidelines should be implemented consistently.

In concluding his report, Mr. Sakai announced that it was his final meeting as the University’s Third Party Monitor. He expressed his appreciation for having had the privilege of serving the University and the Board for nearly five years. He said that he was pleased that on his watch, the investment policy was revised, appropriate performance benchmarks established, and the probation guidelines he authored, adopted to bring objectivity to the retention of managers. He assisted in securing two new managers, NWQ and Neuberger Berman, both of whom are doing very well.

Chairperson Lagareta and President McClain thanked Mr. Sakai for his outstanding work.

Regent Tatibouet moved to enter into executive session to take up personnel, legal, and collective bargaining matters and to consult with the Board’s attorney. The motion was seconded by Regent Bender and unanimously carried. The meeting was recessed at 12:10 p.m. and reconvened in open session at 2:05 p.m. in the same location.

President McClain requested that the following agenda item be taken out of order.

Appointment of Patricia Bergin to the Mauna Kea Management Board

Chancellor Tseng requested that the Board approve the appointment of Patricia Bergin to the Mauna Kea Management Board effective July 1, 2005 through June 30, 2009 to fulfill the mandate of the 2000 Mauna Kea Science Reserve Master Plan.

The Mauna Kea Science Reserve Plan, approved by the Board of Regents in June 2000 called for the establishment of the community-based Mauna Kea Management Board (MKMB). The Master Plan calls for community involvement in the management of the mountain through membership on the Mauna Kea Management Board. The MKMB is comprised of seven members representing: Native Hawaiians, environment, education, commercial operators, astronomy, Department of Land and Natural Resources, and the general community.

Pursuant to the Master Plan, the Chancellor of UH-Hilo nominates individuals to the MKMB and submits his/her recommendation to the Board of Regents for its
consideration. According to the By-Laws of the MKMB, individuals may serve two consecutive four-year terms.

Mrs. Bergin is currently a state educational specialist responsible for the development and management of a federal Office of Migrant Education grant program. In her thirty-three-year professional career in Hawai‘i public schools, she has been a classroom teacher, vice-principal, principal, deputy district superintendent, and from 1994-1999, was the Hawai‘i District Superintendent.

Mrs. Bergin would replace Mrs. Barbara Robertson whose second term expires on June 30, 2005.

Regent Landon moved to approve the appointment of Mrs. Patricia Bergin to a four-year term on the Mauna Kea Management Board, effective July 1, 2005 through June 30, 2009. Regent Tatibouet seconded the motion which was unanimously carried.

**Interior Space Designation and Donor Recognition Naming for The Gertrude M.F. Moir and John T. Moir, Jr. Memorial Archives Reading Room**

Interim Chancellor Konan introduced Librarian Diane Perushek who requested that the Board approve the space designation of the Archives Reading Room in Hamilton Library to house a memorial to the late Gertrude M.F. Moir and John T. Moir, Jr., and to rename the room The Gertrude M.F. Moir and John T. Moir, Jr. Memorial Archives Reading Room.

Concurrence by the University Board of Regents on the space designation and renaming of the Archives Reading Room at Hamilton Library is necessary for the Library and UH Foundation to:

- Create a fitting and lasting tribute to the late Gertrude M.F. Moir and John T. Moir, Jr., in recognition of their generosity to the University of Hawai‘i and in accordance with their wish;
- Proceed with the renovation of the Archives Reading Room; and
- Continue to engage the Moir heirs in the life of the University through the Moir Memorial and Scholarships.

In June 1982, Gertrude M.F. Moir and John T. Moir, Jr. (Donors) entered into a Memorandum of Understanding (as amended in December 1982) regarding their future bequest to the University of Hawai‘i, to establish a scholarship endowment and a memorial in their honor to be located somewhere on the Mānoa campus. Donors made a similar bequest in support of Hawai‘i Pacific University.

The Donors’ bequest was realized in October 2001 and, through the John and Gertrude Moir Education Endowment, ten to twenty scholarships based on academic merit and demonstrated community service or work experience are given each year to deserving UH-Mānoa students in accordance with the Donors' wishes. In addition, the UH Foundation has been working with the Mānoa Chancellor's office and Hamilton Library to determine the best location on campus for the Memorial, also in accordance with the Donors' wishes. The catastrophic damage from the Mānoa flood in October 2004 postponed the efforts until now.

It was determined that the Archives Reading Room at Hamilton Library is the ideal location to house the Gertrude M.F. Moir and John T. Moir, Jr. Memorial. The
Archives Reading Room, on the fifth floor and untouched by the flash flood of October 2004, serves as the main access point for researchers using primary source materials held within the University of Hawai‘i Archives. The Reading Room offers researchers a quiet, comfortable place to work with these original documents. In anticipation of the Moir Memorial being housed in the Archives Reading Room, the Library contracted with Details International, Inc. to develop a design plan and budget to completely renovate the room. Accessibility as well as security were of prime importance in planning the refurbishing of the room, since the treasures accessed in this space are often original and one-of-a-kind. The design will also allow the room to be used for lectures and seminars, as such spaces are sorely lacking in the Library. Once this naming opportunity is approved, the annual distributions from the Moir Memorial Endowment will be used to renovate the Archives Reading Room and provide future support for maintenance, furniture, collections, equipment and other uses.

The Moirs were prominent members of Hawai‘i society and civic leaders. Born in Onomea, Hawai‘i, on May 23, 1894, John Moir, Jr. was the son of Louise and John Troup Moir, Sr., who was associated with the Hawai‘i sugar industry since 1888. Mr. Moir, Jr. was reared on a sugar plantation and was educated in the public schools of Honolulu and at Punahou. He graduated from Cornell, where he majored in Agriculture. He followed his father’s career path and became one of Hawai‘i’s younger sugar plantation executives, including manager of Koloa Sugar Company in Kauai and general manager of Pioneer Mill Co. of Lahaina, Maui. During his lifetime, Mr. Moir, Jr. served as a trustee of the Maui Chamber of Commerce, a member of the Maui County Fair & Racing Association, West Maui Community Association, the West Maui Boat Club, and the Kauai YMCA and Kauai Chamber of Commerce, among others. His wartime service included Lt. Col 1st Brigade, chairman of the Civil Commission for Observation Posts and Communications, president of the Alien Interrogation Board, and commanding officer of the First Battalion, Maui Volunteers.

Gertrude Moir received her Master’s degree in Education from the University of Hawai‘i in 1946, after presenting her thesis on American Red Cross first aid courses to the Board of Regents in September 1945. She headed the West Maui district of the American Red Cross, and taught several classes in first aid in Lahaina. She also taught for many years in the field of social science at Lahainaluna High School, and distinguished herself as a school principal at Honokohua School (1953-57) and Iao School (1957-61).

The Moirs’ distinguished service to Hawai‘i is best described in the excerpts from the 1972 biographical reference, *Men and Women of Hawai‘i*. The Archives Reading Room is the ideal location on the Mānoa campus to establish the Moir Memorial.

Regent Tatibouet moved to approve the space designation of the Archives Reading Room in Hamilton Library as the site on the Mānoa campus to house a memorial to the late Gertrude M.F. Moir and John T. Moir, Jr., and to name the room The Gertrude M.F. Moir and John T. Moir, Jr. Memorial Archives Reading Room. Regent de la Peña seconded the motion which was unanimously carried.

Regent Tatibouet commended Librarian Perushek for bringing back Hamilton Library to full operation following the October 2004 flood.
President McClain announced that the following item would be taken out of order.

**Space Designations and Gift Level Plan for Donor Recognition Naming Opportunities within the John A. Burns School of Medicine Biosciences Building**

Interim Dean Shomaker requested that the Board approve the space designations and gift levels for donor recognition naming opportunities within the new John A. Burns School of Medicine (JABSOM) Biosciences building. He explained that this would enable JABSOM, in conjunction with the UH Foundation, to provide a donor recognition program for the research facility that further supports efforts to raise the size and quantity of private gifts for the benefit of JABSOM’s educational and research programs.

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.

Dr. Shomaker also reported that JABSOM was in the process of executing an employment contract with a new development officer for the School of Medicine and this person should be on board on October 1st.

Regent Tatibouet moved to approve the facility space designations and gift levels for donor recognition naming opportunities within the new John A. Burns School of Medicine Biosciences building. Regent Bender seconded the motion followed by a discussion.

Regent Tanaka asked that the Board be provided semi-annual updates on the naming opportunities to establish a benchmark.

Upon call the motion was unanimously carried.

President McClain announced that Agenda Item VII. “University of Hawai‘i Foundation Report,” would be taken out of order.

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

UH Foundation (UHF) Vice President King reported that $34.6 million was raised by the Foundation against a budget of $38 million which is a 33 percent increase from the prior year. He said that individual donors had decreased during the last three years but this year will be an opportunity to push forward. Donations from corporations and foundations increased while deferred gifts were lower than 2002 and 2003. On the endowment side, $5.9 million was received. Faculty and academic support increased substantially as did student opportunity and access. There was also a significant increase in the research area.

In response to Chairperson Lagareta, Vice President King informed that Koa Anuenue is a large depositor of $4.5 million and because of the change in relationship with Koa Anuenue, the UHF received benefits from their deposits into the Foundation over two years.
UHF’s fund balance has grown from $153.3 million in June 2004 to $174.1 million as of June 2005, the result of both fundraising activity as well as investment performance. Expenditures amounted to nearly $8 million against a typical rate of around $4 million. Chairperson Lagareta mentioned that a year ago, there was quite an aggressive increase in hiring in preparation for the campaign. Vice President King said it has not been easy to fill positions. Chairperson Lagareta said that although understaffed, the UHF team has been successful and should be applauded for its success. Vice President King said that $2 million was received from the University in FY 2004-2005 and used for salaries. Another 50 percent of this was used for the unit development officers’ payroll amounting to $614,593. For alumni relations, $350,000 was received from the University. Its expenses this year were higher at $396,861, covered by a carryover of $46,861 from last year. There will be a carryover next year of $37,147.

Vice President King said that UHF’s goal for FY 05 - FY 06 is $43 million of fundraising. Cash gifts received were 72 percent of the reported funds raised. Approximately 48 percent of cash received went to endowment accounts. 75 percent of UHF’s expenses were related to salaries and fringe benefits. He said that in development, there are the major gifts groups for the various areas as well as the central groups including foundation relations, international advancement and principal gifts, donor relations, planned gifts and development research. The biggest single category of expenditures is the Annual Giving - Calling Center/Director Mail and the biggest component of this is to pay for the 30 to 35 students hired to do the calling.

Alumni Relations Associate Vice President Kevin Takamori reported that the National Capital Regional Chapter held a Hawaiian style dinner in conjunction with the Brothers Cazimero concert at Wolf Track. On-line broadcast tools were used to spread the word and 200 people came to the event, including Congressman Abercrombie and Senator Akaka. The print directory is being finalized and later this fall, the directory will be distributed.

Mr. Takamori added that the Alumni Relations and the UH Outreach College have agreed to form a benefits partnership to enhance Alumni Relations membership while increasing the Outreach College’s exposure to a wider community. Outreach College will offer discounted ticket prices and other benefits to Alumni Relations members for its performing arts and lecture series. In turn, Alumni Relations will help increase Outreach College’s exposure to the alumni community through Nupepa, the Alumni Relations website, and co-sponsorship of Outreach College.

IV. AGENDA ITEMS (Continued)

Approval to Enter Into Contracts for Telecommunications Services on the University of Hawai'i at Mānoa Campus

(Note: Chairperson Lagareta and Regent Landon recused themselves from the meeting during this agenda item due to possible conflicts. Vice Chairman Tanaka presided.)

Director Lassner requested that the Board authorize the Administration to enter into the following four contracts for telecommunications services on the Mānoa campus. He said that these contracts would replace old ones and resulted from a
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competitive Request for Proposals (RFP) process. He described the proposed costs for each of these contracts as follows:

1. **Vendor: Scottel Voice and Data, Inc.**

   **Services to be Provided:** Nortel PBX Common Equipment Maintenance, Administration and Related Support Services; May be extended at the University’s option to include coverage at same rates for the University’s existing Nortel PBX installations at Honolulu Community College, Kapiolani Community College, and/or Leeward Community College. The contract also establishes a beneficial discount level that may be applied to purchases of any Nortel PBX hardware and software upgrades on any campus on an as needed basis during the term of the contract.

   **Proposed Cost:** $420,000 per year for base services; plus costs for any additional services requested at contract rates.

   **Term:** One (1) year, with annual extensions to a maximum of ten (10) years

2. **Vendor: Scottel Voice and Data, Inc.**

   **Services to be Provided:** Price List for Nortel Proprietary Digital Telephone Sets at any University location throughout the State.

   **Proposed Cost:** Based on actual quantity ordered using contract price list; Estimated cost at FY2005 volume would have been about $40,000.

   **Term:** One (1) year, with annual extensions to a maximum of ten (10) years

3. **Vendor: Hawaiian Telcom, Inc.**

   **Services to be Provided:** Telecommunications Cable Plant Installation, Repair, and Maintenance; may be extended at the University’s option to provide similar services at same rates to other University statewide locations.

   **Proposed Cost:** Baseline cost of $250,000 per year for routine repair, maintenance and cable MAC activity, plus any project specific costs provided at contract rates.

   **Term:** One (1) year, with annual extensions to a maximum of ten (10) years

4. **Vendor: Hawaiian Telcom, Inc.**

   **Services to be Provided:** Public Switched Telephone Network Trunk Service (PRI); may be extended at the University’s option to provide PRI services at the same rates at other University statewide locations.

   **Proposed Cost:** Initial Cost of $110,000 per year for current trunk services at contract rates, plus costs for any additional services requested at contract rates.

   **Term:** Three (3) years, with annual extensions to a maximum of ten (10) years

In all cases, these will be covered within current budget allocations and program operating revenues. No additional budget allocation will be required and internal recharge rates for services will not be increased. In addition, the current contracts for telecommunications services, which have been in effect for approximately 15 years, expire on November 30, 2005. In order to ensure smooth transitions from the current contracts, while maximizing opportunities for cost savings, Director Lassner requested that the four subject contracts be executed immediately upon Board approval with the following effective dates:
1. Nortel PBX Common Equipment Maintenance, Administration and Related Services – Scottel Voice and Data, Inc.; Effective October 17, 2005

2. Nortel Proprietary Digital Telephone Sets – Scottel Voice and Data, Inc.; Effective December 1, 2005

3. Telecommunications Cable Plant Installation, Repair and Maintenance – Hawaiian Telcom, Inc.; Effective December 1, 2005

4. Public Switched Telephone Network Trunk Service (PRI) – Hawaiian Telcom, Inc.; Effective November 1, 2005 (subject to PUC approval)

The University operates one of the larger private telecommunications programs in the State of Hawai‘i. Voice and data services are provided through an extensive cabling infrastructure and the University’s large PBX on campus. The contracts that provide support services for the telecommunications program all expire on November 30, 2005. The subject contracts now recommended for approval are required for the University to provide ongoing voice and data services to the University’s community of over 10,000 telecommunications customers. The recommendations are the result of an open Request for Proposals (RFP) process that maximized the ability of the diverse local telecommunication provider community to compete for opportunities to provide the best value (not necessarily lowest costs) services to the University. The procurement effort was also structured to provide the University with the option to broadly leverage the economies of scale of the University’s largest telecommunications program in order to benefit any of the University’s other statewide locations.

In the late 1980’s the University conducted a competitive procurement to modernize the telecommunications services provided on the Mānoa campus. Through that process, GTE Hawaiian Telephone was awarded a set of long-term contracts to install and maintain a Northern Telecom SL-1 PBX; to construct and maintain a complete inter-building and intra-building cabling infrastructure made up of copper, fiber optic and limited coaxial cabling; to provide and maintain telephone instruments; to provide support for telephone move, add and change (MAC) activity; and to provide dial-tone service for the PBX. Long distance service is provided by Sprint under a competitively procured independent contract, and is not addressed in this request.

The telecommunications environment has experienced dramatic change since that time. This recommendation is the culmination of several years of work to bring the current contracts to their logical conclusions and implement common termination dates so that successor contracts could be restructured in a manner that would maximize program effectiveness and procurement competitiveness within the new, competitive local telecommunications marketplace.

The University of Hawai‘i Information Technology Services (ITS) engaged in extensive public discussion in the local telecommunications community to ensure that every possible vendor would be aware of the opportunities presented by this procurement. The RFP was structured in a manner that would maximize opportunities for vendors to compete in one or more parts, while still ensuring that the University would be able to manage multiple vendors providing inter-related services.
After the extensive analysis of the marketplace focused on how to optimize the service environment for the University, the formal RFP process has taken over nine months. The open competitive process included: the issuance of a 4-part RFP, acceptance of and response to questions from vendors about the RFP, University review of initial vendor submittals, analysis of responses to follow-up questions issued by the University to submitters, and solicitation and analysis of a final round of best and final offer (BAFO) submittals from vendors. The offerors' final proposals were then evaluated based on four factors: qualifications and experience (25%), proposed solution (35%), price (35%), and benefits of consolidated services (5%).

Proposals were evaluated by an internal team that had extensive experience within UH and as both providers and consumers of telecommunications services in other organizations. The team was headed by UH Telecom Manager Garret Yoshimi, who has worked at Hawaiian Telephone, Grant Thornton and local IT/Telecom Consulting firm ISDI. In addition, Garret has served as Chief Information Officer for the East-West Center and State of Hawai'i Judiciary. Other members of the proposal evaluation team were: Harry Morita, who manages the day-to-day operations of the UH telephone system at ITS and who previously served in the same capacity for the Outrigger Hotels and Liberty House; UH Telecom Engineer Carl Yoshioka, a registered engineer who holds formal certifications relating to construction of cable system from BICSI and is responsible for the UH enterprise voice communications and cable infrastructure; and UH ITS Telecom Engineer and Project Manager Steve Goto, a former Hawaiian Tel engineer who is also BICSI certified and who has worked in the UH Telecom group with the UH system and service provider environment for over 13 years. The process and results were programmatically overseen and reviewed by Director Lassner.

Director Lassner said that one important point to mention is that services and dollar amounts are for services managed on the Mānoa campus. All of the vendors were asked to extend those prices based on the very large volume to any of the other campuses of the UH system. Essentially once these contracts are entered into, these relatively low prices will be available to any of the campuses which do run their own phone services independently.

Regent Migita moved to approve the execution of the subject contracts with the effective dates specified. Regent de la Peña seconded the motion followed by a discussion.

In response to Regent Tanaka, Director Lassner said that the costs were based on services currently used such as the maintenance services for the instruments for the current PBX. He said the numbers presented cover everything that is needed and the change orders are totally under the University's control. If any of the University’s campuses or units decide they need additional services such as expansion, as from 10,000 phones lines to 15,000 lines, obviously the vendors who are supporting this would need to be paid more. Regent Tanaka asked if the possible ten-year extensions were at the proposed cost or would it change. Director Lassner responded that this would be a fixed cost so over ten years, the cost would remain the same.

Upon call the motion was unanimously carried.
Selection of Investment Consultant and Authorize University to Enter Into an Agreement
(Note: Chairperson Lagareta and Regent Landon recused themselves from the meeting during the consideration of this item due to a possible conflict. Vice Chairman Tanaka presided.)

Vice President Callejo requested that the Board approve the appointment of Smith Barney Consulting Group (Smith Barney) as investment consultant to provide third-party monitoring services for the Board of Regents and authorize the University to enter into an agreement with Smith Barney. He explained that the current contract for third party monitoring investment consultant services for the University’s Endowment Fund expires on September 30, 2005. In May of 2005, a request for proposal (RFP No. 05-079) to provide investment monitoring services for the University was issued. Six firms submitted written responses to the RFP.

- Hammond Associates
- Merrill Lynch Consulting Services
- Morgan Stanley
- Prime Asset Consulting Group/UBS Financial Services Inc.
- Smith Barney Consulting Group
- Wachovia Securities

The University’s evaluation committee made up of five University officials reviewed the proposals and conducted oral interviews during the first week of August 2005. The committee members were Sam Callejo, Vice President for Administration; Shirley Daniel, Professor of Accounting; Russell Miyake, Director, Financial Management & Controller; June Pang, Accountant; and Vance Roley, Dean, College of Business Administration. Based on their evaluations, the firm with the highest average score was Smith Barney.

The annual hard dollar fees charged for the services to be provided are $60,000 and would be offset by commission dollars earned by Smith Barney for best execution trades made by the money managers at a rate of 1.5 commissioned dollars to 1.0 hard dollar. By comparison, the Wachovia contract has a lower hard dollar amount of five bases points of about $30,000 but a higher rate of 2.0 commissioned dollars to 1.0 hard dollar.

After Smith Barney was determined to have the highest score and before it was recommended to the Board, Director Miyake did a reference check with the following clients of Smith Barney:

- Hawai‘i Community Foundation
- Hawai‘i State Teachers Association
- Hawai‘i Sheetmetal Workers’ Union, Local 293

The sizes of their fund varied from $25 million to over $100 million. On a scale of excellent, good, fair, and poor, all three references rated Smith Barney as excellent.

Regent Migita moved to approve the selection of Smith Barney to provide third-party monitoring services effective October 1, 2005, and authorize the Administration to enter into an agreement with Smith Barney for an initial period not to exceed three years with the option to renew the contract for an additional three-
year term based on performance. Regent de la Peña seconded the motion which was unanimously carried.

Regent Tatibouet commented that the composition of the evaluation committee was appropriate and excellent.

**Termination of the M.S. and Ph.D. Programs in Biomedical Sciences (Biochemistry) and in Biomedical Sciences (Biophysics), John A. Burns School of Medicine, University of Hawai‘i at Mānoa**

Vice Chancellor Smatresk requested that the Board of Regents approve the termination of the M.S. and Ph.D. programs in Biomedical Sciences (Biochemistry) and in Biomedical Sciences (Biophysics) in the John A. Burns School of Medicine, University of Hawai‘i at Mānoa.

Admission to the Biochemistry and Biophysics graduate programs was stopped out in Fall 1999 largely due to the loss of a critical mass of faculty in the discipline. The recent reorganization of the John A. Burns School of Medicine (JABSOM) combining six basic science units into three units reflected JABSOM’s intent to focus its resources on interdisciplinary collaboration in research and graduate education. Consequently, the continuation of small specialized graduate programs in Biochemistry and Biophysics cannot be justified.

In Spring 1999, the graduate programs in Biochemistry and Biophysics were reviewed by the Graduate Council. The review team identified a number of problems with the programs including a continuing loss of senior faculty, a lack of new faculty hires, and limited budget support. Based on the review, the Graduate Council recommended that admission be suspended until additional resources could be made available to the programs. An admission stop-out was authorized effective Fall 1999.

The graduate programs in Biochemistry and Biophysics are small programs. In Fall 1996, the Biochemistry program enrolled a total of 12 students (three masters’ degrees and nine doctoral); the Biophysics program enrolled two students in the doctoral program (no master’s degree students). In the seven years between 1992 and 1999, the Biochemistry program graduated a total of 14 masters’ degree students and 11 doctoral students. In the same period, the Biophysics program graduated a total of two masters’ degree students and one doctoral student.

In November 2003, a reorganization was approved by the Board which consolidated JABSOM’s six basic science units into three units. Since JABSOM did not have the resources to rebuild all of the existing basic science departments up to a critical mass that would be required for them to sustain successful individual research and graduate training programs, consolidation was proposed. As part of the reorganization, the Department of Biochemistry and Biophysics joined with the Departments of Physiology and Anatomy and Reproductive Biology to form the new Department of Anatomy, Biochemistry, Physiology and Reproductive Biology.

JABSOM has decided to focus its limited resources on interdisciplinary programs built upon its strongest existing programs in tropical medicine, cell and molecular biology, and anatomy and reproductive biology. The last student in the Biophysics program has graduated; the remaining student in the Biochemistry program is projected to graduate in the 2005-06 academic year. JABSOM therefore recommends the termination of the programs in Biophysics, to be effective upon
Board approval, and the termination of the programs in Biochemistry, to be effective in Summer 2007.

Biochemistry and Biophysics faculty will continue to offer undergraduate courses and graduate courses as part of the interdisciplinary graduate programs in the School as well as for the basic science component of the MD program. The decision to close the programs was made with the concurrence of the faculty concerned and with the JABSOM Graduate Biomedical Science Education, the Graduate Student Affairs, and the Joint Degree Committee.

Regent Dahilig moved to terminate the MS and PhD programs in Biomedical Sciences (Biophysics), effective upon Board approval, and the termination of the MS and PhD programs in Biomedical Sciences (Biochemistry), effective in Summer 2007 with the understanding that those currently enrolled will be allowed to complete their academic objective. Regent Landon seconded the motion which was unanimously carried.

Establishment of the Associate in Arts in Teaching Degree at Leeward Community College

Chancellor Quigley requested that the Board approve the establishment of the Associate in Arts in Teaching (AAT) degree, effective October 1, 2005. This 62-credit degree will prepare the student for employment as an educational assistant or provide the first two years of a baccalaureate program in elementary or secondary education. The Legislature approved five faculty positions and a total allocation of $178,000 to initiate this program.

The current shortage of teachers both in Hawaii and the nation is expected to continue and become even more critical in the decade ahead. Currently, programs to prepare elementary school teachers in the State are functioning beyond capacity. Despite this extra effort, the Department of Education reported a shortfall of 196 of the 350 licensed teachers needed in the 2003-04 school year.

Nationally, to help address the crisis in teacher recruitment, community colleges have entered into cooperative relationships with baccalaureate programs to increase the number of people applying to education programs. The AAT reflects this initiative with already executed articulation agreements with Chaminade University and City University of Bellevue, Washington and ongoing discussions for a 2+2 articulation agreement with UH West O’ahu.

Community colleges have also served a unique role in higher education to provide access to education to underrepresented groups in society. LCC serves a higher proportion of Hawaiian, Part-Hawaiian and Filipino students compared to the UH system as a whole. The AAT will not only provide access to careers in education and address the problem of the shortage of teachers in Hawaii, but produce more teachers from the ethnic groups underrepresented in our schools.

Regent Tatibouet moved to approve the establishment of the Associate in Arts in Teaching degree at Leeward Community College effective October 1, 2005 subject to the Regents’ policy on provisional academic programs. Regent de la Peña seconded the motion followed by a discussion.

Regent Tatibouet inquired about the articulation of this program with the four-year campuses. Chancellor Quigley said he was working with UH-West O’ahu on
this process since they draw from the same population. In addition he was also working with Chaminade University on articulation. Regent Landon stated that he did not feel the presentation coincided with the written proposal and that there seemed to be two competing teacher education programs in the University system. President McClain added that he had concerns that due to the demand for more teachers that quality will be compromised when those with less training are admitted to the profession. Regent Landon commented that he did not believe the program was ready for implementing and that all the teacher education throughout the system should somehow fit together. Regent Tatibouet agreed adding that students need to be informed as to where they fit in the teacher education continuum because they will not be able to get on track at Mānoa’s College of Education by going through this program. Regent Bender added that if these students want to go on for a bachelor’s degree in teaching they would have to get on to Mānoa’s baccalaureate track, fulfilling some additional requirements.

Regent Bender asked about the demand for educational assistants. He was informed that there is a shortage of educational assistants according to the Department of Education due to Felix Consent Decree. Most of these educational assistants are in special education and the Department of Education is having difficulty in filling these positions. With the No Child Left Behind legislation, it is going to be more and more difficult for the Department of Education to qualify the people whom they have already hired for these positions. Once the Department of Education allows their educational assistants time to meet the No Child Left Behind requirement, there will be some that won’t qualify. This will exacerbate the need for educational assistants.

Regent Tanaka asked if an alternate funding source had been identified in the event the program was not funded by the Legislature. Chancellor Quigley stated that LCC would have to rely on reallocated funds from its existing budget. In response to Regent Dahilig, Judy Kappenberg explained that an informal survey was conducted of the students who were in the program at that time, last Fall, and one of the questions was what their plans were after graduation. Roughly 25 percent said that they would stop right there; 50 percent said they would continue in the Bachelor’s Program and 25 percent said that they would stop out for a little while and go on to a Bachelor’s degree.

Regent Tatibouet stated that it must be clear to students that they will not be able to get into the Mānoa education program directly from this program. Regent Bender added that LCC now has the courses to prepare students to go to Mānoa for their junior and senior years and LCC should make this clear.

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

University of Hawai‘i Audit Plan for Fiscal Year 2005-2006

Director Uyeda explained that the Board and President are responsible for the proper and effective financial operations of the University. Therefore, independent audits and reviews of the University’s organizations and activities are conducted to assist management in carrying out their fiduciary responsibilities. The only external audits schedule for FY 2005-2006 will be mandatory engagements. These audits are required to meet external requirements such as government agencies, bond resolutions, NCAA guidelines, to have an audit performed by
independent CPA firms. The scheduled external audits with a brief description follows:

External Audits

1. **General Audit (U.S. OMB Circular A-133) - University of Hawai‘i**

   Under the provisions of the U.S. Office of Management and Budget Circular A-133, colleges and universities are required to undergo a comprehensive review by independent certified public accountants. Specifically, it requires an audit of the financial statements, extensive testing and certification of the University’s internal control structure and the performance of compliance reviews.

   - **Type of Engagement:** Financial Statement/Compliance
   - **Period of Engagement:** July 1, 2004 – June 30, 2005
   - **Engagement Cost:** $527,870 (first year of a three-year contract)

2. **University Bond System**

   The nine programs of the University Bond System (Bookstore System; Mānoa Campus Center including Hemenway Hall; Mānoa Kau‘iokahaloa Nui Faculty Housing; Mānoa Faculty Housing at Wa‘ahila; Mānoa Parking; Mānoa Food Services; Student Housing Programs at Mānoa, Hilo and Maui Community College; and Mānoa Telecommunications) will undergo an annual financial audit in accordance with Section 6.08 of the Bond Resolution adopted by the Board of Regents.

   - **Type of Engagement:** Financial Statement
   - **Period of Engagement:** July 1, 2004 – June 30, 2005
   - **Engagement Cost:** $106,640 (first year of a three-year contract)

3. **Intercollegiate Athletics - University of Hawai‘i at Mānoa**

   The National Collegiate Athletic Association requires that intercollegiate athletic programs of member institutions be independently audited on an annual basis. It also mandates an audit of the records of all support groups, athletic foundations, and booster organizations. The audit encompasses both the Mānoa Intercollegiate Athletics program and its booster organizations administered by the University of Hawai‘i Foundation.

   - **Type of Engagement:** Financial Statement/Agreed-Upon Procedures
   - **Period of Engagement:** July 1, 2004 – June 30, 2005
   - **Engagement Cost:** $39,990 (first year of a three-year contract)

4. **Associated Students of University of Hawai‘i at Mānoa**

   The ASUH Constitution requires that an annual audit be performed and Senate Resolution 7-84 stipulates that a certified audit be performed every three years. A certified audit of the financial statements was conducted for
year ended June 30, 2002 with reviews of the financial statements performed by the University Office of Internal Audit for the fiscal years ended June 30, 2003 and 2004. Therefore, an external audit will be performed for the fiscal year ended June 30, 2005.

Type of Engagement: Financial Statement  
Period of Engagement: July 1, 2004 – June 30, 2005  
Estimated Cost: $20,000

5. University of Hawai‘i Community Colleges

The Accrediting Commission for Community and Junior Colleges (ACCJC) issued a directive that certified financial audits would be required annually to satisfy accreditation requirements for the seven community colleges. In past years, the University’s annual audit and the financial details were utilized by the community college system and respective campuses to meet this requirement. The University is presently reviewing the level of financial audit and type of financial statements required to meet the desired level of assurance to ACCJC.

Type of Engagement: Financial Statement  
Period of Engagement: July 1, 2004 – June 30, 2005  
Estimated Cost: $50,000 – $160,000

6. Hanauma Bay Gift Shop

The University entered into a concession agreement with the City and County of Honolulu for the management and operation of the gift shop concession at the Hanauma Bay Nature Preserve for a period of five (5) years (August 16, 2002 - June 30, 2007). As part of the agreement, the University is required to furnish a sales audit report prepared by an independent certified public accountant within 180 days of the close of each fiscal year.

Type of Engagement: Sales Audit  
Period of Engagement: July 1, 2004 – June 30, 2005  
Engagement Cost: $4,375 (third year of a five-year contract)

7. University of Hawai‘i System

In accordance with House Concurrent Resolution 213, the State Auditor with assistance from the external audit firm of Nishihama & Kishida, CPA’s, Inc., will perform a systemwide financial audit of the University of Hawai‘i system. The scope of the audit will be a review of the revenues and expenses of the general fund and tuition and fees special fund and the budgetary and forecasting processes pertaining to both of these funds. The audit will be conducted in two phases. Phase one will relate to the Mānoa campus and will be performed during Fall 2005. Phase two will cover non-Mānoa campuses and systemwide accounts and will be performed during Fall 2006. The auditor will also report on the actual costs per undergraduate and graduate students for one academic year at each campus.
Type of Engagement: Financial

Period of Engagement: July 1, 2002 – June 30, 2005

Engagement Cost: N/A (to be borne by the State Auditor)

Also included in the audit plan is the financial audit of the University system that was requested by the State Legislature. The State Auditor, with the assistance from the State audit firm, Nishihama and Kishida, will review the revenues and expenditures of the general fund and tuition and special funds, and budgetary and forecasting processes pertaining to both of these funds. The audit will be conducted in two phases. Phase I relates to the Mānoa campus and is presently underway. The report will be submitted to the Legislature in December of this year. Phase II will cover non-Mānoa campuses and systemwide accounts and will be performed during Fall 2006. The auditors also are required to report on the actual cost per undergraduate and graduate students for one academic year at each campus.

Listed below are audits and reviews by programs and activities to be performed by the Office of Internal Audit. This plan was developed with the following criteria: Special management requests, followup reviews of actions taken on recommendations made in non-mandatory audits and evaluation of internal controls and determination of compliance with University policies and procedures or programs and activities that were never audited before.

**Internal Audits (To be Performed by the Office of Internal Audit)**

1. **Sales Audit of Rainbowtique at Ward Centre**

   The University entered into a lease agreement for the operation of a gift shop at Ward Centre. As part of the agreement, the University is required to furnish a sales audit report prepared by the University Office of Internal Auditor within 60 days of the close of the calendar year.

2. **University of Hawai‘i President’s Travel and Protocol Expenses**

   The University of Hawai‘i Board of Regents and the University of Hawai‘i Foundation Board of Trustees mandated that an annual audit be conducted of travel, protocol, and other related expenses incurred by the President. The Office of Internal Audit will perform an audit of the subject expenditures that have been paid from University and University of Hawai‘i Foundation funds and determine if these expenditures were in compliance with policies and procedures.

3. **Review of Campus Treasury Operations**

   In the Fiscal Year 2004 University general audit, the external auditors identified significant weaknesses over cash receipting and reconciliations, which may increase the possibility of undetected misappropriation of cash. Also, the auditors noted that many of the problems originated at the departmental level and recommended that the Office of Internal Audit perform periodic reviews of internal control practices. Consequently, the Office of Internal Audit will perform reviews of cash receipting practices at selected campuses and departments to determine the accuracy of receipts and extent of compliance with University policies and procedures.
4. **Follow-Up Review of the School of Medicine**

   The Office of Internal Audit is presently performing a follow-up review of the corrective measures taken by the School of Medicine to the recommendations contained in the State Auditor’s financial audit for fiscal year ended June 30, 2002. The deficiencies noted were associated with conflicts of interests and service agreements with outside organizations.

5. **Financial and Compliance Audits of Selected University Organizations**

   Internal control and compliance audits are planned for programs and activities not externally audited to provide the Board and management an assessment of accounting and management controls over assets, liabilities, revenues and expenditures, and compliance with University policies and procedures, as listed below:

   - School of Architecture
   - School of Travel Industry Management
   - School of Social Work

   President McClain said that there is an audit underway of Mauna Kea and the University’s operations there. It was requested by the State Legislature and is not a financial audit but rather an audit of the University’s stewardship of the mountain in accordance with the plan which was adopted in 1999. Director Uyeda said that this was an oversight on his part and he will amend the Audit Plan to include this audit of Mauna Kea.

   In response to President McClain’s question as to whether the Legislative Auditor’s audit should be listed as part of the University’s plan, Director Uyeda indicated that it was always listed in the past. Vice President Callejo commented that it should not be on the Audit Plan because that audit would be performed by the State Auditor as mandated by House Concurrent Resolution 213. He added that the Mauna Kea audit was a followup to the 1997 audit. The State Legislature asked the State Auditor for followup to see what the University had done based on their findings in the 1997 audit. President McClain asked that the State Auditor’s audit not be listed as part of the University’s audit plan.

   Regent Landon moved to accept the University of Hawai‘i Audit Plan, excluding item No. 7. Regent Tatibouet seconded the motion which was unanimously carried.

   Chairperson Lagareta requested that the administration provide the Board with an update in the next couple months on the recommendations made in the A-133 Audit Report that was presented at the Board of Regents’ meeting in April of this year. She said that she would like to have an update this year at a special Board of Regents’ meeting or at the October or November meeting. Vice President Callejo said that he will follow up on this and get it to the Board.

   President McClain said that he will be asking the University’s incoming Chief Financial Officer to look at UH-West O‘ahu and UH-Hilo because next Fall, the State Auditor will be looking at those two campuses.
Granting the National Oceanic and Atmospheric Administration U.S. Climate Reference Network (USCRN) a License to Use Land at Waiakea Research Station

Vice Chancellor Smatresk requested approval to execute a license for the use of University of Hawai‘i (UH) land on the Waiakea Research Station, College of Tropical Agriculture and Human Resources, University of Hawai‘i at Mānoa beginning August 1, 2005 to September 30, 2035 with future options for extension. The license will be for the National Oceanic and Atmospheric Administration U.S. Climate Reference Network (USCRN).

The U.S. Climate Reference Network (USCRN) is a network of climate stations now being developed as part of a National Oceanic and Atmospheric Administration (NOAA) initiative. Its primary goal is to provide future long-term homogeneous observations of temperature and precipitation that can be coupled to long-term historical observations for the detection and attribution of present and future climate change. Data from the USCRN will be used in operational climate monitoring activities and for placing current climate anomalies into a historical perspective. The USCRN will also provide the United States with a reference network that meets the requirements of the Global Climate Observing System (GCOS). Currently, about 76 sites have been installed and when fully implemented, the network will consist of about 110 stations nationwide. See pamphlet and multimedia CD from NOAA. Although there are no sites currently installed in Hawai‘i, NOAA plans on having sites on the slopes of Mauna Loa, and would like to have a site on the Waiakea Research Station and a possible third location somewhere on the island of Kauai.

Waiakea Research Station is in the vicinity of the Waiakea Forest Reserve on the Big Island and was conveyed to the University of Hawai‘i in 1960 by executive order and is used for agricultural research activities by the University of Hawai‘i. Because the USCRN is not an agricultural research activity permission was requested from the Hawai‘i Department of Land and Natural Resources and they did not have any objection and authorized the University of Hawai‘i to enter into our own agreement with NOAA.

Every USCRN observing site will be equipped with a standard set of sensors, a data logger and a satellite communications transmitter, and at least one weighing rain gauge encircled by a windshield. Off-the-shelf commercial equipment and sensors are selected based on performance, durability, and cost. The hourly observations and the fifteen-minute precipitation data are stored in a data logger attached to the tower. A GOES satellite transmitter sends the data to the National Climatic Data Center where the data undergo a quality control check and are placed on the Web several times a day.

UH researchers will have real time access to the current weather parameters and also to the database via the Internet.

The requirements for maintenance of the facility will be minimal for which NOAA has indicated a willingness to pay for services rendered. In addition, the equipment will be monitored via satellite to determine whether the equipment is functioning or not. The site will be powered by photovoltaic solar panels so electrical lines will not have to be installed and billing and cost of electricity consumed will not be an issue.
NOAA has had a long-term relationship with the University of Hawai‘i, having the National Weather Service Forecast Office in Hawai‘i located on the Mānoa Campus.

CTAHR strongly supports a no cost license to use a 60 ft. x 60 ft. parcel on Waiakea Research Station on the island of Hawai‘i. In addition to the benefits described above, the weather data collected by USCRN will directly benefit the agricultural field research conducted at the Waiakea Research Station.

Regent Migita moved to grant the execution of a 30-year license to the National Oceanic and Atmospheric Administration U.S. Climate Reference Network, with future option for extension, to use approximately 3,600 square feet of UH property located at Waiakea Research Station on the island of Hawai‘i, TMK 2-4-071:023. Regent de la Peña seconded the motion which was unanimously carried.

**Capital Improvements Program and Repairs and Maintenance Project Contracts for Fiscal Year 2005-2006**

Director Yokota requested to approve capital improvements program (CIP) and repairs and maintenance (R&M) contracts for professional services consultants and construction projects. The needed funds have been appropriated.

At its June 21-22, 2005 meeting, the Board of Regents authorized the University Administration to enter into consultant and construction contracts for CIP and R&M projects for fiscal year 2005-2006. This request is an addendum to the previous action to include additional projects that meet the criteria of the Board of Regents’ Policy.

Some of the listed projects were previously approved by the Board for fiscal year 2004-2005 but are being resubmitted for Board approval because the contract dates have slipped into FY 2005-2006.

The consultant contracts included the following.

**Mānoa Campus:**

1. Design and plans to rebuild the ground floor and courtyards of the Biomedical Sciences Building.
2. Plans for a septic tank, improvements to the cottages, electrical upgrades and other improvements at Lyon Arboretum.
3. Design for the new Performing Arts Center near Kennedy Theater.
4. Waialua Agribusiness Incubator Facility to be managed by CTAHR.
5. Other projects relating to drainage, general repairs, health and safety and accessibility issues.

**Hilo Campus:**

1. Planning and design for a new facility that will allow the College of Hawaiian Language to consolidate its programs into a single building.

**Hawai‘i Community College** - There is a contract that is being requested for planning and design for infrastructure improvements for the new Komohana campus for which the request for proposals has been issued.
Leeward Community College - Planning and design for a new Social Sciences facility. The construction of this building will allow the consolidation of all the programs and offices of the Social Sciences Division.

Maui Community College - Design of renovations of the Student Services Building.

According to Director Yokota, the construction projects were on the Mānoa campus and included the reconstruction of the courtyards and ground floor of the Biomedical Sciences Building; replacing of chiller and transformers at Hamilton Library; replacement of flood lights at the tops of the flood light poles at Cooke Field; replacement of fire alarm systems at several buildings; replacement of the air conditioning and installation equipment at Holmes Hall and; a new emergency generator for the Computing Center at Keller Hall.

Regent Migita moved to authorize the University Administration to enter into professional services consultant and construction contracts for CIP and R&M projects that are listed in Item No. 12 of the Board of Regents' agenda dated September 15, 2005. Regent Albano seconded the motion followed by discussion.

Regent Tanaka was informed that monies were appropriated for the professional services contract. Director Yokota also responded that the Board approved a planning and design construction for campus buildings on the West O'ahu site for about $4.5 million. She added that she was not clear about the total cost of the campus buildings for the new campus but the first phase of this appropriation was for the infrastructure itself. The estimate for infrastructure for the campus and the non-campus lands is about $40 million.

Regent Albano inquired about the new performing arts facility at Mānoa. Director Yokota explained that it would add parking as well as a performing arts facility next to Kennedy Theater.

Upon call the motion was unanimously carried.

In response to Regent Landon, Director Yokota informed that a quarterly report is provided to the Regents which lists whom the projects are awarded to, when they actually go out to bid, and the amounts approved.

Conveyance of Real Property and Easement for Construction of North South Road at the Future West O'ahu Campus

Director Yokota requested that the Board of Regents authorize the Administration to convey a parcel of real property, designated as Parcel 7, and an easement, designated as Drainage Easement 2, to the Hawai'i Department of Transportation, Highways Division, for construction of the North South Road Project adjacent to the future West O'ahu Campus site. The University will be receiving compensation from the Department of Transportation (DOT) for the conveyance of this parcel and easement. The acquisition of Parcel 7 and Drainage Easement 2 by the DOT is required in connection with the construction of the North South Road connecting Kapolei Parkway with Farrington Highway along the eastern boundary of the West O'ahu Campus site.
By deed dated November 8, 2002, the State of Hawai‘i conveyed approximately 500 acres of land at Honouliuli, Ewa, O‘ahu for the relocation and expansion of the University of Hawai‘i West O‘ahu Campus. The long-range development plan for this campus identifies a student population of 7,600 and a staff of 1,040.

The proposed North South Road project will serve as a key component in the successful development of a transportation network serving not only the proposed West O‘ahu Campus but also as an alternate route for commuters in the Ewa/Kapolei area. Based on its design for the roadway, the DOT determined that a small portion of the University’s 500 acre site was required for this project. Parcel seven consists of approximately 32,759 square feet and will be used for construction of a deceleration lane from Farrington Highway to the North South Road. Drainage Easement 2 contains approximately 28,177 square feet. In order to meet Federal-funding obligations, the DOT is required to complete its acquisition of all property for the project as soon as possible. In lieu of handling this matter through eminent domain proceedings, the DOT and University administrations agreed to negotiate for the conveyance of this parcel and easement. Based upon an appraisal of the property, the DOT would provide the University $11,400.00 for Drainage Easement 2 and $26,500.00 for Parcel 7.

Members of the University Administration, according to Director Yokota, had met with DOT officials to review the construction plans for this project and determined that conveyance of this particular real property sought by the DOT will not have a negative impact on the future development of the West O‘ahu Campus site. Recognizing the importance of the North South Road to the future West O‘ahu Campus, the University Administration seeks to complete the conveyance of this real property to the DOT so that this roadway project may continue toward completion.

Regent Albano moved to grant to the University the authority to convey Parcel 7 and Drainage Easement 2 to the Department of Transportation for the North South Road Project. Regent Migita seconded the motion which was unanimously carried.

**Lease of Approximately 5,000 s.f. Land Located within Kauai Community College to the Board of Water Supply, County of Kauai**

Chancellor Cha requested that the Board authorize the Administration to enter into a ten-year lease with the Board of Water Supply of the County of Kauai for the lease of approximately 5,000 square feet of land located within the Kauai Community College campus for the operation and maintenance of the Puhi Water Well No. 3.

Kauai Community College will not incur any costs associated with this lease. All costs for the operation and maintenance of the well will be borne by the Board of Water Supply of the County of Kauai. This lease will allow the Board of Water Supply of the County of Kauai to operate and maintain its Puhi Water Well No. 3 which will increase the capacity of water service to customers in the Puhi - Lihue area, including the Kauai Community College.

In an effort to meet the water demands of the Puhi-Lihue area, the Board of Water Supply of the County of Kauai (Kauai BWS) requested and was granted permission by the University to drill and explore for new sources of water on a
portion of Kauai Community College lands. The exploration resulted in the
discovery of the Puhi Water Well No. 3 and a subsequent approval by the University
allowed the Kauai BWS to install a pump and pipeline for the well. On September
5, 2000, the Kauai BWS requested approval to proceed with the mapping and
documentation requirements to acquire the well site. The proposed lease will be for
ten years at $1,000.00 per year and also includes the option to extend for four
additional terms of five years, subject to the renegotiation of rent.

Regent Albano inquired if there would be any water concessions or benefits
resulting from the requested lease. Chancellor Cha stated that the lease would be
strictly a good-will gesture on the part of the University.

Regent Landon moved to approve the lease of approximately 5,000 square
feet of land to the Board of Water Supply, County of Kauai for the Puhi Water Well
Site No. 3 effective August 1, 2005. Regent de la Peña seconded the motion which
was unanimously carried.

**Authority to Execute Collective Bargaining Memoranda of Agreement,
Memoranda of Understanding, and Supplemental Agreements**

President McClain requested that the Board authorize its Chair and the Vice
Chair to execute collective bargaining memoranda of agreements, memoranda of
understanding and supplemental agreements on behalf of the Board. Chairperson
Lagareta explained she meets weekly with President McClain, Vice Chairperson
Tanaka, General Counsel Kirimitsu, and Secretary Iha. At a recent meeting,
President McClain discussed this where the Chairperson and/or Vice Chairperson
could sign off on minor housekeeping-related collective bargaining items and
facilitate discussions without having to involve the full Board.

State law provides that, for the purpose of negotiating a collective bargaining
agreement, for bargaining units seven (faculty) and eight (administrative,
professional and technical employees of the University), the Governor shall have
three votes, the Board of Regents shall have two votes, and the President shall
have one vote. Although signed collective bargaining agreements are currently in
place for both of these bargaining units, memoranda of agreement to amend or
waive provisions of the agreements are frequently required for various reasons. In
order to expedite the processing of such matters the Board is being asked to
delegate authority to the Chair and Vice Chair to execute such agreements on
behalf of the Board. The Chair and Vice Chair will consult with the other members
of the Board prior to executing such documents when they determine that
consultation is warranted. All agreements executed by the Chair and Vice Chair
shall be reported to the other members of the Board.

Regent Landon moved to authorize the Chair and Vice Chair to execute
collective bargaining memoranda of agreement, memoranda of understanding and
supplemental agreements on behalf of the Board of Regents. Regent de la Peña
seconded the motion which was unanimously carried.

Regent Migita asked if the agreements being signed by the Chair would be
reviewed. Ms. Brenna Hashimoto, Assistant Director of OHR, assured that both her
office and the Office of the General Counsel would review the documents before
allowing the Chair and/or Vice Chair to sign on behalf of the Board.
President McClain asked that the following items be taken out of order before taking up the Supplemental Budget.

**Delegation of Authority to Approve Personnel Actions**

President McClain requested that the Board of Regents extend the authority currently delegated to the President to approve personnel actions for a two-year period through October 18, 2007. The Board previously approved the temporary delegation to the President for a defined period not to exceed October 18, 2005.

President McClain stated that under Vice Chairperson Tanaka’s leadership, the University has embarked on a plan regarding its executive/managerial personnel. The University has become a member of the Hawai’i Employers’ Council and is using the Council’s office, its President and CEO, and some of their staff to examine the University’s policies with regard to executive/managerial personnel and to set compensation levels. The Board would end up with fewer personnel actions. President McClain added that his preference is that the Board look at actions only involving those reporting directly to him which currently numbers around 15 or 16, and perhaps one or two others in the system.

President McClain said that he would like to have the campuses administer and run themselves under his leadership. The system allows for salaries to be market-driven and yet there is enough equity in compensation so as to not violate State or federal law.

On September 20, 1985, substantial delegation of authority to approve personnel actions was delegated to the President. The President, in turn, delegated selected actions to Vice Presidents, Chancellors, and Mānoa Deans and Directors. The Board of Regents further delegated authority to approve personnel actions effective October 19, 2003 and July 16, 2004. As the temporary delegation draws to a close, the Administration recommends that the Board extend these delegations to the President for an additional two-year period from October 19, 2005 through October 18, 2007.

Regent Landon moved to extend the authority currently delegated to the President to approve certain personnel actions for a two-year period through October 18, 2007. Regent Bender seconded the motion which was unanimously carried.

Chairperson Lagareta thanked President McClain, Vice Chairperson Tanaka, Regent Migita, and OHR Director Ed Yuen for their work on the new plan.

President McClain announced that Item No. 18, “Request to Retain Outside Counsel for the On-Campus Student Housing Project at the University of Hawai‘i at Mānoa”, Item No. 19, “Request to Retain Outside Counsel for the University of Hawai‘i West O‘ahu Campus Project”, and Item No. 20, “Request to Retain Outside Counsel for the Cancer Research Center Project in Kaka‘ako” of the Board of Regents’ agenda would be presented simultaneously.

**Request to Retain Outside Counsel for the On-Campus Student Housing Project at the University of Hawai‘i at Mānoa**

Director Yokota requested that the Board of Regents approve the retention by the University of Hawai‘i of outside legal counsel for the On-Campus Student
Housing Project (Project), including, but not limited to, providing legal services for negotiations toward a Development Agreement for the Project and implementation and completion of same.

On July 18, 2005, the Board approved the selection of American Campus Communities for exclusive negotiations for a comprehensive real estate development agreement with the University for the Project.

On July 11, 2005 and August 1, 2005, a screening committee sent letters to approximately eleven law firms in the State of Hawai‘i who are recognized as having special expertise in real estate development and financing. The committee was composed of Walter S. Kirimitsu, University General Counsel; Presley Pang, Associate General Counsel; and Jan Yokota, Director of Capital Improvements. These firms were asked to indicate whether they were interested in being retained as outside counsel for University projects. Upon receiving expressions of interest from approximately nine firms, the screening committee conducted personal interviews with the principals of these firms. After the interviews were completed, the committee recommended the law firm of McCorriston Miller Mukai MacKinnon for the Project. The committee reviewed, in detail, the background and expertise of the law firm and its retained principals.

Request to Retain Outside Counsel for the University of Hawai‘i West O‘ahu Campus Project

Director Yokota requested that the Board of Regents approve the retention by the University of Hawai‘i of outside legal counsel for the University of Hawai‘i West O‘ahu Campus Project (Project), including, but not limited to, providing legal services for negotiations toward a Development Agreement for the Project and implementation and completion of same.

On July 11, 2005 and August 1, 2005, a screening committee sent letters to approximately eleven law firms in the State of Hawai‘i who are recognized as having special expertise in real estate development and financing. The committee was composed of Walter S. Kirimitsu, University General Counsel; Presley Pang, Associate General Counsel; and Jan Yokota, Director of Capital Improvements. These firms were asked to indicate whether they were interested in being retained as outside counsel for University projects. Upon receiving expressions of interest from approximately nine firms, the screening committee conducted personal interviews with the principals of these firms. After the interviews were completed, the committee recommended three law firms for the Project.

Three separate law firms were recommended because of the complexity and urgency of the timetable for this project. These firms are: Watanabe, Ing, Kawashima & Komeiji, LLP; Schlack, Ito, Lockwood, Piper & Elkind, LLC; and Imanaka, Kudo & Fujimoto, LLP. The committee reviewed, in detail, the backgrounds and expertise of each law firm and the principals recommended for retention. Due to the special legal expertise in real estate development and financing required for the Project as well as the extreme urgency in retaining these services to negotiate a Development Agreement, a Request for Exemption from Standard Procurement Procedures has been submitted for approval to Interim President David McClain.
Retention of Outside Counsel for the Cancer Research Center Project in Kakaʻako

Director Yokota requested that the Board of Regents approve the retention by the University of Hawaiʻi of outside legal counsel for the Cancer Research Center Project (Project) in Kakaʻako, including, but not limited to, providing legal services for negotiations toward a Development Agreement for the Project and implementation and completion of same.

On July 11, 2005 and August 1, 2005, a screening committee sent letters to approximately eleven law firms in the State of Hawaiʻi who are recognized as having special expertise in real estate development and financing. The committee was composed of Walter S. Kirimitsu, University General Counsel; Presley Pang, Associate General Counsel; and Jan Yokota, Director of Capital Improvements. These firms were asked to indicate whether they were interested in being retained as outside counsel for University projects. Upon receiving expressions of interest from approximately nine firms, the screening committee conducted personal interviews with the principals of these firms. After the interviews were completed, the committee recommended the law firm of Chun, Kerr, Dodd, Beaman & Wong for the Project. The committee reviewed, in detail, the background and expertise of the law firm and the principals recommended for retention.

Due to the special legal expertise in real estate development and financing required for this Project, as well as the extreme urgency in retaining these services to negotiate a Development Agreement, a Request for Exemption from Standard Procurement Procedures has been submitted for approval to Interim President David McClain.

General Counsel Kirimitsu explained that each one of the firms selected had substantial experience in negotiating large scale real estate development contracts in the past. President McClain asked for a clarification as to what portions of the standard procurement practices require the exemption. General Counsel Kirimitsu responded that they were in alignment with the procurement requirement in that there is a provision to request an exemption to request of the Chief Procurement Officer of the University which is the President of the University. The certificate is being submitted for exemption but based upon two major factors. One is that this requires unique legal services and secondly, the urgency of the retention. Under these circumstances, within the procurement requirements, the University is allowed to seek exemption from the Procurement Code. Associate General Counsel Presley Pang added that under the procurement code, the University would have fallen under the section which governs procurement of professional services which is different from the procurement by sealed bid or by sealed proposal. In this case, because a general solicitation for statements of interest was not conducted, the process was picked up at Step 2, based on who are the best real estate law firms in town. They were then solicited and were asked to submit their firm resumes. One of the things that the General Counsel’s looked at when reviewing the firms was conflict of interest and ability to take on the work of the University.

In response to Regent Landon, Associate General Counsel Pang assured that the chance of a protest was small since they canvassed the large and small firms and even went to the Real Estate Bar Section to ask which firms had real estate expertise. With that assurance, Regent Landon moved to retain McCorriston Miller Mukai MacKinnon to provide legal services in connection with the development of the On-Campus Student Housing Project at the University of Hawaiʻi at Mānoa, including, but not limited to, assistance in the University’s negotiations
with American Campus Communities for a real estate development agreement, retroactive to August 15, 2005, as recommended by General Counsel; Watanabe, Ing. Kawashima & Komeiji, LLP; Schlack, Ito, Lockwood, Piper & Elkind, LLC; and Imanaka, Kudo & Fujimoto, LLP, retroactive to August 15, 2005 for legal services in developing a contract for the West O'ahu development project; and Chun, Kerr, Dodd, Beaman & Wong to provide legal services in connection with the development of the Cancer Research Center Project in Kaka'ako, including, but not limited to, assistance in the University's negotiations with Townsend Capital, LLC for a real estate development agreement, retroactive to August 15, 2005, as recommended by General Counsel Kirimitsu. Regent Tatibouet seconded the motion which was unanimously carried.

Amendments to Board of Regents’ Policy Section 5-19(c), Research Corporation of the University of Hawai‘i

Interim Vice President Gaines requested that the Board suspend the implementation of its policy on RCUH as adopted in October of 2002 and amended in September 2004 pending discussions with the Hawai‘i Government Employees’ Association (HGEA). The purpose of the recommendation was to clarify the existing policy and to facilitate negotiations between the administration and HGEA.

When the Board adopted its October 2002 policy on RCUH, it intended to curb the abuses occurring at the time and still occurring. Non-research personnel were being hired on the RCUH payroll and major CIP projects were being service-order to RCUH without the Board’s knowledge. On or about August 14, 2003, according to Vice President Gaines, then Interim Vice President of Research David McClain sent an action memo to the Board requesting that the President be delegated the authority to grant exceptions to the one year employment provision as stipulated in the RCUH policy. The Board was also requested to exempt employees as of the date of approval of the action memo and to delegate to the President the authority to renew current RCUH positions and employees on an annual basis.

At the September 5, 2003 Board of Regents’ meeting, researchers expressed their concern that hiring through the University’s system would be cumbersome. In response, HGEA representatives expressed their concerns related to the employment of certain personnel at RCUH but nevertheless, expressed their willingness to engage in a dialogue with the University with regard to employment of research personnel. On October 17, 2003, the Board approved the administration’s request to suspend the implementation of its RCUH policy until April 30, 2004 to provide time for the President to organize and charge a task force to develop implementation plans and recommendations to ensure that the Board’s policy and the University’s research operating requirements were fulfilled. There was a broad representation in this task force including HGEA, UHPA, Office of Human Resources, faculty from the School of Ocean and Earth Science and Technology (SOEST), Social Science Research Science (SSRI), the Institute for Astronomy and other administrative staff. Subsequently, on September 10, 2004, the Board, at the request of the Administration, amended its RCUH policy, removing the one-year limitation for certain RCUH personnel and as a result, HGEA filed a prohibited practice complaint with the Hawai‘i Labor Relations Board against the University for its lack of consultation with the union. At its November 2004 meeting, the Board approved an agreements between HGEA and the University to stay the implementation of the 2004 amendments. The stay remained in effect while the University and HGEA continued their discussions. Interim Vice President Gaines
added that in his opinion, HGEA is sincere about not wanting to hurt the University’s research enterprise.

Dr. Robert Bley-Vroman, representing the Mānoa Faculty Senate, stated that he did not testify during the public comment period because he felt that the Mānoa Faculty Senate has a special role in the consultative process. He presented a resolution passed by the Mānoa Faculty Senate urging the Board to disapprove the proposed revisions to BOR Policy 5-19 and its corresponding proposed executive policy E52-18 and instead require the full and immediate implementation of the September 2004 policy.

Responding to Regent Migita’s inquiry, General Counsel Kirimitsu advised that the way to proceed would be to determine what is the current policy or practice since the Board approved suspension of 2004 amendments with the intent to allow the parties to negotiate on the HGEA complaint. There was no subsequent action by the Board to continue the suspension of the implementation. Furthermore, according to General Counsel Kirimitsu, he did not see any major objections to suspension of the implementation until discussions were concluded. If the complaint cannot be resolved and the parties proceed to a hearing, the HLRB can decide which policy would take effect when deciding whether the University followed the consultation process.

Chairperson Lagareta asked if the Board could approve the suspension permanently and revert to the executive order that was in place before these amendments were passed. Vice President Gaines favored suspending the 2002 policy indefinitely. Chairperson Lagareta said the Board would like the researchers to have comfort that their jobs are not at risk and asked General Counsel to review the matter for a recommendation for decision-making the following day.

General Counsel Kirimitsu advised that the HGEA filed their complaint for unfair labor practices, basically alleging that the University of Hawai‘i did not properly consult under Chapter 89 in passing the September 10, 2004 amendment. That allegation is the key subject before HLRB. The legal ramifications of not consulting properly are that the University will have to start over again. General Counsel Kirimitsu cautioned that the Board should not take any action that would result in another unfair labor complaint.

The meeting was recessed at 6:00 p.m. and reconvened on Friday, September 16, 2005 at 9:05 a.m. at the same location.

Friday, September 16, 2005

IV. AGENDA ITEMS (Continued)

Budget Recommendations for the FY 2006-2007 Supplemental Budget

Vice President Callejo requested that the Board of Regents approve the University’s Supplemental Operating and Capital Improvements Budget for the FY 2006-2007. He explained that upon Board approval, the budget would be transmitted to the Governor and the 2006 Legislature.

The supplemental budget request for 2007 totaled $41 million for the operating budget and $157 million in the capital improvements budget. The instructions issued to the campuses were that they could request funding for what the Board had approved in the biennium budget that were not funded by the
Legislature plus any critical, unforeseen, high priority items that may have developed. Approximately $30 million of the supplemental request had been approved as part of the Board of Regents’ biennium budget but not funded by the Legislature.

President McClain said that the numbers for the UH system including $6.6 million for the funding of State scholarship funds which is a one-time injection of funds. The remainder of approximately $35 million is on-going and would continue year after year but $6.6 million is one time. The Legislature initiated a B+ scholarship at $500,000 in 2006 and $1 million in 2007.

Vice President Callejo said that the $157 million supplemental CIP budget focused on health and safety, deferred maintenance and infrastructure improvement projects which comprised 48 percent of the budget with $58.4 million for deferred maintenance. The remaining $81.5 million would be spread out over ten major projects and seven planning and campus long-range development plan updates. He added that the Governor had withheld 1% efficiency savings in the operating budget after the budget had been approved by the Legislature. As the Council on Revenues projection and the actual tax revenues came in those restrictions have been released. Because the actual tax revenues were 16.5 percent higher than anticipated, the University is asking for restoration of the 1% or $670,639 in the University’s current budget for 2006. Should they choose not to make an appropriation for 2006, the University will ask that it be included in FY 2007. Other items include restoration of 28 of the 207.5 abolished positions, funding the increase in utilities cost, funding the Financial Aid offices’ staff, funding the Campus Security items, funding the Accreditation items, funding the Rapid Response Workforce Development fund, funds for Native Hawaiian programs, and converting tuition waivers to scholarships.

Chairperson Lagareta expressed that when going to the Legislature the University must speak as one voice. Vice President Callejo informed that President McClain had pulled the campuses together under the stocktaking process and so the biennium budget is coordinated.

Director Yokota explained that the University was given guidance by the State Budget and Finance as to what could be included in the supplemental CIP budget. Requests were limited to project trade-offs that address critical needs without increasing the authorization levels, projects that address critical unanticipated emergencies, and projects undertaken to meet the high priority program initiatives of the Governor. She also asked the Chancellors to be consistent with their long-range development plans and that they were able to encumber these funds by June 30, 2007. She said that the capital improvements program included health and safety, capital renewal and deferred maintenance, restoration of the FY 2005-2006 appropriation used for flood remediation and recovery at the Mānoa campus, and infrastructure improvements, with the balance for new projects.

Director Yokota pointed out that the UH-West O‘ahu Campus Development was a new item which was not in the biennium budget. She explained that the amount of $33 million included funds for design which would supplement the planning and design funds appropriated a few years ago. In addition, $25 million was being requested for infrastructure improvements. Chancellor Awakuni informed that in preliminary conversations with the Legislature and the Governor, they understood the importance for the University to have the infrastructure funds in order to get the West O‘ahu project started. Regent Tanaka asked whether the infrastructure funds would be outside of the public/private partnership development.
Chancellor Awakuni clarified that the partnership plan approved in July tries to protect the University’s land to the largest extent possible and to try to then negotiate a partnership agreement with the private developer. He emphasized that the $25 million would not pay for the entire cost of the infrastructure for non-campus lands which were up to $60 million. In response to Regent Landon, Chancellor Awakuni explained that they tried to prorate the campus share, the University's share, and what it would cost for infrastructure in deriving the $25 million figure.

Director Yokota said that there were various projects under the category of long-range planning issues. Regent Tanaka said his concern was that the Legislature and the Governor will look at projects such as the West O’ahu campus and take the funds intended for deferred maintenance and safety issues. Chairperson Lagareta agreed that the new projects should not be at the expense of the health and safety issues and deteriorating facilities which have been neglected for too long. She said that as funding for these projects are being requested, there should be a balance. Although the University would like to move forward on the new projects, it should not let anything else slide further. Director Yokota said that clearly the health and safety issues are at the top of the priority listing with deferred maintenance as the second priority. Regent Landon commented on the amount of deferred maintenance at West O’ahu, stating that if too much is saved on future operating costs, it can never be claimed back to use for deferred maintenance on the other campuses.

Regent Albano added that he had advocated earlier that the University look at the properties it already has and not being used. He said that the University is trying to make do with the resources it has but there should be an asset manager to see where the University could extract value in order to fund some of the priorities mentioned. He said that Chancellor Awakuni was doing a good job in trying to see what the values are with respect to West O’ahu. Chancellor Awakuni informed that he had met with the financial consultant doing a parcel by parcel evaluation and that he now has a sense of the number of units that could be built within the next eight to ten years. Chancellor Awakuni said that they are trying to figure out how to retain control over that piece which is about 30 acres at the corner of the North South Road on Farrington Highway.

Regent Landon requested that the Board be given a strategic plan to review. Chancellor Awakuni said that the charge was to enter into exclusive negotiations with the Hunt Group with the understanding that a specific overall master plan would be brought to the Board sometime in the Fall. He said that his deadline to get this done is mid-October in order to arrive at an agreement with the developer sometime at the end of this calendar year.

Director Yokota informed that she estimated that the University is approximately $175 million behind in deferred maintenance with an additional $30 million annually to maintain the existing inventory of buildings. Regent Tanaka reiterated that this should be a major concern and it can no longer be ignored in favor of new buildings if the University cannot take care of its current inventory. Chairperson Lagareta concurred that the University needs to work as a system in communicating the need for funds to correct the existing deferred maintenance backlog. Regent Landon added that in light of Hawai’i’s economy it may be a good time to approach the legislature for such a commitment. Chairperson Lagareta concurred, suggesting that the deferred maintenance item be increased by $30 million.
Regent Tanaka asked if the investment in deferred maintenance could justify increasing the University’s indirect rates for research. Vice President Gaines explained that the indirect rate is the ratio of two numbers, the amount of money that can be spent on infrastructure and the amount received from awards. To maintain the indirect rate, more monies must be used in proportion to what is being increased. President McClain said that on many occasions, the University does not get the “sticker price” on indirect rates. Vice President Gaines felt that a 40 percent indirect rate could be negotiated and that the rates cannot move more than one or two points per year. He added that a new rate will be renegotiated in the next two years.

President McClain addressed three proposals from the University of Hawai‘i Professional Assembly negotiated as part of the UHPA contract for FY 03-09. Associate Vice President Unebasami explained that the requested appropriation for teaching load reduction was necessary to restore funds used to cover the workload reduction at the community colleges. The funds would enable campuses to reallocate back to programs. Regarding the issue of minimum salaries for the faculty ranks, President McClain said that he has had conversations with Mary Tiles, President of UHPA on this subject. She had given him some cost but the Chancellors prefer to deal with these issues on a case-by-case basis.

In response to Regent Dahilig, Vice President Callejo informed that more energy efficient systems are being studied for the new buildings. The Maui and Hilo campuses have been taking hold of this matter aggressively while Mānoa is in the process of switching to energy efficient bulbs and changing meters.

Responding to inquiry from Regent Landon, Vice President Johnsrud explained that $6.6 million was being requested in order to stop giving tuition waivers and instead convert them to scholarships. This required a one-time influx of dollars. The auditors have said that tuition waivers cannot be called scholarships. Consequently, the Legislature approved an appropriation for a scholarship in a student support fund with no money in it, but the fund is available so that monies can be put into it in order to do this. The University of Hawai‘i only gives tuition waivers but if a scholarship equivalent to tuition is given, the student pays the tuition and it goes back into the fund. This is why the one-time monies are needed.

Section 304-4.5, Hawai‘i Revised Statutes, required the Board to adopt the following benchmarks and apply them to the development of the University’s annual budget request:

1. Expanding access to educational opportunity throughout the State;
2. Striving for excellence in undergraduate education;
3. Requiring the university to continue to gain prominence in research and distance learning;
4. Revitalizing services to the State;
5. Enhancing the international role of the university; and
6. Maintaining diversity by clarifying campus missions and coordinating campus plans.

These benchmarks are included in the planning assumptions for the strategic plan (Environmental Context for Strategic Planning, Spring 2002).

The environmental context for the budget is included in the planning assumptions for the System Strategic Plan (Environmental Context for Strategic Planning, Spring 2002).
A portion of the increased revenues from tuition will be set aside for financial aid to ensure that low-income families are not deprived of educational opportunities. Finally, the University pledges to work aggressively to increase revenues from external sources and to increase operating efficiencies to maximize productivity.

Regent Bender moved to approve the recommended operating and capital improvement Supplemental Budget for FY 2006-2007 with the addition of another $30 million for deferred maintenance. Regent Tatibouet seconded the motion which was unanimously carried

Amendments to Board of Regents’ Policy Section 5-19(c), Research Corporation of the University of Hawai‘i (Continued)

General Counsel Kirimitsu advised that in light of the issues facing the University relative to the prohibitive practices complaint filed by HGEA, the Board should move into executive session to consult with its attorneys and to include Human Resources and the Vice Presidents for Research and Administration, who are clients of the University.

Regent Tatibouet moved to enter into executive session to consult with the Board’s attorney. Regent de la Pena seconded the motion which was unanimously carried. The meeting was recessed at 10:33 a.m. to enter into executive session and reconvened in open session at 12:17 p.m. in the same location at which time Chairperson Lagareta announced that the Board had been briefed on this matter by legal counsel. Regent Landon then moved to approve the suspension of the implementation of the 2002 policy and 2004 amendments to the Board of Regents’ Policy Section 5-19(c), with respect to the employment of persons by the Research Corporation of the University of Hawai‘i (RCUH), until such time as the Board acts on the administration’s recommendation concerning revisions to the 2004 amendments and until that time, the Administration shall implement the procedures that exited prior to the adoption of the 2002 policy, thereby allowing extension of appointments of RCUH personnel beyond one year. Regent Tanaka seconded the motion which was unanimously carried. President McClain said the action should allay concerns among researchers employed by RCUH about employment for longer than year.

V. GIFTS, GRANTS AND CONTRACTS

Vice President Gaines reported that during the period June 1, 2005 through June 31, 2005, the University of Hawai‘i system received a total of nearly $77 million, representing two very good months. The University of Hawai‘i at Hilo received a total of $1.5 million during the same period. He said the University was on target to exceed $140 million in the first four months of the fiscal year.

Regent de la Peña moved to accept with thanks the gifts and grants and ratify the actions of the administration in executing the contracts as presented in Attachment #1 of the Board of Regents’ agenda dated September 15, 2005. Regent Bender seconded the motion followed by discussion.

Regent Landon, recalling an earlier testimony on natural crop production, inquired if the testimony’s observations were accurate. Dr. Gaines said that the College of Tropical Agriculture and Human Resources is always searching for grants for organic production or any other natural means of crop production. He said that the College has been active in delivering this message.
Upon call the motion was unanimously carried.

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

President McClain recommended the following personnel actions.

UNIVERSITY OF HAWAI'I, SYSTEM

Executive

TODO, HOWARD S.
Vice President for Budget & Finance/CFO
Office of the VP for Budget & Finance/CFO
October 1, 2005 - September 30, 2008

UNIVERSITY OF HAWAI'I AT MĀNOA

Executive

IWAOKA, WAYNE
Interim Vice Chancellor, UHM (Student Affairs)
Office of the Chancellor, UHM
October 1, 2005 - September 30, 2006

PORTER, EDGAR
Interim Dean
School of Hawaiian, Asian and Pacific Studies
Reappointment
September 7, 2005 - September 6, 2006, or until a permanent dean is appointed, whichever occurs sooner

Managerial

CHISMAR, WILLIAM G.
Associate Dean for Academic Affairs
College of Business Administration

NISHIJIMA, WAYNE T.
Associate Dean for Academic Affairs
(Cooperative Extension)
College of Tropical Agriculture & Human Res.

Emeritus

ABRAMSON, NORMAN
Professor, I5
Electrical Engineering
College of Engineering
BEAUCHAMP, EDWARD R.
Professor, I5
Educational Foundations & Curriculum
Research and Development Group
College of Education

BERTRAM, EDWARD A.
Professor, I5
Mathematics
College of Natural Sciences

BLAINE, DANIEL D.
Professor, I5
Educational Psychology
College of Education

BRENNAN, BARRY M.
Specialist, S5
Plant and Environmental Protection
Sciences
College of Tropical Agriculture & Human Res.

CHATTERGY, VIRGIE
Professor, I5
Curriculum Studies
College of Education

CHIA, CHIAN LENG
Specialist, S5
Tropical Plant and Soil Science
College of Tropical Agriculture & Human Res.

CROOK, KEITH A. W.
Specialist, S5
Oceanography
School of Ocean & Earth Science & Technology

CROOKER, PETER P.
Professor, I5
Physics and Astronomy
College of Natural Sciences

EL-SWAIFY, SAMIR A.
Soil Scientist, R5
Natural Resources & Environmental Management
College of Tropical Agriculture & Human Res.

FULLER, GARY
Professor, I5
Geography
College of Social Sciences
KROCK, HANS-JURGEN  
Professor, I5  
Ocean and Resources Engineering  
School of Ocean & Earth Science & Technology

LIU, ROBERT S. H.  
Professor, I5  
Chemistry  
College of Natural Sciences

LONG, ROGER A.  
Professor, I5  
Theater and Dance  
College of Arts & Humanities  
Exception to Policy

NEUBAUER, DEANE  
Professor, I5  
Political Science  
College of Social Sciences

RAMOS, TERESITA V.  
Professor, I5  
Hawaiian & Indo-Pacific Languages and Literatures  
College of Languages, Linguistics and Literature

REMUS, WILLIAM E.  
Professor, I5  
Information Technology Management  
College of Business Administration

WHITMAN, NANCY C.  
Professor, I5  
Curriculum Studies  
College of Education

UNIVERSITY OF HAWAI'I AT HILO

Emeritus

BONK, WILLIAM  
Professor, I5  
Anthropology  
Exception to Policy

COMMUNITY COLLEGES

Emeritus

KIMURA, BERT  
Professor, C5  
Information Media & Technology Services  
Kapi'olani Community College
Regent Tatibouet moved to approve the personnel actions as recommended in Attachment #3 of the Board of Regents' agenda dated September 15, 2005. Regent Bender 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 #3 of the Board of Regents’ agenda dated September 15, 2005.)

VII. UNIVERSITY OF HAWAI'I FOUNDATION

This item had been taken out of order and discussed earlier.

VIII. REPORT OF THE EXECUTIVE OFFICER (CONTINUED)

Report by Chancellor Cha, Kaua‘i Community College (KCC)

Chancellor Cha provided a brief overview on Kaua‘i Community College’s mission, demographics, and programs. She also reported on KCC’s commitment to partnerships. One particular partnership that has grown over the past three years involves the National Tropical Botanical Gardens, the Kaua‘i School District, and next year, KCC will be partnering with UH-Mānoa on this.

KCC, through the participation of Associate Professor Brian Yamamoto, has been happy to be a part of the National Tropical Botanical Gardens (NTBG) program to improve science education, in both the secondary and college levels by offering a summer program on Kaua‘i and they also offer one in Florida. Teachers from across the nation as well as teachers from Kaua‘i classrooms come to learn about a tropical environment and to craft curriculum and hands-on lessons for their students. Professor Yamamoto was recently invited to attend an International Conference of the Ryukyus. KCC has had its very first international agreement with the University of the Ryukyus.

Chancellor Cha said that learning and teaching are indeed what the community colleges are all about and is proud to share that with her colleagues both here and abroad.

University of Hawai‘i Disaster Preparedness

Vice President Callejo reported that in emergency preparedness, the goal is to plan for the worst but hope for the best. About a year ago, the University of Hawai‘i at Mānoa suffered flood damage. The Mānoa Chancellor's Office looked into the current policy to see if it needed to be updated.

Executive Policy E2-203 was amended and a system emergency operations plan was drafted. The University has shared this with all the chancellors electronically. The plan is for the chancellors and the vice presidents to comment
on both the amendment and the draft system plan by the end of September. Concurrently, the campuses are updating their campus plan. Each campus has its own campus emergency plan and because there are campuses on the neighbor islands, they have to work closely with the County Civil Defense agencies. The State Civil Defense agency will be sharing with the University of Hawai‘i a list of the certified Red Cross emergency shelters and will be shared with the Board when received.

**Other Matters**

President McClain announced that both he and Chancellor Tseng are on the Economic Momentum Commission and as the budget presentations suggested, there are some ideas coming out of that Commission that pertain to the University. He said that Chancellor Tseng has been particularly effective in advocating for more workforce development on the neighbor islands. He also reported on the September 8, 2005 forum attended by 200 executive and managerial personnel from around the system on gender violence, featuring Mr. Jackson Katz. This is part of the program to make campuses safer. President McClain said that Mr. Katz was a very effective advocate that men need to do a lot more to prevent violence to women.

President McClain announced that on Sunday, September 18, the Treasures’ Exhibition of University of Hawai‘i at Mānoa Library is opening for the first time on the Mānoa Campus and on Friday, September 30, there will be a ceremony to open the research building of the John A. Burns School of Medicine.

At the recent convocation, President McClain said he mentioned that one of Hawai‘i’s leading citizens, an executive with several degrees, who had worked and lived in Europe, North America, and Asia, took the opportunity to enroll in several courses at UH-Mānoa. He found the faculty at the University of Hawai‘i to be second to none and as good as the best he had experienced at leading universities in the U.S. and Europe. He found students here at UH bright and involved but many were merely “punching the clock” in route to a degree. He found the facilities and physical environment to be a real tragedy and in some cases, dangerous. President McClain said repair and maintenance must become a priority. The University has started by earmarking 5 percent of its new funds for safety. He further reported that under Chancellor Tseng’s leadership the enrollment at UH-Hilo has increased from 2,600 to approximately 3,400. President McClain wanted the Board to be aware of the fact that there are significant financial strains emerging at Hilo.

**IX. NEW OR OTHER BUSINESS**

**Community Colleges Committee**

President McClain suggested that the Board revamp how it handles its Community Colleges Committee. The Accrediting Association for Community and Junior Colleges (ÄCCJC) Association, unlike WÅSC Senior, requires a degree of engagement and familiarity by the Board with the issues and operations of the community colleges that are not met through the current Board of Regents’ structure. A Community Colleges Committee that was more deliberate in its work would allow the Board to address ACCJC standards without impacting the other business of the Board in its governance of the University system and the baccalaureate campuses.
The Community Colleges Committee would consist of six members, including each of the four neighbor island Board members, and two members appointed from O'ahu. The Committee should have quarterly meetings independent of the regular Board meetings, although the Community Colleges Committee meeting might precede the regular Board meeting. The meetings should be of sufficient length in a workshop format to allow an in-depth exploration of the issues.

When the University of Hawai‘i is visited by the ACCJC, they need to be able to meet with this Committee and be convinced that the Committee is completely engaged and knowledgeable of the operations of the community colleges.

He proposed that there be four different agendas:

Meeting 1, to be held in September or October of each year, would focus on the broad community college mission and the degree to which the community colleges are meeting that mission. The focus would include access, workforce development, baccalaureate transfer, and engagement with the local communities. To the degree that new Board members are appointed to the Community Colleges Committee, this first meeting each year would also serve as an orientation for those members.

Meeting 2, to be held in November or December, would focus on the financial health of the community colleges including all sources of funds and financial aid for students.

Meeting 3, to be held in February would focus on program review and assessment results. Given the large number of programs across the seven campuses, the program review discussion would likely focus on successful programs and that programs that were most likely to be stopped out, terminated, or significantly modified.

Meeting 4, to be held in April or May, would focus on planning directions for the upcoming year. The discussion would focus on major initiatives and include budget-related proposals.

The meetings would rotate among the campuses so that in a two-year period, all campuses, including both the East and West Hawai‘i sites, would host the meeting. Time would be devoted to acquainting the committee members with local campus facilities and/or program issues. Under this proposal, the Community Colleges Committee meetings would be to provide in-depth understanding and discussion with Board members about the issues and directions of the community colleges. The intention is not to create an additional layer of approval authority for transactions. Regular transactional items would not come to the committee but rather would be processed through normal Board of Regents’ monthly meetings.

The Vice President for Community Colleges would serve as liaison to the Board of Regents’ Community Colleges Committee to communicate significant issues that emerge between the regularly-scheduled meetings, to inform the Board of Regents of significant accomplishments of community college faculty and/or students, and to respond to any inquiries from the Board related to community college matters.

President McClain said that when the ACCJC visits the University, they need to see that the University is operating in this fashion. The Board needs to establish
the first meeting of the reconstituted Community Colleges Committee sometime in October.

Regent Tatibouet moved that the Board of Regents reconstitute the Community Colleges Committee as outlined above and that the meeting be held within the next sixty days. Regent Bender seconded the motion which was unanimously carried. Chairperson Lagareta announced that Regent Haynes would be the new chairman of the Community Colleges Committee, Regent Migita Vice Chair, and include Regents de la Peña, Tanaka, and Yamasato as members with an additional slot left open for the Hilo Regent when appointed. Chairperson Lagareta announced that she will serve as an ex-officio member until the Hilo slot is filled.

X. ANNOUNCEMENT

Next Meeting

Chairperson Lagareta announced that the next meeting of the Board of Regents would be held on Thursday, October 20, 2005, at University of Hawai‘i at Hilo, and Friday, October 21, 2005, at Hawai‘i Community College.

Chairperson Lagareta thanked Chancellor Cha for her excellent hospitality and appreciated the wonderful reception and breakfast with the students.

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 de la Peña and unanimously carried. The meeting was recessed at 1:13 p.m. to enter into executive session.

XI. ADJOURNMENT

The meeting was reconvened in open session at 3:17 p.m. at which time the meeting was adjourned.

Respectfully submitted,

David Iha, Executive Administrator and Secretary of the Board