MINUTES
UNIVERSITY OF HAWAI’I BOARD OF REGENTS’
MEETING OF
October 19-20, 2006

I. CALL TO ORDER

Chairperson Kitty Lagareta called the public session meeting to order at 10:22 a.m. on Thursday, October 19, 2006 at the University of Hawai‘i at Hilo, University Classroom Building, Room 127, 200 West Kawili Street, Hilo, Hawai‘i 96720-4091.

Attendance

Regents in attendance on Thursday, October 19, 2006: Chairperson Kitty Lagareta; Vice Chairperson Ronald K. Migita; Andres Albano, Jr.; Byron W. Bender, Ph.D.; Ramón S. de la Peña, Ph.D.; Marlene M. Hapai, Ph.D.; James J. C. Haynes, II; Allan R. Landon; and Alvin A. Tanaka.

Regents in attendance on Friday, October 20, 2006: Chairperson Kitty Lagareta; Vice Chairperson Ronald K. Migita; Andres Albano, Jr.; Byron W. Bender, Ph.D.; Ramón S. de la Peña, Ph.D.; Marlene M. Hapai, Ph.D.; and Alvin A. Tanaka.

University Officers in attendance: President David McClain, Ph.D.; Vice President for Academic Planning and Policy, Linda Johnsrud, Ph.D.; Vice President for Administration, Sam Callejo; Vice President for Budget and Finance/Chief Financial Officer, Howard Todo; Interim Vice President for Community Colleges, John Morton, Ph.D.; Vice President for Legal Affairs and University General Counsel, Darolyn Lendio, Esq.; Former Executive Administrator and Secretary of the Board, David Iha; Interim Executive Administrator and Secretary of the Board, Presley Pang, Esq.; and others whose appearance are so noted.

II. PUBLIC COMMENT PERIOD

Three individuals addressed the Board. Because their testimony was not related to a published agenda item, the Chair of the Board exercised her discretion to allow the testimony but cautioned the Regents that the Sunshine Law prohibits substantive discussions with the presenters.
1. Ms. Noe Noe Wong-Wilson, a representative to the Puko'a Council from Hawai'i Community College, stated that the Council is a consortium of Native Hawaiian faculty, staff and administrators incorporating all ten campuses of the University of Hawai'i System. Puko’a’s mission is to increase the number of native Hawaiian students, faculty, staff and administration in the University system to 23 percent, to mirror the percentage of Hawaiians in Hawai'i’s general population; promote a high standard of excellence in the study of Hawaiian language and culture; advocate for parity for native Hawaiians in programs; ensure integrity in the use of the funds designated to native Hawaiian programs; increase collaboration and partnerships between the University of Hawai'i campuses; and create a native Hawaiian educational sanctuary, which enriches the community’s native Hawaiian cultural values. She understood that the Office of Hawaiian Affairs requested the University to account for income from auxiliary services. Puko’a Council recommends that the value of research time and the waiver of lease rent for the telescopes on Mauna Kea be monetized and added to the auxiliary services income received by the University. No less than 20 percent of the total amount should be provided directly for native Hawaiian programs throughout the University. Further, she proposed that the Puko’a Council be part of the decision-making process to disperse funds for native Hawaiian programs. Chairperson Lagareta thanked Ms. Wong for her testimony.

2. Mr. Keali'i Gora, coordinator of the Puko’a Council and the Kuali’i Council, recommended that the 30 percent cap on the enrollment of nonresident students be lowered to 15 percent. He stated that the cap affects resources to native Hawaiians, such as housing, financial aid, and scholarships. In the 2003-2004 academic school year, he stated that with the cost to educate a UH student at $14,500, it appears that a majority of the nonresident cost was being subsidized by the State. The Puko’a Council believes that the Board of Regents and the University of Hawai‘i should support the State institutions and citizens by lowering the nonresident student enrollment cap to 15 percent and limiting the amount of support to educate nonresident students. Chairperson Lagareta thanked Mr. Gora for his testimony.

3. Ms. Doodie Downs urged the Board to ask Governor Lingle to release the appropriated funds for the construction and design of the Hawai‘i Community College campus. She stated that she represents 170,000 people in the community. Six years ago, she thought she was just working for Hawai‘i Community College as a recruiter, but came to realize that she had to earn the community members’ respect and trust. She asks campus visitors to pretend that they don't see things like asbestos tiles, mold growing from the ceiling, or make-shift reinforcements holding up the refrigerator. She said that the students want to become chefs like Alan Wong, Roy Yamaguchi or Wolfgang Puck, but have to learn how to repair the equipment just so that they can use it every day. She tells the students to focus on the fact their faculty are the best people who can teach them. She asked the Board to help seek the release of funds
because the Hawai‘i Community College campus is falling apart. She said that her students pay the same $56 per credit as they pay on O‘ahu and that families on the Big Island of Hawai‘i shouldn’t have to send their kids to O‘ahu or to the mainland for schooling. She submitted copies of photographs showing the state of disrepair, asbestos, and mold. Chairperson Lagareta thanked Ms. Downs for her testimony.

III. REPORT OF PRESIDENT (Information Only)

President McClain asked Vice President Sam Callejo to update the Board on the impact of the recent earthquakes.

Vice President Callejo reported that immediately after receiving a call from President McClain, he tried to contact Civil Defense Vice Director, Ed Teixeira. He also monitored KSSK, the radio station designated for emergency broadcasts. He explained that the primary mission of the State Civil Defense is to protect life and provide for health and safety of all the affected communities.

Civil Defense and Hawaiian Electric Company (HECO) assessed the power situation. Priority is given to hospitals, which had some backup generators; then to airports to allow flights to land and take off; and then to allow pumping water and wastewater treatment. HECO reported that they did not sustain any damage to the transmission infrastructure and expected to restore power in the city area around 1:00 p.m. to 2:00 p.m.

Vice President Callejo said that he received a call from Chief Information Officer, David Lassner, informing him that the information technology infrastructure had gone down. The telephone system ran a bit longer on battery backup, but eventually also went down. Power to half of the campus in the area of Keller Hall was restored around 6:45 p.m. Power to the rest of the campus was restored at 11:00 p.m.

Vice President Callejo noted that there is an emergency management plan at the University, and that all the campuses had been asked to develop their own plans in conjunction with their respective county civil defense agencies. The System plan ties into the State Civil Defense and all the campuses. The UH plan, like the State Civil Defense plan, focuses on protecting life and safety; assessing critical infrastructure and facilities; restoring and maintaining campus operations; and resuming educational and research programs. He noted that the earthquake happened on a Sunday when there were no classes and few students were on campus, except for those in the dormitories.

Vice President Callejo explained that several lessons were learned; e.g., opening of a University emergency operations center; the need for better
communications; the need for the chancellors to have current knowledge of their emergency plans; the need to designate a system State Civil Defense representative; inclusion of a University representative on each County's Civil Defense Emergency Operations Centers; and the need to expedite the securing of backup generators for Bilger and Keller Halls.

Vice President Callejo reported that Civil Defense Vice Director Teixeira talked with the Governor about having a State-run radio station and that he was investigating the possibility of using the UH radio station, KTUH, although the station's broadcast range is limited to O'ahu.

He explained that the Office of Risk Management requested all the campuses to document any damages and to file reports. Most of the community colleges did not receive any damage. Hawai'i Community College's West Hawai'i Center had a broken window. On Maui, some of the wires that hold up a ceiling grid broke, and some ceiling grids and light fixtures fell. Estimated costs were approximately $3,000. West O'ahu suffered no damage. Hilo had some minor damage. On the Mānoa campus, Hamilton and Sinclair Libraries had some damage and Watanabe Hall's roof-top water tank used for the air conditioning system fell off its support and broke the water line resulting in damage to the floors below. Some of the carpeting was removed and replaced.

President McClain added that he and his wife made sure that the dormitory students were fed. He talked with security personnel about their check of buildings on the Mānoa campus for damage. He noted that even though he and Vice President Callejo did not make calls to everyone, communications were effective. He called Chancellor Tseng at the University of Hawai'i at Hilo at about 8:00 a.m. and received a report that no significant damage had occurred at UH-Hilo. President McClain explained that, eventually, other chancellors were contacted with Chancellor Sakamoto initially reporting that it looked like things were all right, but Vice President Callejo said later rains caused some water damage. President McClain explained that he had discussed communications at his morning staff meeting, noting that there is a communications network and plan in place but that it wasn't followed exactly. He explained that because of the heavy reliance on cell phones which were disrupted by the earthquake, the repositioning of emergency analog telephones was being considered, for example, by moving an emergency phone from the College of Engineering to the President. Additionally, acquiring and using walkie-talkies for O'ahu and the purchase of some satellite phones is being considered.

President McClain was pleased that the damage to the University was minor and that no students were injured.

Regarding the astronomy facilities, President McClain reported that there were no injuries or major damage. The dome on the Canada-France-Hawai'i
Telescope may require replacement of some bearings. There was damage to auxiliary equipment. Some telescopes were off their tracks. Six of the telescopes are operating. Four major telescopes, including the Canada-France-Hawai`i Telescope, are not operating. It is anticipated that viewing will resume in the next few days to a few weeks.

In response to a question regarding backup power, Chief Information Officer Lassner responded that there is an assortment of generators that power different facilities. The dorms have some power generation capability. With some small portable generators, the Information Technology staff was able to keep the statewide communication network up and running, but there was insufficient power to keep all the computers operating.

In response to a question from Chairperson Lagareta, Vice President Callejo promised to prepare a written debriefing report and to form a committee to look at ways to improve communications.

Vice President Callejo explained that having backup generation for the University computer system would provide the internet service for the entire State. Chief Information Officer Lassner explained that UH’s internet was actually up so that the University was able to maintain contact with the outside world whereas the State connection to the University of Hawai`i was down. He added that he appreciated the Board’s support in the budget for a new information technology building/emergency operations center that would be constructed on the Mānoa campus to provide the infrastructure for both the Mānoa campus and the State for an emergency operations center with its own power generation capability.

Regents de la Peña and Albano asked about a State-run radio station. Vice President Callejo said that if the State creates its own radio station, it would break into any regular broadcasts like other emergency broadcast systems and that he needed to check if KTUH has its own generators.

Continuing with his executive report, President McClain noted that at its last meeting, the Board approved the refinancing of bonds that had been issued for the construction of the new medical school building in Kaka`ako. At that time, anticipated savings were estimated at about $3.5 million to $4 million. However, the savings will be closer to $7 million.

President McClain stated that he had received letters from both senior and junior accrediting commissions expressing concerns about the constitutional amendment regarding regent selection. The implementing legislation that passed in 2005, but was vetoed by the Governor, provided for the selection of members of the committee on a constituency basis. This method of selection troubles both accreditors and the Association of Governing Boards. The
University administration submitted testimony to the legislature in the Spring of 2005 disclosing AGB's concerns.

President McClain referred to the fund-raising materials from the University of Hawai‘i Foundation for two months of the fiscal year. President McClain explained that through October 13th, a total of $30 million, which includes the major gift from Mr. Jay Shidler for the business school, had been raised, bringing the campaign total to $147 million of the nominal goal of $250 million. The Foundation also received an additional $1 million from the Osher Foundation for the lifelong learning efforts on the UH-Mānoa campus. President McClain visited with Mr. Osher in June in San Francisco. Mr. Osher was very pleased with the University's work, both at Mānoa and at Hilo, and decided to give Mānoa an additional $1 million.

President McClain stated that the dollar impact on raising minimum faculty salaries was calculated in response to testimony presented at the last meeting. Approximately fifty or sixty special salary adjustments were made resulting in $500,000 in salary adjustments for the faculty. Adjustments were uneven across campuses. The special salary adjustment mechanism worked wherever resources are available on campuses. He estimated that the specific minima proposed by Mānoa Faculty Senate President James Tiles and UHPA would require about $3 million to implement. He stated that the next step would be to discuss the costs with the chancellors.

President McClain concluded his executive report for the day and indicated that Chancellor Tseng would be making her presentation the following day.

IV. UNIVERSITY OF HAWAI‘I FOUNDATION REPORT

On behalf of the University of Hawai‘i Foundation, President McClain noted several Foundation initiatives: an alumni career networking initiative involving the 140,000 alumni in Hawai‘i; a major homecoming initiative on the Mānoa campus planned a week from Saturday, including a block party at Murphy's on Merchant Street; and on November 9th, a UH golden scholars reunion for those who graduated from the University of Hawai‘i in 1956.
V. PUBLIC AGENDA ITEMS
(Commencing at approximately 11:05 a.m., Thursday, October 19, 2006)

Proposed Revisions to BOR Executive and Managerial Personnel Policies
(noted on the published agenda as item VI. 7.)

President McClain noted that the Board was provided a memorandum from him concerning proposed revisions to executive and managerial personnel policies. He submitted to the Board a memorandum last month that forwarded a memorandum from the System Director of Human Resources, Edward Yuen, Esq., via Vice President Sam Callejo. President McClain stated that the two submitted memoranda summarized his request.

He noted that the Board received recommendations of a committee that had been established for the purpose of reviewing executive and managerial personnel policies every two years. Members of the review committee were Bill Chen from UH-Hilo, Rodney Sakaguchi from UH-Mānoa, Mike Unebasami from the community colleges, Mie Watanabe, Director of EEO and Affirmative Action, Mike Yano from UH West O‘ahu, and Ed Yuen from the Office of Human Resources. About a year ago, an effort was initiated with the assistance of the Hawai‘i Employers Council to develop new compensation policies for executive and managerial personnel along with a salary schedule.

President McClain explained that the proposed changes eliminate the distinction between executive and managerial personnel; eliminate the distinction between academic and non-academic executive and managerial personnel; clarify the distinction between regular appointments, acting, and interim appointments; clarify the application of professional improvement leave provisions, and make several minor changes.

Regarding compensation, the proposal would create a category of employees that would be unclassified. These unclassified employees would be of strategic interest to the university or employees who, by the nature of whose jobs, have few comparables in the industry. Also included in the proposal is a significant decentralization of personnel policies. The President stated that there had been discussions with the Board about the situations in which exceptions would be permitted. It is proposed that five different salary ranges with a wide range between minimum and maximum and with several steps within the range be established. He explained that he believes that this combination of new policies, decentralization of authority, and the broad ranges will allow the administration to be responsive to market needs to staff executive and managerial ranks and ensure salary equity.
President McClain recommended that these policy revisions go into effect upon Board approval, except for a revision concerning travel reimbursement which is to go into effect as of January 1st to allow for time to prepare for the implementation.

Regent Landon moved that the proposed changes be approved. Regent Haynes seconded the motion.

Chairperson Lagareta noted that the agenda item was posted under both the executive session concerning personnel actions and also the public session. Regent Tanaka moved to go into executive session under the personal privacy exception for purposes of discussing and clarifying the impact these revisions may have on specific individuals. Regent Haynes seconded the motion. Chairperson Lagareta called for a vote on the motion to discuss this issue in executive session. The motion was unanimously approved.

An executive session pursuant to HRS § 92-5(a)(2) was conducted at approximately 11:07 a.m. on Thursday, October 19, 2006 to discuss the impact on specific individuals of the proposed revisions to the Board of Regents’ Executive and Managerial Personnel Policies, identified as agenda item II.F. of the published items.

Following the executive session, the Board reconvened in public session at 12:32 p.m. Chairperson Lagareta called the meeting to order.

She stated that there is a motion on the floor and there is some clarifying language to add to the proposed policy changes. She asked the President to read the clarifying language.

President McClain stated that the clarifying language was on four separate pages of the thirty-one-page document. On page 4, paragraph D, the next to the last line, strike the words "and with his approval" and substitute the words "for his review and forwarding to the Board for its approval." On page 14, paragraph C, the next to the last line, strike the words "and with his approval" and insert the words "for his review and forwarding to the Board for final action." On page 15, add the sentence at the end of the bold face at the top of the page, "The President will report such exceptions to the Board semi-annually." In the middle of page 15, add three positions to the unclassified list, "the Chancellor, University of Hawai‘i, Hilo; the Chancellor, University of Hawai‘i, West O‘ahu; the Vice President for Community Colleges." Finally, on page 18, add a sentence to the end of the bold face at the top of the page. "The President will report such exceptions to the Board semi-annually."
Chairperson Lagareta asked for further discussion, and hearing none, she called for a vote on the motion. The motion to approve the recommendation, with the clarifying language as read by the President, was unanimously approved.

**Frear Hall Development Agreement** (noted on the published agenda as item VI. 5.)

University of Hawai‘i at Mānoa Vice Chancellor for Student Affairs Francisco Hernandez asked that the Board approve the development agreement contract to build Frear Hall on the Mānoa campus. He explained that the Board approved a maximum price of $71 million for the project. He asked for the approval of the contract that has been negotiated with the $71 million price. The contract is complete, except for a minor issue concerning the payment schedule. He said that the unresolved issue is being worked on by the campus and the President’s Office and that he is confident a resolution can be developed with a final contract to be completed forthwith. He stated that he understands the criticality of the contract, both in terms of its timing and the need, and he looks forward to breaking ground in November so that the project may be finished by the Fall of 2008 in order to house 814 students in new accommodations.

Chairperson Lagareta asked whether the Board’s task group on public/private partnerships would like to provide any additional information. Regent Albano extended his congratulations to Vice Chancellor Hernandez and his staff, the attorneys working on this development agreement, and the President’s office. He stated the task force would agree to have the Board approve the Vice Chancellor’s request.

Regent Albano explained that the minor unresolved point regarding the payment schedule is because the developer wants a shorter schedule and the University process or infrastructure doesn’t allow the shortened period. Vice Chancellor Hernandez said that the payment schedule was one of the issues, and that he believes that a compromise could be developed. Another issue concerns payments that are still due, which he thought Vice President Callejo was resolving. Regent Albano stated that the Board should accept the Vice Chancellor’s recommendation.

Chairperson Lagareta stated that the Board received a very thick contract and asked whether the public/private partnership task group felt comfortable with the document. Regent Albano responded in the affirmative. Chairperson Lagareta asked Vice Chancellor Hernandez if he could assure the Board that the contract was reviewed which Vice Chancellor Hernandez affirmed. Chairperson Lagareta stated that usually the Board would get a chance to read and go through the document and she asked how the Board would like to proceed. Regent Albano stated that the process was comprehensive. He said that he
looked at the development agreement and was extremely confident that the legal counsel looked at the details.

University General Counsel Darolyn Lendio said that her office had been working intensively on this particular agreement. She stated that she was negotiating with the parties on the key issues that were still remaining and that it is possible to insert the payment schedule. She stated that this is a unique development agreement as it is not like other public/private projects but a hybrid. Memorializing the agreements in writing was difficult but not impossible. Everyone worked together, including the developer who really worked hard with the University to identify contingencies that can occur during the project. She thought that any real estate transaction lawyer would be very impressed at the product in its provision for those contingencies and protections for the University. She stated that because the project is unique, the agreement is something that can be used for other projects as an example of what can be done.

Regent Landon stated that his understanding of the contract is that the developer is actually an agent of the University in fulfilling the development process and has entered into fixed price contracts or guaranteed maximum price contracts with a fairly narrow range of tolerance. The Board wants to get this done immediately to facilitate the commencement of construction by November 1st. The relationship among the parties is a unique arrangement, but the dormitory itself is a fairly straightforward construction process. It is expensive, driven by the cost of the materials, the cost of labor, and the competition for the building capability right now. But it is an opportunity to deliver a quality product to the students. He thought from that standpoint, the contract was a good compromise in a very high priced environment to get to speed in the development. Chairperson Lagareta stated that the efforts of the task groups are appreciated.

Regent Albano moved to approve the agreement. Regent de la Peña seconded the motion. Upon call for a vote on the motion, the motion was unanimously approved.

Reorganization of Leeward Community College (noted on the published agenda as item VI.1.)

Leeward Community College Chancellor Peter Quigley presented the reorganization proposal for Leeward Community College. Chancellor Quigley explained that he started on the committee to reorganize the campus two-and-a-half years ago as vice chancellor. At that time, the campus was on accreditation warning and there was some degree of disarray. The committee focused on the proper organization of the campus sensitive to the new terrain for higher education being encountered from the accreditation offices, the legislature, and other public bodies. The reorganization was approved by the faculty senate.
twice, once in 2005, overwhelmingly, and then again in 2006. The reorganization
received unanimous approval by the faculty senate as well as the campus
council levels.

Chancellor Quigley stated that the proposal attempts to produce a
proactive, not a reactive administration, an administration that can respond to the
accreditation principle of responding to continuous change and improvement, a
culture of evidence and accountability, and serves the best principles in higher
education.

With the aid of a computer-assisted presentation, Chancellor Quigley
reviewed the current organizational structure showing the vice chancellor, dean
of student services, director of administrative services, director of their workforce
development area, continuing education and three assistant deans. He stated
that having three assistant deans reporting to a vice chancellor creates a
symmetry issue. The proposal provides that the three positions be redescribed.
Because of workload, assistant deans tend to rotate from the faculty for a couple
of years, limiting competence, expertise, experience, and the professionalism
necessary to respond to professional agencies like the accreditation bodies, the
legislature, general public, students and their colleagues in the system. The
positions are to be retitled to accommodate a larger span of control and
responsibility and increased accountability demands. The accreditation warning
was one of the reasons for the change. Another was to be able to gain greater
expertise in some of these dean slots and for organizational symmetry.

Chancellor Quigley explained that the recruitment for an assistant dean of
arts and sciences is not something doable in a nationwide search, whereas the
title “dean of instruction” creates an academic structure that people recognize.
These positions can be recruited nationally and can attract individuals who
understand the issues from accreditation bodies and other bodies of
accountability. The vice chancellor change of title on the second line was meant
to gain symmetry with colleagues in the system administrative services and also
to recognize the importance of that fiscal oversight position. He explained the
roles for the chancellor and vice chancellor, with the chancellor being seen much
more as a strategic person with an external focus like the chief executive officer
but also responsible for the overall fiscal, operational and legal nature of the
institution, working on external collaborations, working with the legislature, fund
raising, community contacts, certainly accreditation and things of that nature. The
vice chancellor’s focus is on academic programs, the competency of those
programs as well as student services. To the chief academic officer, the student
services dean will report with responsibility for addressing attrition, retention, and
quality of life for students. The vice chancellor for administrative services will
have overarching responsibility for physical operations and physical plants, space
utilization, business resources, security and auxiliary services.
Regent Haynes asked, and Chancellor Quigley confirmed, that the $162,000 figure was for the career and technical education dean and three clerical positions, two of which still remain unfunded. President McClain asked, and Chancellor Quigley confirmed, that the amount to implement the reorganization through internal reallocation was less than one percent of the College's total budget.

Regents Hapai and Haynes asked if the incumbents possessed the expertise to accomplish the new goals of going from emphasis on teaching to an emphasis on learning. Chancellor Quigley responded yes and added that the position which is crucial is the dean of arts and sciences, which is currently filled on an interim basis pending a nationwide search. He further noted that the dean of career and technical education was recruited from Kapi'olani Community College, not only for expertise in career and technical education but also for that person's understanding of performance metrics.

Regent Haynes moved to approve the reorganization for Leeward Community College. Regent Hapai seconded the motion. Following a brief response by Chancellor Quigley to a question from Regent Hapai on the various administrative positions, Chairperson Lagareta called for a vote on the motion. The motion was unanimously approved.

Change of Status from Provisional to Established: Administration of Justice, Bachelor of Arts, University of Hawai'i at Hilo (identified on the published agenda as item VI. 2.)

Chancellor Tseng requested that the Board approve the change in status of the Administration of Justice Bachelor of Arts degree at UH-Hilo from provisional to established. She explained that the Bachelor of Arts in Administration of Justice was implemented at minimal additional cost, and there will be no additional cost upon conversion to established status. The Bachelor of Arts degree in Administration of Justice is in the fifth year of very successful operations. The degree was started as a liberal arts option involving Hawai'i Community College. The degree prepares graduates for law enforcement, correction, probation, parole, social work and law. It is also designed to qualify those already in these professions for promotion to supervisory positions. Most of these State law enforcement positions do not require a bachelor's degree for entry jobs, but they do require a bachelor's degree for the promotion.

Minimal additional resources are requested because the curriculum consists of existing courses offered by several departments in the College of Arts and Sciences and by the School of Business at the University of Hawai'i at Hilo and Hawai'i Community College. The number of majors has steadily increased since 2002 to a current total of 57 majors. The graduation rate is very good. The
demand for these individuals with a liberal arts background in the Administration of Justice field is very strong. The number of majors will increase both in terms of initial enrollment and by transfer from other institutions. This baccalaureate degree program in Administration of Justice is the only one in the University of Hawai‘i System.

Regent Haynes moved to approve the change in status of the Administration of Justice, Bachelor of Arts degree at UH-Hilo, from provisional to established. Regent de la Peña seconded the motion. Regent Hapai commented that the program is in high demand, makes efficient use of existing resources, and strengthens other programs. She asked if graduates had been surveyed to find out what they feel the program strengths are and areas needing change to meet professional needs. Chancellor Tseng responded that a survey of graduates could be done as part of the program review for established programs. The Chancellor also noted that there is a trend toward interdisciplinary programs with majors rather than separate departments for each major. Chairperson Lagareta called for a vote on the motion. The motion was unanimously approved.

Regent Allan Landon was excused at 1:15 p.m.

Change of Status from Provisional to Established: Geology, Bachelor of Arts, University of Hawai‘i at Hilo (noted on the published agenda as item VI. 3.)

Chancellor Tseng explained the request to approve the change of status from provisional to established, the Bachelor of Arts degree in Geology at the University of Hawai‘i at Hilo. The Bachelor of Arts degree in Geology requires minimum additional resources to implement with no additional costs upon conversion of status. A Bachelor in Geology requires much science and is designed for students going on to graduate school or research. However, a number of students want a background in geology but may not want to be researchers. The Bachelor of Arts degree was added to serve students who plan to pursue teaching certificates, scientific technical writing, hydrology, and technical earth science positions, such as volcano monitoring, environmental science, and geographical information system. Graduates with a B.A. degree are also more likely to be retained in the local workforce. The degree was designed to be more flexible and allow students to tailor a degree combining a strong liberal arts background with a rigorous science training. It supports the UH-Hilo mission of using the Big Island as a living laboratory, involving students in hands-on learning. The curriculum includes only existing courses, and students in this program may take fewer 400 level Geology courses than those working on a B.S. degree. Having an additional major within upper division Geology courses would increase the cost effectiveness of these course offerings. The enrollment in
Geology at UH-Hilo has reached an all-time high due to the implementation of the B.A. degree.

Regent Albano moved to change the status from provisional to established, the Bachelor of Arts degree in Geology at the University of Hawai‘i at Hilo, effective upon approval. Regent de la Peña seconded the motion.

Chairperson Lagareta asked for comments and questions. Regent Hapai asked about the moderate increase in projected student enrollments to which Vice Chancellor for Academic Affairs, Steve Hora, responded that a conservative approach in building the templates was used taking into account historic growth rates for the past twenty years, which has been 2.5 percent compounded annually. Chairperson Lagareta asked if there were any other questions and hearing none, she asked for a vote on the motion. The motion was unanimously approved.

**Terminate Master of Arts programs in German, Classics and Russian.**

**College of Languages, Linguistics and Literature, University of Hawai‘i at Mānoa** (noted on the published agenda as item VI. 4.)

Chancellor Konan stated that in the process of reviewing all programs at the University of Hawai‘i at Mānoa, particular attention was given to programs that have had very low involvement and very low service to students. The programs being recommended for termination were identified as programs that have not serviced more than three students in the past five years. She recommended that the Masters of Arts programs in Classics and Russian be terminated upon the Board’s approval, and that the Master’s in German be terminated in the Summer of 2007. She explained that they were requesting a Summer 2007 termination of the Masters of Arts in the German program to allow two current students to complete their studies. The faculty engaged in these programs currently teach a heavy load of undergraduate classes, will continue to teach their undergraduate courses, and have also agreed to the termination of these programs. In addition, the Graduate Council reviewed these programs and recommended the terminations in May of 2006.

Regent de la Peña moved to approve the termination of the Master of Arts programs in German, Classics, and Russian, College of Languages, Linguistics, and Literature, University of Hawai‘i at Mānoa, with the termination of Classics and Russian to be effective upon Board approval, and the termination of German to be effective Summer 2007 when the last student graduates or leaves the program. Regent Haynes seconded the motion.

Regent Hapai asked if anyone looked at comparable programs in peer institutions to see if they're doing any better anywhere else. Chancellor Konan stated that the University of Hawai‘i at Mānoa would continue to have an undergraduate need for their instruction.
Regent Bender stated that these are graduate programs in several foreign languages and UH does not have doctorates in these programs. He thought that students who want to do graduate work in any of these languages would go to a university that has a full doctoral program. The masters program doesn't increase one's employability, and he thought that the universities that have successful masters programs also have doctorates.

Chairperson Lagareta asked for additional comments or questions, and hearing none, called for a vote on the motion which was unanimously approved.

**Approve Legislative Proposals for 2007 Legislature** (noted on the published agenda as item VI. 6.)

Associate Vice President Tanaka stated that a bill to exempt the University from the State Procurement Code was being submitted along with another bill that would allow the University to float revenue bonds. Both bills are designed to provide more self-governance for the University.

The procurement bill would amend the current law to authorize the Board of Regents to develop internal policies and procedures for the procurement of goods, services and construction and not be subject to Chapter 103(d) Hawaii Revised Statutes, the State Procurement Code. The bill would reinstate the authority to develop procurement policies and procedures previously conferred upon the Board of Regents by Act 115, Session Laws of Hawaii 1998.

The second proposed legislation would grant the Board of Regents increased flexibility to construct and maintain University projects and for other University purposes. The new chapter would grant increased flexibility, including pledging, committing and designating any appropriated special and revolving funds as sources of revenues for the University, and allow the University to issue bonds for University purposes. This legislation will give the Board of Regents the flexibility to take advantage of favorable market conditions to proceed with the issuance of University revenue bonds for the construction, acquisition or renovation of facilities. The new chapter is consistent with the spirit and intent of the constitutional amendment granting the University greater self-governance.

President McClain noted that Vice President Morton had earlier explained at a prior meeting of the Committee on Community Colleges that community colleges in California have local bonding authority, and they are able to borrow in a timely fashion. This bill allows the University to respond to market conditions.

Regent de la Peña asked if the State of California stood behind those bonds, to which President McClain responded in the negative. The perception of the Department of Budget and Finance is that since the name is University of Hawaii, any issue that would arise with the University's viability would affect the State. The University still requires the flexibility to borrow in a timely fashion.
Vice President Todo elaborated that at its last meeting, the Board approved the refunding of the original JABSOM bonds that were issued in 2002. The Board focused on $82 million, but approved up to the amount of the outstanding bonds. Because interest rates were favorable, it was possible to actually refund $130 million which, at present value, saved about $6.9 million rather than the $3.4 million that had been discussed originally. By moving quickly, there are benefits. In the refunding case, the University had refunding authority as part of the original bond issuance.

For the next bond offering for the Frear Hall, the legislature authorized up to $100 million for housing, construction, and redevelopment of housing. However, any additional revenue bonds will take a while because the University has to wait for the next legislative session.

A few months ago, the Mānoa campus had an opportunity to bid on an apartment building that could have been used for faculty housing. However, this was not possible because there was no authorization to borrow funds. The Legislature is being asked to authorize the University to issue its own revenue bonds.

Vice President Todo cautioned that University borrowing would not replace general obligation bonds which are a very important part of the financing for normal capital improvement program (CIP) type of projects. In cases where the University needs to meet specific needs that arise or to help with the University’s backlog of deferred maintenance, revenue bonds give the University the flexibility to do that without going to the Legislature or the Governor for further authorization.

He further explained that the University is part of the State, so anything that happens negatively, such as the University not being able to meet its debt service needs would reflect on the State. Legally, the State is not obligated for any of the debt of the University creates.

Chairperson Lagareta suggested that if the constitutional amendment passes, it will pass without any current enabling legislation. The University should take the lead in drafting enabling legislation that would reflect its concerns and those of the accreditors.

Chancellor Konan suggested that a University bill, separate from the Governor’s package, could be introduced. Chairperson Lagareta proposed that the bill be submitted to the Governor given that it touches the Board and concerns of the accreditors.
President McClain agreed and added that the accreditors would expect such action.

Regent Albano stated that the Procurement Code contains an excellent appeals process and asked what would be gained by exempting the University. President McClain called on Chief Information Officer David Lassner to explain his experience with the appeals process.

Chief Information Office Lassner explained that the University, when it had the authority to adopt its own procurement code, implemented the first electronic request for quotation system in the State, and all of the University’s purchases were publicly advertised throughout the internet. When the State of Hawai‘i wanted an electronic procurement system, they issued an RFP (request for proposals) to create a State electronic procurement system and selected a vendor. A non-selected vendor filed a protest, and the appeals process lasted two years. The appeals process was run by the State Procurement Office.

Regent Albano asked if the University would set up its own more efficient appeals process, to which Chief Information Officer Lassner responded in the affirmative.

Associate Vice President Tanaka stated that the University had that power and authority in 1998, under Act 115, but then in 2004, the legislature took away the procurement exemption from the University and several other State agencies.

Regent Albano stated that because there’s always a perception that the University is not subject to the 103(d), the process would be problematic and that it’s probably why the legislature put the University back under 103(d).

Vice President Callejo stated that although the University wasn’t under 103(d), the Regents’ policies and the University’s own administrative and executive policies mirror 103(d), so although the University wasn’t under 103(d), the University followed 103(d) but it had the flexibility.

Chairperson Lagareta asked if there were additional comments or discussions. Hearing none, she stated that she would also like to add a proposal to implement the constitutional amendment. She requested that a letter dated October 2, 2006 from the Accrediting Commission for Community and Junior Colleges (ACCJC) that was written by Barbara Beno and Ralph Wolff, expressing specific concerns be submitted into the record. Chairperson Lagareta stated she would like these to be taken into account should the University get involved in any legislation. She also added that there’s a separate letter from Mr. Wolff which clarifies some misrepresentations that are made by the proponents of that bill. That letter should be part of the record as well. Chairperson Lagareta asked that Dr. Johnsrud’s testimony from April 5, 2005 also be submitted to the
Legislature. In the event the Board needs to get involved, it can move quickly to reflect those very deep concerns of the Board and the accreditors about putting the governance of the University back into the hands of the legislature.

Chairperson Lagareta added that she has heard that the same enabling legislation that passed and was vetoed will be resubmitted if this amendment passes. That enabling legislation takes away the process that the Association of Governing Boards (AGB) endorses, that being the gubernatorial appointment for regents followed by senate confirmation. The AGB also supports certain types of screening committees. The one proposed in the prior enabling legislation is actually the Minnesota model which has been observed for twenty years. It's a committee of people from different interests who nominate regents. The process becomes very political, and the AGB no longer says that this is its best practice model. The process endorsed by AGB is the Virginia model where the governor sets up a commission of seven people to screen regents. If the amendment passes and the current legislation being put forth by the proponents passes, the senate essentially has three bites of the apple and the house which is not involved in appointment currently has a say. The senate and the house would select seven individuals, and the governor gets to pick one. They would then establish criteria for regents. Secondly, the legislature would have a very strong hand in picking the people who select regents. The governor would have to select from those candidates, then the so-called "governor's selection" goes back to the senate for confirmation. There is the third chance for the legislature to be involved. There are a wide variety of concerns expressed in the letter, the Board has heard from the Association of Governing Boards, and it is not the best practice nationally.

Chairperson Lagareta said that she wanted to make sure that the Board is in the position to immediately submit legislation that is part of the University's package to the governor in the event that amendment were to pass. She asked the Board to add all of that into the proposed legislative package.

Regent Albano asked what happens if the constitutional amendment passes and there's no enabling legislation. Chairperson Lagareta said that proponents of the legislation will immediately resubmit the previous proposal which takes a major backward step in the move toward autonomy because the process will become a very political process involving more branches of government than currently involved. The Board should come in with its own recommended enabling legislation at the same time.

Chairperson Lagareta asked for additional questions or comments.

Regent Albano moved to approve the two legislative proposals for submittal to the Governor for inclusion in the administration package of bills to the 2007 State Legislature as recommended, and if the constitutional
amendment regarding selection of regents passes, that the University also submit enabling legislation, as part of the Governor's package. Regent Haynes seconded the motion.

Chairperson Lagareta asked for further discussion and questions and hearing none, she called for a vote on the motion. The motion was unanimously approved.

**Executive Session**

Chairperson Lagareta asked for a motion to recess the public meeting to move to executive session to take up matters identified in the published agenda as matters to be discussed in an executive session. Regent Albano moved to adjourn the public meeting session and reconvene the Board in executive session pursuant to subsections 5(a)(4) and 5(a)(2). Regent Haynes seconded the motion. Chairperson Lagareta called for a vote on the motion. The motion was unanimously approved.

At approximately 1:45 p.m. on Thursday, October 19, 2006, the Board recessed the public session and went into executive session.

At approximately 4:35 p.m. on Thursday, October 19, 2006, the Board recessed the executive session and reconvened in public session.

There being no further business to conduct in public session, at approximately 4:40 p.m. on Thursday, October 19, 2006, the Board recessed the public session.

**Friday, October 20, 2006**

At approximately 9:15 a.m. on Friday, October 20, 2006, the Board reconvened in public session in Room 127, University Classroom Building, 200 West Kawili Street, Hilo, Hawai‘i.

**VI. APPROVAL OF PARTIAL MINUTES OF THE MEETING OF SEPTEMBER 21-22, 2006**

Interim Board Secretary Pang stated that he distributed partial minutes of the Board’s September meeting held on Kaua‘i on September 21-22, 2006 and further explained that the partial minutes cover only that portion of the meeting in which the Board authorized the supplemental resolution allowing the University to borrow funds to refinance the existing 2002 series bonds. He explained that approval of the partial minutes was needed immediately because the bond refunding transaction was scheduled to close the following Tuesday night or
Wednesday morning. As Secretary of the Board, he needs to certify, as one of
the closing documents, excerpts of the minutes where the Board approve and
adopt the supplemental resolution. He asked the Board to review and approve
the partial minutes. Regent de la Peña moved to approve the partial minutes.
Regent Migita seconded the motion.

Chairperson Lagareta called for a vote on the motion to approve the
partial minutes. The motion was unanimously approved.

**REPORT OF THE PRESIDENT (Continuation of Item III, above)**

President McClain continued his report by thanking Chancellor Tseng for
making arrangements for meetings for him to talk about the challenges and
opportunities facing UH-Hilo. He commended Chancellor Tseng for her strategic
efforts in trying to control and expand the environment around her campus. He
stated that the system administration has always tried to differentially favor UH-
Hilo, noting that of the $50 million in general funds received from the State, Hilo’s
share was about $8.5 million, which is about twice Hilo’s typical share based on
full-time equivalent students. He stated that in the biennium budget requests,
UH-Hilo’s numbers are about $9 million of a total of $55 million to $60 million,
again, a disproportionate share on behalf of UH-Hilo. President McClain stated
that the campus has extraordinary opportunities with many more things that need
to be done on this campus in order to realize those opportunities. He explained
that Hilo is a regional university that has importance beyond its region. He
suggested that the idea of a living laboratory is best developed on the Big Island,
as compared to all the other islands in the State of Hawai‘i. He commended
Chancellor Tseng on her leadership and noted that there are still challenges and
opportunities going forward.

Chancellor Tseng thanked President McClain for his support noting that
UH-Hilo has been getting a fair share of resources and hoped that in the
biennium budget, UH-Hilo would also get its fair share.

Chancellor Tseng said her presentation will be in three parts. The first
part will highlight Hilo’s development and transformation. The second part will
describe what makes Hilo distinct. The third part will discuss how Hilo measures
its success.

In describing the context in which UH-Hilo exists, Chancellor Tseng
explained she has asked her advisory board to respond to the question: What do
you identify as the opportunity for UH-Hilo? Her advisory board cited such
opportunities as geographic, biologic, climatic, cultural diversity, space to grow,
located in the center of the Pacific basin, population growth, strong community
support, agricultural sustainability, small town and low crime, intimate student
faculty relationship, greater flexibility to move quickly, and Hawaiian values - local values, but also thinking globally, citing, for example, the United Nations Day.

She explained UH-Hilo integrates science, culture, and technology to transform students to meet global challenges and proceeded to describe UH-Hilo’s colleges and programs. The new College of Pharmacy will integrate science and culture by utilizing UH-Hilo’s biological surroundings and cultural values, while answering the State’s shortage of pharmacists. Initial accreditation of the College has been completed and next Fall, their 80 students will start. With the College of Pharmacy, UH-Hilo has six colleges. The College of Agriculture, Forestry, and Natural Resource Management offers a Bachelor of Science degree in seven areas of specialization. The College of Arts and Sciences is the largest college and offers a diversified curriculum of thirty baccalaureate degrees, eleven certificate programs, and four masters’ programs. The College of Business and Economics prepares students for leadership serving Hawai‘i and the Asia-Pacific region with a primary emphasis on small business and entrepreneurship. Kahaka Ula O Keelikolani, the College of Hawaiian Language, was recently notified that the WASC commission acted to approve the Ph.D. program in Hawai‘i, indigenous language and cultural revitalization, to be integrated into the M.A. indigenous language and cultural education. The College of Continuing Education and Community Service offers many island-wide and distance learning programs. Complementing UH-Hilo’s academic offerings is the athletic program which added three new sports for this Fall to be in compliance with Title IX. Another UH-Hilo effort undertaken by the conference center is to market UH-Hilo and Hawai‘i as a premier meeting and conference destination. This has resulted in capturing a reputation for UH-Hilo as the hub of Pacific Rim conferencing, serving as a goodwill international liaison. During the past year, UH-Hilo welcomed new tenants to the University Park of Science and Technology, mauka of the campus. Most of the tenants in the Park have international scientists who utilize UH-Hilo students as interns. The Imiloa Center, the USDA Pacific Basin Agricultural Research Center, and the Institute of Pacific Island Forestry are the latest tenants. Chancellor Tseng described UH-Hilo’s commitment to meet community needs to increase the quality of life by providing access to education, employment and opportunities by describing outreach programs. She described the North Hawai‘i Education and Research Center, which is currently accommodating 49 elderly citizens because of the recent earthquake. Chancellor Tseng explained how the University contributes to the economy, stating that UH-Hilo’s total economic impact is estimated to be over $190 million, generating about 3,523 jobs. She noted that UH-Hilo is the second largest single employer in east Hawai‘i generating $2.38 million in direct expenditure for every one dollar UH-Hilo receives from the State.

Chancellor Tseng noted that UH-Hilo utilizes the island’s diverse culture and natural learning laboratory to build programs of national and international distinction. She cited Outside Magazine’s listing of 47 college towns in North
America a couple of years ago, and ranked UH-Hilo at 19, of best place to work, study and live. Another dimension of UH-Hilo's diversity is its local, national, and international students. Regarding diversity, Chancellor Tseng stated that UH-Hilo is the gateway for Hawai'i's first generation students with 68 percent of its students being the first generation student. With respect to the quality of programs, Chancellor Tseng explained that UH-Hilo had received accreditation from WASC for ten years, the College of Business and Economics received accreditation from IAACSB, (International Association for the Advancement of College Schools of Business), and the Nursing and the Education Departments were granted accreditation by various accrediting agencies.

Chancellor Tseng added that notable and excellent faculty are choosing to come to UH-Hilo, citing College of Pharmacy Dean, John Pezzuto, and faculty members, Chris Frey and Rebecca Ostertag, who received prestigious grants from the National Institute of Mental Health and the National Science Foundation. She explained that UH-Hilo students are competitive and receive many national honors and prestigious scholarships, such as Truman scholars, and that UH-Hilo computer science students are recruited very heavily. She described how student enrollment was increasing and UH-Hilo's efforts to recruit more local students, citing the recruitment of Hawaiian students, which is now 20 percent of the total student body.

Chancellor Tseng concluded that UH-Hilo's strengths are the way UH-Hilo integrates science and culture and balances its educational research. She stated that UH-Hilo transforms students to meet global challenges, noting that the transformation is purposeful and strategic with a vision of the future. She explained that UH-Hilo engages students in their learning and supports service learning and many student activities. She noted that the UH-Hilo programs the Board approved are interdisciplinary programs. UH-Hilo reaches beyond the University borders to create education and economic opportunity in the community.

Chancellor Tseng introduced UH-Hilo faculty members to describe their programs and impact on students.

Dr. Don Price described the Pacific Internship Program for Exploring Science internship program and master's program in tropical conservation biology and environmental science, noting that these programs are funded from outside the State, federal funding from EPSCOR (Experimental Program to Stimulate Competitive Research) and from many other programs. Dr. Sharon Ziegler Chong described PIPES (Pacific Internship Program for Exploring Science), an umbrella program that includes four programs focused on undergraduates providing students with hands-on experiences. She also described the MASSIP (Micronesian and American Samoa Student Internship Program), and the University of Hawai'i Hawaiian Internship Program (UHHIP).
She explained that these programs are focused on getting interns, getting paid internships for students from the islands back home, and connecting them with the issues. Students were introduced and asked to share their experiences.

Cheyenne Perry is currently a graduate student in the master’s program in Tropical Conservation Biology Environmental Sciences. He explained that he grew up on the leeward coast of O‘ahu and because of few opportunities, he enlisted in the Army to get the GI bill. He returned for college and eventually enrolled at UH-Hilo. He explained that just before graduating, an internship through the Hawaiian Internship Program with the U. S. Forest Service became available. He described his experiences working on a research project on mangroves, in Operation Miconia with the U.S. Forest Service and PIPES.

Kaiena Bishaw shared her Hawaiian Internship Program experiences describing her three intern experiences working with the USDA Forest Service on the spread of alien exotic plants through nursery media, working on an invasive fountain grass in the area of the slopes of Hualalai, in the ahupuaa of Kaupulehu, and serving as a resource technician with the U.S. Geological Survey Water Resources unit in Hilo.

Sybil Glendon Baclig explained that she is currently a graduate student in the Tropical Conservation Biology and Environmental Science program. She described her graduate school experiences that included the opportunity to travel to Puerto Rico which she stated was a wonderful experience and one that she would not have had were it not for the Biology Conservation program.

President McClain thanked Chancellor Tseng on a superb presentation and also congratulated the students on all that they have achieved, and to the faculty and the staff who guided them there.

On behalf of the Board of Regents, Chairperson Lagareta said that the faculty and students “knocked our socks off” and thanked them for the presentation. Chairperson Lagareta asked Chancellor Tseng to thank Dr. David Miller for making the suggestion to provide UH-Hilo the time to make its presentations.

At approximately 10:20 a.m. on Friday, October 20, 2006, President McClain concluded his report.

**Board Policy on Self Evaluation** (noted on the published agenda as item VI. 8.)

Chairperson Lagareta stated that the Board had been engaged in self-evaluation but decided to adopt a policy committing the Board to conducting a formal self-evaluation every two years. She called for a motion to approve the proposed Board self-evaluation policy with some slightly amended language.
Board Secretary Pang stated that Regent Landon (who was earlier excused from the meeting) provided written comments to the Board to clarify the purpose of the self-evaluation policy as follows: The objective of the Board policy on self-evaluation is to ensure effective oversight of the University system and a process-based approach to continuous improvement while building and sustaining effective relationships within the University constituents. Regent Landon also suggested that the policy be written to allow a flexible process and time frame rather than require or impose strict deadlines. His written comments further suggested that the evaluation could be completed in one day rather than over two days, and may but not necessarily be formatted as a special workshop. He further suggested that a self-evaluation occur yearly, rather than every two years.

Chairperson Lagareta asked for a motion to approve the proposed self-evaluation policy for the Board of Regents, with the clarification as to purpose and flexibility in the process as proposed by Regent Landon. Regent de la Peña moved to approve the proposal for Board self-evaluation, as clarified. Regent Hapai seconded the motion.

Chairperson Lagareta asked for further discussions and hearing none, she called for a vote on the motion, which was unanimously approved.

**Assignment of PricewaterhouseCoopers Audit Services Contract to Accuity** (identified on the published agenda as item VI. 9.)

Vice President Todo explained that PricewaterhouseCoopers requested that the University assign their current audit contract to Accuity, LLP, which is taking over the PricewaterhouseCoopers business in Hawai‘i. He recommended that the Board approve assignment of the PricewaterhouseCoopers audit contract to Accuity.

Chairperson Lagareta asked for a motion to approve assignment of the PricewaterhouseCoopers audit contract to Accuity. Regent Migita moved and Regent de la Peña seconded the motion. Chairperson Lagareta asked for further discussion or comments. Hearing none, Chairperson called for a vote on the motion, which was unanimously approved.

**Approval of Indemnity Provision for Research Grant** (noted on the published agenda as item VI.10.)

President McClain requested the approval of an indemnity provision contained in the agreement between the University of Hawai‘i and the California Institute of Technology (Cal Tech) on a grant that it has obtained from NASA. Cal Tech has selected a postdoctoral researcher at the University of Hawai‘i to do a portion of the work that is covered by the agreement between Cal Tech and
NASA. In connection with the work, an indemnity provision is required. General Counsel Darolyn Lendlo stated that the requirements under the statutes have been met, and the administration is recommending that the Board approve the indemnity provision for this research grant. Regent de la Peña moved to approve the indemnity provision for the research grant. Regent Bender seconded the motion.

Chairperson Lagareta asked for further discussion and questions regarding the motion, and hearing none she called for a vote on the motion. The motion was unanimously approved.

VII. GIFTS, GRANTS AND CONTRACTS

President McClain presented Vice President Gaines' report on gifts, grants and contracts noting that last year's total was up 22 percent to $432 million. This year, in the first quarter of the fiscal year, research grants are up another $6 million, from $85 to $91 million for the first quarter, but training grants are down substantially, cut essentially in half, from $81 million to $42 million, reflecting the fact that the regional bio-containment laboratory, which came in last year's numbers, was in fact classified as a training grant. For the total, through the first quarter of fiscal '07, the University has $133 million, which compared with two years ago, the number was at $128 million, and last year, at $167 million.

President McClain asked that the Board review materials on pages 4 through 51, where the gifts, grants, and contracts are documented. He asked that the Board accept with thanks the gifts and grants, and ratify the actions of the administration in executing the contracts.

President McClain requested that the Board approve two contracts listed on page 50 (renewal of medical professional liability policy for the University of Hawai'i at Mānoa's John A. Burns School of Medicine for the term, October 1, 2006 to October 1, 2007) and on page 51 (extension of consultant services contract with The Implementation Group for the term, July 1, 2006 to June 30, 2007).

Chairperson Lagareta asked for a motion. Regent Bender moved that the gifts and grants be accepted and the Board ratify the actions of the administration in executing the contracts. Regent de la Peña seconded the motion.

Chairperson Lagareta asked for further discussion and questions and hearing none, called for a vote on the motion. The motion was unanimously approved.
VIII. APPOINTMENTS, CHANGES IN APPOINTMENTS, LEAVES OF ABSENCE, PROMOTION, TENURE, WAIVER OF MINIMUM QUALIFICATIONS, EMERITUS TITLES, SHORTENING OF PROBATIONARY PERIOD, SALARY ADJUSTMENTS, POSITION ACTIONS, CLASSIFICATION AND PRICING

President McClain reported that there were no 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 for this month that the required Board approval.

Resignations and Retirements of Board of Regents' Appointees

President McClain noted that on the pages following page 52, the resignations and retirements are documented but no Board action is required for resignations and retirements.

President McClain thanked the Board for its confidence in the administration with the passing of the revision to the executive and managerial personnel and compensation policies noting that the administration would do its best to implement those policies in a fair and equitable fashion.

IX. ANNOUNCEMENT OF THE NEXT MEETING OF THE BOARD

Chairperson Lagareta announced the next meeting would be held on November 16 and 17 at Maui Community College. She thanked Chancellor Tseng for a phenomenal visit.

X. ADJOURNMENT

Regent Hapai moved to adjourn the meeting. Regent Albano seconded the motion. Chairperson Lagareta called for a vote on the motion, which was unanimously approved.

The meeting was adjourned at 10:27 a.m., Friday, October 20, 2006.

Respectfully Submitted,

Presley Pang
Interim Executive Administrator
and Secretary of the Board of Regents