MINUTES
UNIVERSITY OF HAWAI‘I BOARD OF REGENTS’ MEETING

March 15-16, 2007

I. CALL TO ORDER

Chairperson Kitty Lagareta called the meeting to order at 10:09 a.m. on Thursday, March 15, 2007, at the Hawai‘i Community College, Bldg. 388, Room 101-102, 200 West Kawili Street, Hilo, Hawai‘i, 96720-4091.

Regents in attendance: Chairperson Kitty Lagareta; Vice Chair Ronald K. Migita; Andres Albano, Jr.; Byron W. Bender, Ph.D.; Michael A. Dahilig; Ramón S. de la Peña, Ph.D.; Marlene M. Hapai, Ph.D.; Allan R. Landon; Alvin A. Tanaka; and Jane B. Tatibouet.

Others in attendance: President David McClain, 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.; Interim Executive Administrator and Secretary of the Board Presley Pang, Esq.; and others as noted.

II. APPROVAL OF MINUTES

Regent Tatibouet moved to approve the minutes of August 24-26, 2006, seconded by Regent Landon. The minutes were unanimously approved.

III. PUBLIC COMMENT PERIOD

Board Secretary Pang announced that Kapena Lum, president of the UH Hilo Alumni and Friends Association; Kainoa Rego, president of the UH Hilo Student Association; and David DeLuz, Jr. of the Hawai‘i Island Chamber of Commerce, submitted written testimony in support of the China-U.S. Center in Hilo.

Oral testimony was received as follows:

1. Donnalyn Kalei of Hawai‘i Community College welcomed the Regents to the campus and expressed her appreciation for the Board’s February meeting in Kona and its support of the development of a West Hawai‘i campus. Chair Lagareta indicated that
she had an initial discussion with the Governor to clarify misinformation and to establish further discussion.

2. Jet Heng, Hawai‘i Community College student, spoke in support of Kapi‘olani Community College’s proposed two-year degree in natural science.

3. Antoinette Wilson thanked the Board for its support in trying to resolve the new West Hawai‘i campus issue.

4. J.N. Musto, Executive Director of the University of Hawai‘i Professional Assembly (UHPA), testified that it is difficult to make substantive comments on the compensation packages for the Chancellor of Mānoa and the interim Chancellor of Leeward Community College if the details are not made public prior to the decision-making. He noted that the newspaper reported that the designated Mānoa chancellor, Virginia Hinshaw, would receive a housing allowance in addition to her salary, which he estimated would be more than $300,000 a year. The University pays assistant professors $65,000 or less, with no housing allowance. They do not stay long because they cannot find permanent housing.

Dr. Musto spoke to the proposed reorganization as it affects the relationship between a system and its campuses, in particular UH Mānoa. He said that it is extraordinarily important that the resources utilized by the System don’t take away from the capacity, particularly at Mānoa, to deal with its organizational structure. Since former president Evan Dobelle’s reorganization, many of those functions that remain at the System level have been duplicated in areas such as student affairs and human resources.

He said that all campuses of the University System are not equal. The reorganization of the Community Colleges which divides them into autonomous, freestanding institutions is inefficient, and has caused a duplication of overhead. The internal competition probably has a negative impact.

President McClain responded to Dr. Musto’s concerns. Regarding the housing allowance, all candidates for the chancellor’s position came from campuses which provided housing for their chancellors. Mānoa’s previous chancellor had a housing allowance.

Regarding compensation, salary ranges are public information. For the Mānoa chancellor’s salary, the Board uses the College and University Personnel Administrators’ guidelines, which are public information.

President McClain indicated that the reorganization has not yet been fully resolved. Part of the challenge is a set of policies created over several decades that require a review at the system level. Until those policies are changed, it’s difficult to devolve authority to the campuses. The President will discuss these issues with the new Mānoa chancellor.
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The President felt that the Community College reorganization is working well.

IV. REPORT OF THE PRESIDENT AND
V. UNIVERSITY OF HAWAII FOUNDATION REPORT

President McClain gave a combined President and UH Foundation report, and highlighted the following:

- The UH Foundation has raised $170,500,000 of its $250 million goal.
- The UH has received a $10 million 8-year grant from the Kellogg Foundation to support its P-20 initiative, focusing on pre-kindergarten through 3rd grade.
- 100 third graders visited the Mānoa campus recently.
- Kaua‘i Community College became the fifth community college to adopt the Mānoageneral education hallmarks, which will improve the ability of Kaua‘i CC students to transfer seamlessly and efficiently to Mānoa.
- The Community Colleges have been accredited for another six years.
- Maui Community College was visited by the Western Association of Schools and Colleges the past week to look at its Applied Business and Information Technology baccalaureate degree program.
- The first Dan and Maggie Inouye Chair on Democratic Ideals, John Hope Franklin, Professor Emeritus at Chicago, and the foremost African-American historian of our time, is arriving today for a ten-day stay.
- On March 22nd, the Legislature will honor the University in recognition of its centennial.
- On March 27th, the Legislature will honor Coaches June Jones and Riley Wallace, as well as athlete Colt Brennan.
- Charter Day will be held on the Mānoa campus on March 25th, exactly 100 years since the University Charter was signed.
- The Legislature will probably approve the Regent Candidate Advisory Council bill. The proposed composition of the council is not considered a best practice method of selecting regents, according to the Association of Governing Boards.
- Regarding the capital improvements program, the University consistently requests that the Legislature to fund the Board of Regents’ priorities before funding add-ons.
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- The University has signed a letter of intent with the Hunt Corporation to sell University land in West O’ahu, the proceeds of which will be used to build the UH West O’ahu campus.

Chair Lagareta congratulated President McClain for significantly contributing to the Foundation’s fundraising efforts.

VI. AGENDA ITEMS

Establishment of an Associate in Science Degree in Natural Science with a Concentration in Life Science or Physical Science, Kapiʻolani Community College

Kapiʻolani Community College (KCC) Interim Chancellor Leon Richards indicated that the College has developed a STEM (Science, Technology, Engineering, and Math) program that commences in high school, leading to an associate degree and/or industry-recognized certificate or licensure, and/or a baccalaureate degree and beyond. The program has four localized initiatives: Biotechnology and Molecular Science; Physiology and Human Behavior; Space Science and Engineering; and Waikīkī Watershed Ecology.

KCC has developed partnerships with education and government agencies at the state and federal levels: National Science Foundation; Title III from the DOE; EPSCoR Hawaiʻi (Experimental Program to Stimulate Competitive Research), a Pacific alliance; UH Mānoa College of Engineering; and with industries.

The Associate in Science in Natural Science provides clear, explicit, coherent pathways for students to efficiently transfer into STEM majors at baccalaureate institutions, via targeted advice and appropriate course sequencing. It also provides students an opportunity to do research at the Community Colleges, and to earn income by peer mentoring, tutoring, and internships.

The College has received approximately $2.7 million in grants to develop recruitment, retention; a STEM curriculum; create a STEM center; develop a summer bridge program for 11th and 12th grade native Hawaiian students.

Louise Pagotto, Vice Chancellor for Academic Affairs, described the structure of the degree program. She said that in fall 2005, there were 4,259 students enrolled in science classes, in 110 lecture classes and 55 lab sections. At the Mānoa campus that fall, there were 734 former KCC students enrolled in STEM fields; of those 734, only 38 had graduated with an Associate in Arts (AA) degree.

The AA degree is not an attractive pathway for students interested in science. The proposed Associate in Science (AS) degree curriculum affords students a general education foundation to meet the requirements for all the science majors at UH Mānoa and to better prepare them for those majors.
Vice Chancellor Pagotto said that the physical, financial, and human resources are currently in place to deliver the courses and support the program. However, the College has included two faculty, one counselor, and one APT (administrative, professional, and technical) position to provide lab support in its ’07-’09 biennium budget request.

STEM Coordinator and Professor of Math and Science John Rand said that 79 students are registered in the program, of which 61 are native Hawaiian students.

The AS program does not require new courses — the College has realigned existing courses. The program allows students to take STEM courses early in their academic career so they can begin to understand if this is what they want to do professionally. It provides opportunities for undergraduate research and internships.

The program will extend the core courses over four years, which some students may find easier than the traditional first two years core curriculum. The STEM students will also be more competitive in a science and technology-driven economy because they will have acquired research skills.

Dr. Rand said that this program will be a model for other Community Colleges within the system, and will facilitate articulation agreements with UH Mānoa and Hilo.

Regent Tanaka asked if the program cost would increase after the expiration of the National Science Foundation (NSF) grant. Dr. Pagotto responded that the cost is already being born through the College’s current allocation, and there are no additional costs.

Regent Hapai discussed the academic requirements of the program.

Regent Tatibouet moved to approve a 60-credit Associate in Science degree in Natural Science with a concentration in Life Science or Physical Science at Kapiʻolani Community College, effective Fall 2007, seconded by Regent Hapai. The motion was unanimously approved.

**Establishment of a Student Technology Fee, Maui Community College**

Maui Community College Interim Vice Chancellor of Academic Affairs Suzette Robinson requested approval of a technology fee of $3 per credit for up to 12 credits, with a cap of $36 per semester. A separate account will be established to track compliance of the authorized use of the fees. A committee to determine how the fees will be expended will include three student representatives (not two, as proposed in the Guidelines attached to the action memorandum). She corrected the refund policy statement that was previously provided to the Board. The correct intent is “No refund if withdrawal is made after the first week of instruction.”

Maui Community College Student Government Council Vice President Amina Abdusamad informed the Board that the technology fee is firmly supported by the
students. She said that there is a huge frustration with the current technology on campus, so although students do not favor additional educational costs, they support the technology fee in order to have a firm foundation in technology upon graduation.

Regent Dahilig asked if the Student Government was comfortable with the Technology Fee Committee composition of four faculty and three students, given that the funds are totally student funds. Ms. Abdusamad replied that the Student Government was receptive. She said, in response to Regent Albano's question, that the campus has limited wireless capability.

Regent Tatibouet moved to approve the Maui Community College technology fee of $3 per credit, not to exceed $36 per semester, effective Fall 2007, with amendments to the Guidelines regarding the composition of the Technology Fee Committee and time frames for refund, as noted by Dr. Robinson. Regent Dahilig seconded.

Regents Tanaka and Landon expressed their concerns over the eight-year equipment replacement plan, since the industry standard is four years. Dr. Robinson said that the plan was conservative, and the campus will work to replace equipment sooner than eight years.

The motion was unanimously approved.

**Authorization to Negotiate Lease Agreements for UH West O'ahu in Kapolei**

UH West O'ahu Chancellor Gene Awakuni expressed his appreciation of the Board's unconditional support of West O'ahu's development. He requested authorization to negotiate leases for classroom space in the Island Pacific Academy, and office space in the Campbell building, both in Kapolei. He will request Board approval of the lease agreements when they are in final form.

Regent Dahilig moved to authorize the negotiations, seconded by Regent Tatibouet.

Regent Tanaka commented that dual operations at both Kapolei and Pearl City seemed inefficient. Chancellor Awakuni responded that it is an issue, but there is a significant lack of current space; in three years it won't be a problem, with additional office buildings coming up. UH West O'ahu is able to get $1 per square foot with Island Pacific Academy, and possibly a little over $1 per square foot in the Campbell building. Both sites will be used for nine months only; summer classes will be held at the Pearl City campus.

Upon a call for the motion, the Board unanimously approved to authorize UH West O'ahu to negotiate lease agreements in Kapolei.
Change of Status from Provisional to Established for the Bachelor of Arts Degree in Health and Physical Education at the University of Hawai‘i at Hilo

UH Hilo Chancellor Rose Tseng requested approval of the change in status from provisional to established for the Bachelor of Arts (BA) degree in Health and Physical Education.

Chancellor Tseng said that the number of students in the program has steadily increased from 13 in 2002 to the current 76, and the campus anticipates continued growth.

Vice Chancellor Steve Hora said that the cost of this program is unusually low on a per credit hour basis because it's a new program, with junior faculty. The program needs to increase its budget to secure additional faculty in response to student demand.

Dr. Robin Takahashi, in response to Regent Hapai’s question, said that there is a low demand for physical education teachers. The demand now is in the exercise science area. Their graduates are teaching in public schools in Hawai‘i, one is an athletic trainer at UH Hilo, one is attending a physical therapy school, and another is applying to medical school.

Regent Landon moved to approve the established status, seconded by Regent Tatibouet. The motion was unanimously approved.

Establishment of the Pacific Aquaculture and Coastal Resources Center (PARC) and Reorganization of the College of Agriculture, Forestry and Natural Resource Management, University of Hawai‘i at Hilo

Chancellor Tseng indicated that the Center has been in existence for more than ten years, serving as an education and research center for the University, the State, and the global community. Center projects are located in Ecuador, Fiji, Honduras, and the Marshall Islands, and staff work with Thailand, the Federated States of Micronesia, and other locations. Funding comes from national, State, and county. The Center provides an education and research facility, and promotes theoretical, applied research and complements aquaculture and coastal resource efforts.

Vice Chancellor Steve Hora explained that the Center had been operating totally on soft funds of about $2 million annually. The State now has allocated general funds of about $200,000 for the Center. The Center needs to be formally placed in the University's organizational structure.

Dr. Kevin Hopkins said that the Center is extremely successful, and has core support from the Legislature to continue operations, which is approaching $3 million a year. Total development cost and value of the property — 12 acres on coastal land, set aside by an executive order to the University — has been appraised at about $15 million.
Regent Hapai asked if the Center has continued its collaboration with the School of Ocean and Earth Science and Technology (SOEST) and the College of Tropical Agriculture and Human Resources (CTAHR) regarding academic programs. Dr. Hopkins responded that they have an internal task force to develop a graduate program in fisheries and aquaculture in collaboration with UH Mānoa.

Regent Tatibouet moved to approve the establishment of the Pacific Aquaculture and Coastal Resources Center under the administration of the College of Agriculture, Forestry and Natural Resource Management at UH Hilo. Regent de la Peña seconded. The motion was unanimously approved.

**Establishment of the Donald A. Corbin Distinguished Professorship in Accounting, School of Accountancy, Shidler College of Business, University of Hawai‘i at Mānoa**

UH Mānoa Vice Chancellor Neal Smatresk announced that the UH Foundation has received $500,000 to endow a distinguished professorship in the School of Accountancy, named after emeritus professor Donald A. Corbin.

Regent Bender requested confirmation that this gift does not create a new position, but will enhance compensation for a current state-funded position. President McClain confirmed, adding that endowment of a chair requires $2 million. Funds generated from a $500,000 endowment are about $20,000 per year, so the salary will largely be funded with State funds, supplemented by the endowment income.

Regent Tatibouet moved to approve the establishment of a professorship named the Donald A. Corbin Distinguished Professorship in Accounting, School of Accountancy, Shidler College of Business, University of Hawai‘i at Mānoa. Regent Hapai seconded the motion. The motion was unanimously approved.

**Endorsement of Institutional Proposal for Western Association of Schools and Colleges (WASC), 2009-2010 Visit, University of Hawai‘i at Mānoa**

Chancellor Konan said that WASC requested the Board to look more carefully at Mānoa's Institutional Proposal and endorse the concepts. There are three stages involved in the WASC accreditation. This proposal is the first stage; the second stage involves developing a capacity and preparatory review; finally an educational effectiveness review.

Vice Chancellor Smatresk elaborated that the purpose of the Proposal is to set a framework that will guide ten years of development of the University. He stressed that the proposal is the result of about 400 students, faculty, and staff who endorsed a series of concepts made to improve the sense of community, the physical facilities and resource allocation, and governmental structures of the University. He said that the proposal will help the University to establish pride in community, sense of understanding and belonging, and represents the will of the community at the campus.
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Regent Hapai commented on the progress made, especially in the area of assessment. She asked if staff or offices have been compensated for their efforts. Vice Chancellor Smatresk responded that assessment is a normal part of a campus' function. Mānoa’s Faculty Senate would like to be involved in assessment and has some ideas on costs. There are funds for faculty development support, and perhaps funds to provide additional support to the units. He added that the campus plans on identifying exemplary programs and providing them some form of incentives.

Regent Tatibouet moved to endorse the Institutional Proposal, seconded by Regent Bender. The motion was unanimously approved.

President McClain complimented Chancellor Konan and Vice Chancellor Smatresk on the Proposal. He said that WASC considers it an exemplary institutional proposal and has asked that it could be shared with other institutions.

Amendment of Board of Regents' Policy 9-2(b), Guidelines for Employment of Coaches

UH Mānoa Athletic Director Herman Frazier explained that the range for men’s basketball coaches’ salary has not been updated since April 2000. This request is to set the following salary ranges for the men’s basketball: head coach, $184,836 - $503,304; associate coach, $79,500 - $124,656; and assistant coach, $50,004 - $105,000, with a recommended effective date after March 21, 2007. Any additional costs within the new proposed salary ranges will be funded by the Athletics Department. He provided the Board with a 2005 Division I athletic directors association compensation survey data. The current salary for Mānoa’s men’s head basketball coach is $275,000.

Regent Tanaka asked for the President’s recommendation. President McClain replied that, under the Board’s procedures, if a salary proposal is within the range, the President has the authority to act; if it is outside of the range, the salary must be presented to the Board for approval. The marketplace for basketball coaches moves very quickly. A special meeting of the Board would be needed to approve an exception to the range. Thus the President advised the Board to set the maximum at a level that preserves the administration’s ability to respond quickly to opportunities in the marketplace without having to come to the Board for approval.

Regent Tanaka asked if the salary would be supplemented by outside sources. Director Frazier said that $408,000 of football coach June Jones’s salary of $816,000 is State-funded; the balance if funded by outside sources. The basketball coach will be paid less than June Jones overall, but up to $500,000 from State funds, if Director Frazier’s proposal is approved. It hasn’t been decided how much would come from general funds versus outside funds.

Regent Migita opened a discussion on the fundamental strategy and goals of the basketball program. Director Frazier responded that the men’s team should finish in the top three in the conference and be in post season play every year. Regent Migita pointed out that Coach Wallace is the 18th highest paid basketball coach out of 112 colleges, yet the UH doesn’t rank in the top 20 colleges. He noted that Director Frazier
is requesting a maximum of $500,000, yet the WAC champion coach is paid $400,000. He asked what message would this proposed range send to the community, the institution, and the students, with respect to UH priorities.

Regent Albano asked if a lower salary could be supplemented with bonuses for reaching the finals. Director Frazier said it was possible. Director of Human Resources Brenna Hashimoto said that bonuses can be part of a contract package that is approved by the Board, or the bonus could be delegated to the President for approval. She reminded the Board that last fall, it delegated authority to the President to pay coaches up to 25 percent above the then published salary ranges.

In response to Chair Lagareta’s question, Director Frazier said that the Hawaii Government Employees Association (HGEA) had been consulted. HGEA representative Lei Desha said that the Union’s concern is the compensation for all of the support staff in the Athletics Department and for UH Hilo coaches, not just the salary for head coaches.

Regent Dahilig expressed his concern that the University should be rewarding performance rather than setting a base salary that exceeds the salary of a coach of a team that ranked at one point in the top ten. He raised issues of governance and public perception if the Board established a range such that the Administration could pay what could be the highest salary funded by State funds without the Board’s approval of the candidate.

President McClain responded that the issue is how much the Board wants to be involved in the evaluation of performance. If the Board wants to be involved, it should set a low salary threshold. The Administration will then come to the Board for approval, which may diminish the University’s competitiveness in the marketplace.

Director Frazier suggested that a maximum of $400,000 would still allow the UH to be competitive.

Regent Landon asked how many years would it take to make the program financially successful if $400,000 were the maximum salary. Director Frazier replied that basketball needs to generate $3 million to break even. Two years ago, the University generated $1.3 million. In comparison, the University of Arizona generates $14 million. The number one team is Louisville, which will probably brings in close to $20 million.

Regent Landon concurred with Regent Dahilig that the issues are the Board’s fiduciary responsibility and whether the range can be justified to the public. He added that athletics should be treated like all the other University programs, and the Board supports a top-notch program.

Director Frazier said that a maximum of $400,000 is acceptable, rather than the proposed $503,304. He said that there is a lot of talent that will be ready to move. If the University can attract a coach who later produces a successful program, the Athletics Department can approach the Board in the future for additional compensation.
Chair Lagarreta commented that, based on the previous negotiations for a football coach, the contract parameters should be set prior to contract negotiations, rather than ask for different guidelines after a specific contract is approved.

President McClain recommended that the Board approve a maximum base salary of $403,612, with the discretion to increase that amount by 25 percent if needed to cover bonus and contingencies.

Regent Bender commented that the contract, with performance bonuses added to the base salary, might exceed $500,000 several years from now. He asked whether the $400,000 ceiling applied to the first year or later years.

Regent Landon said that Board must rely on the good judgment of the administration to secure a good candidate at a reasonable cost to the University.

Director Frazier added that the contract could include bonuses for increased ticket sales.

Regent Hapai asked that outside funding to support the salary be pursued.

Regent Bender asked if the contracts continue to include incentives for athletes’ academic success. Director Frazier responded that those incentives were removed at the recommendation of the Board, because the coaches’ responsibility is to ensure that the athletes attend their classes. The prior Board felt that it was not appropriate for a coach to receive a bonus for a student’s academic achievements.

Regent Migita said that the Hawai‘i sports market is fairly small. Even with a top-notch coach, game attendance is not large.

Director Frazier explained that there are only five UH sports that produce revenue to support the entire program of nineteen sports. The University has a softball team that ranks 24th in the nation; the water polo team ranks 4th; neither sells tickets. So those five sports are maximized for revenue production.

Regent Albano commented that few athletic programs nationally are profitable, and the Athletic Department has been successful in maintaining its programs and is in the black.

Chair Lagarreta spoke about the popularity and importance of University sports in the community. President McClain cited the 700,000 attendance at athletic events at Mānoa and Hilo, versus the 130,000 attendance at performing arts events at five campuses.

UH Mānoa Interim Chancellor Denise Konan said that athletics builds pride in the institution, brings the community into the University, and builds a connection among the students within the University. She said that the campus has a strategic plan within the Western Association of Schools and Colleges (WASC) that commits the campus to
preserving a strong role for academics and having an athletic program that engages the community.

Regent Landon moved that the Board authorize the Administration to negotiate a basketball head coach contract with a base salary within the range of $185,000 to $400,000 the first year and with the discretion to exceed the maximum up to an additional 25 percent for contingent performance bonuses. The length and other conditions of the contract are left to the discretion of the Administration. Regent Albano seconded the motion.

Upon the call for the motion, Regents Albano, Bender, de la Peña, Lagareta, Landon, Migita, Tanaka, and Tatibouet voted in favor; Regents Dahilig and Hapai opposed. The motion carried.

Regent Dahilig moved to approve the associate and assistant coaches' salaries as requested in Director Frazier’s memorandum. Regent Albano seconded. The motion carried unanimously.

**RECESS AND EXECUTIVE SESSION**

Regent Tatibouet moved to recess for lunch, seconded by Regent Albano. The motion was carried unanimously.

Regent Tatibouet moved to enter into executive session to consult with the Board’s legal counsel, under HRS §92-5(a)(4) and to consider personnel matters under HRS §92-5(a)(2). Upon second, the motion was carried unanimously.

The meeting was recessed for lunch between 1:00 to 2:00 p.m.

An executive session was conducted from 2:00 to 4:40 p.m.

**RESUMPTION OF PUBLIC MEETING**

The public meeting resumed at 4:43 p.m.

**VII. GIFTS, GRANTS AND CONTRACTS**

President McClain reported that $216 million in research monies was received in the first seven months, for an annual rate of $372 million. This rate exceeds the rate two years ago, but is not nearly the $430 million of last year. This year’s final accounting will most likely not meet last year’s total.

Regent Bender moved to approve the gifts, grants, and contracts, seconded by Regent de la Peña. The motion was carried unanimously.
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, PRICING.; RESIGNATIONS AND RETIREMENTS OF BOARD OF REGENTS' APPOINTEES AND CIVIL SERVICE EMPLOYEES

President McClain proposed the following appointments:

- Virginia Hinshaw for Chancellor of the University of Hawai‘i at Mānoa, effective July 1, 2007 through June 30, 2012;

- John Morton for Vice President for Community Colleges for a three-year term;


Upon motion by Regent Albano, and second by Regent Tatibouet, the appointments were unanimously approved.

VI. AGENDA ITEMS (continuation)

Approval to Extend Current Lease Agreement Between the University of Hawai‘i and the High Technology Development Corporation for the Lease of Space in the Maui Research and Technology Center

Chief Information Officer David Lassner requested extension of the current lease agreement, which expires March 5, 2007, on the same terms for another eight years.

Regent de la Peña moved to approve the request, seconded by Regent Landon. The motion was unanimously carried.

Approval of Capital Improvements Program and Repairs and Maintenance Project Contracts for Fiscal Year 2006-2007

Vice President Sam Callejo requested approval of various professional services contracts and construction contracts related to Capital improvements and repairs and maintenance. UH Mānoa has nine projects ranging from $100,000 to $1 million. UH Hilo has one project for $250,000, and Kapi‘olani Community College has one for $100,000. Method of funding varies.

Regent Landon asked about project management services. Vice President Callejo explained that due to the overburdened University facilities staff, project management of about $30 million of repair and maintenance (R&M) funds will be
contracted out to catch up with deferred maintenance, covering staff needed to evaluate pre-design, as well as pay for project and construction management.

Regent Landon asked about the temporary facilities at UH Hilo. Vice President Callejo explained that the temporary space is for programs dislocated by the Edith Kanakaole Hall air quality improvements project, which involves relocating approximately 40 people. Due to lack of space, temporary facilities must be used.

Regent Albano noted that one of the professional services contract is 13.9 percent of the estimated construction costs, and the contract for construction of drainage improvements for the Shidler College of Business is 27 percent. Vice President Callejo explained that often the cost is not just for design. In that particular case, a topographical survey was necessary.

Regent Albano said the perception is that the same companies are receiving all the contracts. He suggested that when professional services and construction contracts are brought to the Board for approval, the information should include the budgeted amount, the actual cost, and the variance should be provided, and the cumulative awards to that particular firm for the past five years.

Vice President Callejo explained that when the budget is presented to the Board, it is an initial estimate. It could take two years before the project is put out for bid. When there is a variance between the construction estimate and costs, there are two estimates: one done by staff to develop a budget that gets approved and appropriated; the second is after a consultant has defined the scope of work required. This second estimate is the real construction estimate that goes out for bid. If that estimate is more than the initial appropriation awarded two years previously, then either additional funds must be sought, or the scope of work is reduced. Vice President Callejo said that three estimates for construction will be provided to the Board: staff estimate; consultant’s estimate; and the actual construction cost.

Vice President Callejo identified recently released funds: Mānoa Performing Arts Facility, $2 million; Campus Center renovation, $1 million; Mānoa Law School, $500,000; Gartley Hall, $951,000; new classroom building at Mānoa, $380,000; Maui science building, $3.448 million; Windward Community College library and learning center, $2.6 million; and Information Technology Center, $1 million. These projects were originally approved by the Board; now the funds are available.

Regent Tatibouet moved to approve the CIP and R & M contracts for FY 2006-2007, including the projects for which funds have just been released, seconded by Regent Dahilig. The motion was unanimously carried.

**System Reorganization, Part I**

President McClain explained that the following changes are presented in two parts. There are currently four functions within the office of the Vice President of Administration: Director of Human Resources; Associate Vice President for External
Relations; Director of Capital Improvements; and Director of Information Technology Services. The reorganization will elevate the Director of Capital Improvements to an Associate Vice President, to improve recruiting for that position. The Director of Information Technology Services will be taken out of the Vice President of Administration to become a Vice President for Information Technology and Chief Information Officer, because of the importance of information technology in the System. These changes will reduce the scope of responsibilities of the Vice President of Administration to allow him more time to oversee capital improvement projects and public/private partnerships.

Per Board suggestion, the University General Counsel will report directly to the Board as well as to the President, and the Board Secretary will report indirectly to the President ("dotted line") and directly to the Board.

Regent Dahilig moved to approve the reorganization, seconded by Regent Bender.

President McClain responded to UHPA Executive Director J.N. Musto’s concerns about the reorganization. Dr. Musto’s first observation was that multiple reporting lines lead to ambiguity and lack of accountability. The President indicated that while he agreed in principle, the proposal makes sense in the particular circumstances.

Regarding the dual reporting of the Community College Chancellors to both the President and the Vice President, the President said that this allows Chancellors to have access to both the President as well as the Vice President. The President indicated that the current structure works, and he and Vice President Morton will continue to evaluate this arrangement.

Dr. Musto said that the System administration should focus on statewide functions and policy formation. President McClain agreed, and indicated that the challenges he has faced was working with a succession of different Mānoa chancellors, each of whom had different ideas on the appropriate level of resources between the system and Mānoa. He will discuss this with the new chancellor.

Another issue cited by Dr. Musto was that the Vice Presidents for Research and Student Affairs remain unresolved. President McClain indicated that he will continue to work on this.

Dr. Musto recommended that the Vice President for Information be eliminated and replaced with the Vice President for Human Resources. The President disagreed, saying that an office for information technology is needed that has the breadth of responsibility that the Vice President for Administration has.

Dr. Musto said that a director of capital improvements should be under the Vice President for Budget and Finance. President McClain again disagreed, indicating that the management of capital improvements requires expertise represented in Vice President Sam Callejo.
Dr. Musto also argued for an internal and independent voice for the Regents to hear, especially when differences or difficulties arise between the President and the Regents. President McClain felt that the Board has the counsel of the General Counsel via the solid reporting line. He said that the General Counsel as well as the Board Secretary have a primary relationship with the Board, and the President’s relationship is secondary.

Dr. Bender commented that the President, as he envisions the Board, is now the chief executive officer of the Board.

President McClain responded that there are various systems. The Kansas system has an executive secretary or chief executive of the Board of Regents, and there are campus heads, and each head reports directly to the Board. This is called a coordinating board, and about two-thirds of the states have coordinating boards. Hawai’i, by contrast, has a governing board. The issue for the Board is whether it wants to have a direct reporting relationship to the Vice President for Community Colleges and the Chancellors of the baccalaureate campuses (“coordinating board”) or a direct relationship to the President (“governing board”).

The President said that there are certain functions in common between his office and the Board’s office, which could be brought closer together.

The President also observed that there are too many people at the System level. Many of them could be moved to the campuses, particularly Mānoa, especially in areas of human resources and external relations.

Regents Lagareta and Landon indicated their satisfaction with the present system of a governing board and system president.

President McClain added that Dr. Musto was correct that student affairs needs to be evaluated. That System office has four staff; does it need a vice president? The Student Caucus in December supported eliminating the Vice President. The Caucus is rethinking this. The President is awaiting their decision.

Regent Tanaka asked for clarification on evaluation and job security for the General Counsel. President McClain responded that evaluation would be done by both the Board and the President. In situations of conflict between the Board and the President, the General Counsel works for the Board, and outside counsel would be secured for the President.

Regent Hapai commented that in previous discussions, the Board indicated it should specify the responsibilities of the General Counsel to the Board and to the President. Chair Lagareta indicated that the Board will pursue this, adding that the right people must be put in the right positions, that you have to address the real problems and not create mechanisms to surround or fence in a bad relationship.
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Regent Tatibouet added that the problem in the past was that the general counsel felt loyalty to one party and not the other.

General Counsel Lendio said that the General Counsel is bound by ethical codes of conduct as an attorney, and in a conflict of interest, the General Counsel will make a determination if he/she can appropriately represent either party. Depending on the issue, the General Counsel will determine whether to retain outside counsel for either or both.

Regent Albano asked if the Associate Vice President for Capital Improvements will be more involved with public/private partnerships than in the past. President McClain affirmed. Regent Albano said that someone needs to be in charge of repair and maintenance and overseeing a long-term financial plan to catch up on deferred maintenance and to schedule regular replacements.

President McClain explained that the University has a plan. The issue is that the rate of funding cannot keep up with actual costs.

Vice President Callejo said that Senator Norman Sakamoto indicated that he could appropriate to the University $68 million a year for three years to catch up. In anticipation of this funding, the University is preparing plans to hire additional staff.

Regent Albano advised that the University needs to also look at repair and some renovation, as opposed to regular deferred maintenance. Vice President Callejo responded that the facilities managers have come up with a minor CIP to cover that. Currently, the number one priority is health and safety; number two is deferred maintenance; and infrastructure, normally about numbers four to six. Another category is needed, a line item for minor CIP renovations, such as upgrading labs, that are not part of normal deferred maintenance.

President McClain said that Regent Albano is suggesting that the chancellors need to find that money from their campuses rather than relying on the Legislature.

Upon a call for the motion, the reorganization was unanimously approved.

Retitling and Amendment of Executive Class, Chief Information Officer, Part II

President McClain requested approval to retitle and amend the executive class Chief Information Officer to Vice President for Information Technology and Chief Information Officer, consistent with the elevation of Information Technology Services to a stand-alone office reporting directly to the President.

Regent Tanaka moved, seconded by Regent Albano. The motion was unanimously approved.
RECESS

Regent Tatibouet moved to recess the meeting until 9:00 a.m. Friday, March 16, 2007. Upon second, the motion was unanimously approved. The meeting was recessed at 5:36 p.m.

CALL TO ORDER

The meeting was called to order on Friday, March 16, 2007, at 9:15 a.m. [Regents Landon and Tatibouet were excused.]

Hawai‘i Community College Chancellor Rockne Freitas shared a special DVD presentation produced by the College’s faculty, staff, and students on what the College has meant to them, themed on “One Island, One Heart.”

Chancellor Freitas also asked the Board to welcome home Maria Andaya, who was instrumental in producing the DVD, and who returned from her second tour of duty in Iraq.

Chancellor Freitas commented that the College was very pleased with and continued to nurture and refine its wonderful relationship with UH Hilo, and thanked Chancellor Rose Tseng and her staff for partnering to provide education to the Big Island.

Chair Lagareta thanked Chancellor Freitas for the phenomenal dinner and entertainment. The Board appreciated seeing learning outcomes and the results of their prior Board decisions, in the form of the hula presentation by Hawai‘i Community College’s Hawaiian Lifestyles program.

IX. NEXT MEETING

Chair Lagareta announced that the next meeting of the Board is April 13th at Kapi‘olani Community College.

X. ADJOURNMENT

Regent Dahilig moved to adjourn, seconded by Regent Albano. The motion was unanimously approved. The meeting was adjourned at 9:45 a.m.

Respectfully Submitted,

Presley Pang, Esq.
Interim Executive Administrator
and Secretary of the Board