MINUTES
UNIVERSITY OF HAWAI’I BOARD OF REGENTS’ MEETING
May 29, 2008

I. CALL TO ORDER

Chairperson Allan R. Landon called the meeting to order at 9:14 a.m. on Thursday, May 29, 2008, at Hale Kalaniana‘ole, Department of Hawaiian Home Lands, 91-5420 Kapolei Parkway, Kapolei, Hawai‘i 96707. On behalf of the Regents, Chair Landon thanked Department of Hawaiian Home Lands (DHHL) Chairman Micah Kāne for hosting the Board at the newly-constructed DHHL meeting room.

Regents in attendance: Chair Allan Landon; Vice Chair Andres Albano, Jr.; Byron Bender, Ph.D.; Michael Dahilig; Ramón de la Peña, Ph.D.; Marlene Hapai, Ph.D.; James Haynes III; Kitty Lagareta; and Ronald K. Migita, who arrived at 12 noon. Excused: Jane Tatibouet.

Others in attendance: President David McClain, Ph.D.; Vice President for Academic Planning & Policy Linda Johnsrud, Ph.D.; Vice President for Administration Sam Callejo; Vice President for Budget & Finance/Chief Financial Officer Howard Todo; Vice President for Community Colleges John Morton, Ph.D.; Vice President for Legal Affairs and University General Counsel Darolyn Lendio, Esq.; Vice President for Research Jim Gaines, Ph.D.; Vice President for Information Technology Services/Chief Information Officer David Lassner, Ph.D.; Interim Associate Vice President for Student Affairs Karen Lee; Interim Executive Administrator and Secretary of the Board Presley Pang, Esq.; and others as noted.

II. REPORT OF THE PRESIDENT

President David McClain invited Micah Kāne, Chairman of the Department of Hawaiian Home Lands (DHHL) to update the Board on the development of Hawaiian home lands throughout the state. Mr. Kāne said that they are on their second round of their strategic plan, which has four goals: 1) Increase development by about a thousand housing units per year; 2) Provide home ownership tools; 3) Improve internal operations; and 4) Economic self-sufficiency. Mr. Kāne also described DHHL development plans in Kapolei.

III. APPROVAL OF MEETING MINUTES

As moved by Regent Lagareta and seconded by Regent de la Peña, the minutes of the meetings of February 15, 2008, and March 13, 2008 were unanimously approved.
IV. PUBLIC COMMENT

Written testimonies were received in the Board office from the following:

1. J.N. Musto, pertaining to disclosure of executive salaries.
2. Resolution from the UH Mānoa Faculty Senate supporting the Master of Finance in Financial Engineering.
3. UH Hilo groups in support of a new student activity fee at the Hilo campus.
4. A failed Senate Resolution 20-08 of the UH Mānoa Associated Students of the UH in support of the incremental increase of the student health fee.
5. Petition with 118 names in support of an increase in the student health fee.

Oral testimonies were given by:

1. Chris Niemczyk, who described his positive experiences with the University Health Services.
2. Shawncie Matsuoka, who said that the UHM health fee increase could extend operational hours of the center, as well as potentially increase health care access to uninsured students.
3. Mark LePape, who indicated that the graduate students support the UHM health fee increase.
4. Dawn Baxter, representing the Student Health Advisory Council for UH Mānoa, said that the University Health Services provides affordable health, and the fee increase will benefit the students. In response to Regent Hapai’s query as to how many students use the Health Services, Ms. Baxter said that statistics on actual usage isn’t helpful since so much educational outreach is done.
5. Lani Thur-fine spoke in support of the UH Hilo student activity fee.
6. Jonathon Koch spoke in support of the UH Hilo student activity fee.
7. Lehuanani Waipa Ani spoke in support of the UH Hilo student activity fee, and described the history and development of the Student Life Center.
8. J.N. Musto, Executive Director of the UH Professional Assembly, addressed the issue of disclosure of executive salaries prior to Board approval. He stated that the public has a right to know the details on an action prior to Board approval in order to formulate good public testimony in response. President McClain responded that state law allows personnel the option to disclose or withhold their salary. The statute must be amended to disallow this option. Dr. Musto agreed, and said that he is attempting to amend the statute during this legislative session. Chair Landon explained that the Board is attempting to be more forthcoming about disclosure of salaries; however, because of the current law, the individuals concerned were asked if they would disclose their salaries—some did, while others didn’t. Dr. Musto expressed his appreciation for this change in policy. He said that the waiver of the return of service obligation following a professional improvement leave does not serve a public purpose.
9. Gary Yoshioka, Vice President and General Manager of Pepsi Bottling Group, asked the Board to consider a proposal that he presented to the Board at this meeting. He also requested that the University’s Procurement Office re-evaluate its recommendation of a Coca Cola concession offer.

V. REPORT OF THE PRESIDENT (cont.)

President McClain asked for a moment of silence in memory of Hubert Everly, former dean of the College of Education, who passed away on May 16th, 2008. In his honor, Wist Annex II was renamed Everly Hall in 2006.

President McClain invited Tammi Chun, Executive Director of the P-20 Initiative, to update the Board on the new high school diploma. Ms. Chun reported that the Board of Education increased the rigor of the BOE recognition diploma, applying it to the Class of 2013. She added that the Board of Education has expressed its excitement over the level of cooperation between the University and the BOE to improve education in Hawai‘i by addressing systemic educational issues.

Stephanie Kim, Director of Government Relations, updated the Board on legislation affecting the University. The office tracked over 430 bills, approximately 90 resolutions, and 20 governor’s messages. The University submitted over 230 testimonies on bills and 61 resolutions.

Four BOR proposals that were approved at the September 2007 Board meeting have become law:

Act 84, which increases the sources of revenue to support the Cancer Research Center.

Act 106, which authorizes transfer of UH funds (except general funds and UH tuition and fees special funds) into the UH Commercial Enterprises Revolving Fund to finance establishment of new commercial enterprises.

Act 37, which limits UH’s duty to preaudit all proposed payments to those amounting to $10,000 or more.

Act 23, which allows a master’s degree candidate in nursing who has completed the pre-licensure component of the program to apply for a license by exam to practice as a registered nurse.

Financially, the University requested $30.6 million, received $7.4 million, which was reduced by legislative action to $2.6 million (net), for operating revenues. For capital improvements, $365 million was requested; $137 was received, including add-ons by the Legislature.

President McClain reported that the total number of students receiving a diploma or certificate this spring was close to 7,000. In combination with the fall recipients, the University system awards close to 10,000 diplomas/certificates a year.
The University’s Food Bank drive is nearing its goal of 16,000 pounds (15,400 so far) and exceeded the $50,000 goal ($56,000 so far).

President McClain reported on the following:

- Astronomer Nicholas Kaiser has been elected a fellow of the British Royal Society, one of the oldest scientific societies in the world, whose early presidents include Christopher Wren, Samuel Pepys, and Isaac Newton.
- The Castle Foundation has donated $1.2 million to fund the P3 aspect of the P20 Initiative.
- UH Hilo Chancellor Rose Tseng has opened the second phase of the North Hawai‘i Education and Research Center in Honoka‘a.
- Leeward Community College announced a new transfer agreement with UH West O‘ahu and UH Mānoa for teacher education.
- Windward Community College and Starbucks have championed literacy through a young poet’s contest.
- Maui Community College received a computer donation from IBM.
- Hawai‘i Community College’s middle college program won a number of awards this spring, including the Community College System World Community Building Award.
- Hawai‘i Community College won a statewide video competition for their public service announcement sponsored by the Hawai‘i Civil Rights Commission and PBS.

Regent Lagareta commented that the Office of Information Practices had informed the University that the Board is used as an example of an organization that tries to be as transparent as possible, in compliance with the Sunshine Law. In regards to the Sugar Bowl staff travel list, she urged campuses to be as transparent as the Board has been.

UH Mānoa Chancellor Virginia Hinshaw explained that they are still working on the final costs, and have released names except for those redacted at the request of HGEA.

Regent Lagareta questioned the time taken to gather and release the information. She felt that a redacted list gives the appearance that people can buy their way out of disclosure. She was concerned about the length of time it took to assemble the list. She gave an example of a plane crash, where a list of passengers would be released in 24 hours. She said that allowing people the opportunity to buy their way off the list taints the entire University. She said that at this point, it isn’t about who went and who didn’t, but about the openness of the information.
Vice Chair Albano, on behalf of the Board, read a resolution recognizing the achievements of various athletic teams, as follows:

Whereas, our University fully supports participation in all levels of athletic competition as an integral component of the educational experience at the University; and

Whereas, our athletic teams have competed with distinction and success this past year and have brought honor and recognition to our University; and

Whereas, among the many achievements:

Our UH Hilo Vulcan Athletic Program was awarded the first PacWest Conference “Commissioner’s Cup” as the outstanding Athletic Program in the Pacific West Conference for the 2007-2008 academic year.

The Mānoa Women’s Cross Country team was selected by the U.S. Track and Field and Cross Country Coaches Association as an all-academic team with a cumulative grade point average of 3.25.

The UH Hilo Women’s Volleyball team won the PacWest Conference by going undefeated in conference play.

The UH Mānoa Men’s Tennis won the WAC title, its head coach was honored as WAC Coach of the Year, and the team made its first appearance in a 64-team NCAA tournament format.

The Hilo Vulcan Women’s Cross Country team repeated as champion of the PacWest.

The UH Mānoa Women’s Softball team received an at-large bid to the NCAA tournament.

The Hilo Women’s Soccer Team contended for the Conference Crown and finished in third place, while the Men’s team also finished third in the conference and was undefeated at home games.

The Rainbow Wahine Outdoor Track & Field qualified a record 10 athletes to the NCAA regionals.

The Hilo Vulcan’s Men’s Golf team won the PacWest Crown on the last day of the competition.

The UH Mānoa Swimming & Diving had a 2nd place finisher in the NCAA Men’s 1-meter diving, and a 1st place finisher in the NCAA Women’s 1-meter diving.

Four members of the UH Women’s Water Polo were selected to the 2008 All-Mountain Pacific Sports Federation Teams, and the team finished 4th in the MPSF championships.

Also enjoying outstanding achievement were the UH Cheer Squad, which has placed in the top ten for the past 5 years; the Women’s Sailing team,
which made its 9th appearance at national competition in the last 11 years; UH Hilo Men’s and Women’s Basketball teams, Hilo Men’s Cross Country, and Hilo Women’s Tennis and Softball teams; UH Mānoa’s Coed Sailing team; Mānoa Wahine Volleyball team, which, by winning the WAC tournament, won its 15th straight bid to the NCAA Tournament, and the Mānoa Wahine Soccer team which set single season records for wins, goals, and shutouts and made its inaugural appearance at the NCAA championship tournament.

And the Warrior Football team, which prevailed in every game during regular season, won the Western Athletic Conference championship outright, and played at the Sugar Bowl Classic on January 1, 2008.

Therefore, Be It Resolved that the Board of Regents recognizes all of our athletes on their personal commitment to excel and compete with honor and distinction; we congratulate the teams on their outstanding success; and we further express our deep appreciation to the coaches and the staff of the athletic departments of the Hilo and Mānoa campuses for their encouragement, leadership, and tireless support of our student athletes.

Resolved this 29th day of May, 2008.

Upon motion by Regent Albano and seconded by Regent Lagareta, the Board unanimously congratulated the student athletes and staff.

**V. REPORT ON THE ASSOCIATION OF GOVERNING BOARDS (AGB) CONFERENCE**

Vice Chair Albano reported on the conference proceedings, which was held in Boston on April 12-15, 2008. Topics concerned the soft economic environment, and the problems related to accountability, transparency, attainment or production, cost, and political issues. Vice Chair Albano shared the following:

**Athletics**

The AGB issued a statement on intercollegiate athletics, advising that boards should review and approve the athletics budget as part of the institution’s regular budget process; boards should insist on an institutional culture that integrates student athletes into the campus mainstream, as well as an athletics department culture that promotes academic achievement; boards should request accurate, appropriate, and unfiltered data be provided regularly and in a timely manner on such subjects or topics as admissions, academic achievement, graduation rates, finances, and athletic conference matters.

There are pros and cons over whether boards should have a committee on athletics.
Based on studies by the NCAA, only six schools in Division I have been self-sufficient in the last 5 years.

Increase in spending did not result in an increase in wins and did not increase revenues.

The amount of institutional subsidy to athletics should be determined by the value of athletics to the institution.

The growth rate of the athletics department should not exceed the growth rate of the institution’s budget.

Endowments

A study of 767 institutions with $341.3 billion in assets found the smallest fund at under $10 million, the largest at over $10 billion.

The total average returns for a midsize fund like the UH’s are between $51 and $100 million. The average total returns were: 5 years at 11.3%; UH was at 10.8%. Three years return was 12.5%; UH was at 9.2%. Latest one-year return was 17.1%; UH is at 11%. The major difference appears to be with asset allocations. For example, the average mid-size fund has 18% of its fund in alternative strategies asset mix (private equity, venture capital, equity real estate, and hedge funds), while UH has no allocations for this asset.

If Congress mandates a minimum of 5% spending level and assuming inflation is at 3.5%, assuming a 1.5% management cost, the University would need a minimum of 10% just to keep the value of our endowments funds constant. The Board decided a few meetings ago to review our investment policy. Vice Chair Albano suggested that the Board consider transferring some or all of these funds to the Foundation.

State Support for Higher Education

New Jersey has embarked on a campaign to develop a response to funding, access, and accountability.

The president of the State Higher Education Executive Officers views the public debate about education and money as dominated by three wrong ideas: there is a right amount—we can create a perfect formula; the only way to get improved performance is to spend more money; and we can get the results we need without spending more money. Instead, he proposes focusing on three right questions: what does the public need from higher education; what can higher education do better with the money we have now; and will strategic investment help us to get the results we need.

The executive director of the Delta Cost Project analyzed data on how universities spend money, and concluded that spending in higher education is increasing, but more spending doesn’t seem to be translating into better performance.
A program developed by the South Dakota Board of Regents includes their state legislature and the administration in the adoption of a common agenda.

**IRS Form 990**

The old form was 2 pages. The new form is 11 pages. The old form was primarily a financial reporting document. The new form requires information on the governance processes of the organization, its compensation mechanisms, and its operating policies.

Vice Chair Albano concluded his report by indicating that the next AGB conference is April 18-22, 2009 in San Diego, and recommended that all Regents attend.

Regent Lagareta commented that a clear explanation of the conflict of interest policy should be made available publicly, as there seems to be a misunderstanding by the public that recusal avoids a conflict.

Chair Landon concurred that being involved and knowledgeable is not a bad attribute for a regent, but self-dealing is.

An article in the *Ka Leo* misinterpreted conflict of interest. The University General Counsel wrote to *Ka Leo* to clarify the matter, but to date, *Ka Leo* has not responded.

**VI. REPORT OF THE UNIVERSITY OF HAWAI’I FOUNDATION**

Foundation President Donna Vuchinich reported on the Distinguished Alumni dinner, and thanked both President McClain and Chair Landon for their participation and support. The dinner, in recognition of the centennial, was attended by about 500. All distinguished alumni were honored. The Alumni Association presented a check for $35,000 for their endowed scholarship. The Foundation will begin a program of scholarships to families of alumni.

President Vuchinich informed the Board that the Foundation has reached 87% of its goal, having received $217 million to date, and provided a detailed summary of activity.

Regent Lagareta commented that the Shidler gift has generated much matching support. President Vuchinich responded that Mr. Shidler has been a role model for other donors.

**VII. ITEMS FOR BOARD ACTION**

**Amendments to BOR Policies**

Six proposals to amend various Board policies, bylaws, and public Hawai’i Administrative Rules were combined into one motion, moved by Regent Lagareta and seconded by Regent de la Peña.

The amendments are to BOR Policy:
1. Chapter 6, to establish a new student activity fee at UH Hilo;
2. Chapter 6, to increase the student health fee, UH Mānoa;
3. Chapter 8, to adjust admission fees and charges to athletic events, UH Mānoa;
4. Chapter 9, to adjust the supplemental compensation schedule for all coaches and designated classes, UH Mānoa;
5. Chapter 5, to revise the research management group;
6. BOR Bylaws, Article II.D, to revise the Committees of the Board.
7. Amend Chapter 20-12-18, Hawai‘i Administrative Rules Governing Schedule of Penalties for Disabled Parking Violations, UH Hilo, to be in compliance with State and city/county regulations.

Regent Hapai expressed her concern that the proposal for a UH Hilo student activity fee is not based on credit load. UH Hilo Chancellor Rose Tseng responded that the students support this fee, regardless of credit load, since the fee allows any registered student to utilize the student center. Vice Chancellor for Students LuoLuo Hong explained that the intent was to keep the fee low, so it was distributed over a larger population; and that the fee reflects the minimal level of usage. Although not all students would use the student center, the services provided at the center benefits the entire campus community, warranting the fee to all students. Regent Hapai felt that the issue of credit load needs further thought.

Regent Dahilig questioned that, since the center is servicing only 4,000 students, is the fee prohibitive to students wanting to take non-credit classes. He felt that the fee is a reasonable assessment for a facility that will transform the culture of the campus.

The motion to approve all amendments was unanimous, with Regent Dahilig voting “Yes, with reservation” on the UH Mānoa student health fee increase.

**Approval of a Master’s of Financial Engineering Degree, UH Mānoa Shidler College of Business**

Dean Vance Roley explained that the program will prepare students to address the needs of banking, insurance, risk management, and investments. It is a 30-credit program over 12 months, partnering with the Mathematics and Information and Computer Science Departments, as well as with the Engineering and Ocean and Earth Sciences Schools. It is a highly technical degree, studying new financial instruments and markets.

There has been a tremendous growth in complex financial structures, resulting in a tremendous need for graduates who understand today’s very complex markets.
Regarding the program budget, Dean Roley said that the goal is to be self-sustaining through its tuition revenue after three years. The College has a donor willing to invest $3 million to start the program in fall 2009. There is also significant scholarship support. The plan is to subsidize the program with the donation for the first three years with about 35 students. After four years, if the program is no longer self-sustaining, it will be stopped.

Regent Lagareta asked why, in 2003, a master’s program in finance was never implemented. President McClain responded that the concern was how the faculty would be paid, and the faculty senate committee decided to hold the implementation.

In response to Regent Lagareta’s request for further clarification, it was explained that the student they would attract would probably be an undergraduate in perhaps physics with advanced technical skills in numbers and modeling. The student will be modeling behavior of financial security prices and returns on the basis of different outcomes.

Upon motion by Regent Dahilig and second by Regent de la Peña, the Master’s in Financial Engineering was unanimously approved. Chair Landon also voted in favor, but expressed reservations.

Approval of a Service Order to the Research Corp. of the UH for Equipment Purchase for the Advanced Technology Research Center, Institute for Astronomy

Karen Ehrhorn, Director of Administrative Services for the Institute for Astronomy, requested approval to service order remaining CIP funds for the Advanced Technology and Resource Center on Maui to go to RCUH to complete the equipping of the facility within the next year.

Upon motion by Regent Lagareta and second by Regent Haynes, the motion was unanimously approved, with reservations by Chair Landon concerning this method to encumber funds by transferring the funds to RCUH.

Approval of Extension of Lease Agreement for Temporary Space at Dole Office Building for Library Services

Interim University Librarian Paula Mochida explained that an extension of a lease agreement is required, due to a revised completion date of Hamilton Library’s ground floor construction. The lease is for temporary storage space of documents that were housed in Hamilton’s ground floor that was damaged by flooding. The six months extension would cost about $53,497.

Upon motion by Regent Lagareta and second by Regent Bender, the extension of the lease agreement was unanimously approved.

Approval of the Accrediting Commission for Community and Junior Colleges (ACCJC) Accreditation Progress Report for Honolulu Community College
Vice President for Community Colleges John Morton said that the ACCJC, the accrediting agency for community colleges, is required to submit a progress report on three recommendations, followed by a site visit, for Honolulu Community College. Dr. Morton requested Board approval of that report.

Upon motion by Regent Hapai and second by Regent Haynes, the motion to approve the report was unanimous.

**Approval of West Hawai‘i Campus Lease Agreements for Hawai‘i Community College**

Hawai‘i Community College Chancellor Rockne Freitas requested approval to: (1) amend an existing lease with the Bansemer Trust; (2) amend an existing lease with the Limberg Trust; and (3) enter a new lease with Hawaiian State Enterprises, Ltd. These amendments and new lease would allow West Hawai‘i Center to continue operating at its current location in Kealakekua for up to June 2012, if necessary. The rents are within the market range, and the increases are below inflation rates.

Upon motion by Regent Dahilig and second by Regent Haynes, the two amended leases and the new lease were unanimously approved.

**Approval of a Certificate of Achievement in Hotel/Restaurant Operations at Kapi‘olani Community College**

Kapi‘olani Community College Interim Vice Chancellor for Academic Affairs Louise Pagotta explained that the program is a two-semester certificate which provides an intermediate step between a certificate of completion and an associate degree. This allows students to complete a certificate, move into the workforce, and return to complete the associate degree. All of the courses and faculty are existing, and the program requires 34 credits.

Upon approval by Regent Dahilig and second by Regent Bender, the Certificate of Achievement was unanimously approved.

**Approval of a Service Order to RCUH for Equipment and Furniture for UH Hilo’s Science and Technology Building**

Brian Minaai, Director of Capital Improvements, requested approval to service order remaining CIP funds for equipment needed later during construction.

Upon motion by Regent Hapai and second by Regent de la Peña, the motion was unanimously approved, with reservations from Chair Landon regarding service ordering to RCUH as a means to encumber funds.

Regent Lagareta commented that the process of transferring funds to RCUH for encumbrances purposes needs further discussion. Chair Landon agreed that a more direct method needs to be developed, but within procurement regulations. President McClain noted that this current process has been found to be the best way available within the law.
Approval of Donor Recognition and Naming for the Clarence T.C. Ching Athletics Complex

UH Mānoa Chancellor Virginia Hinshaw announced that the Clarence T.C. Ching Foundation has donated $5 million to improve the athletic facilities. The total cost of the project is $9.7 million, and the balance will be raised through donations.

Vice Chair Albano noted that the Board’s Task Group on Public/Private Partnerships reviewed this request and has no objections.

Upon motion by Regent Lagareta and second by Regent Haynes, the donor recognition and naming was unanimously approved.

EXECUTIVE SESSION

The meeting was recessed for lunch at 12:20 p.m. Upon motion by Regent Haynes and second by Regent Dahilig, it was unanimously approved that the Board enter into executive session pursuant to HRS §92-5(a)(7) to discuss matters relating to the solicitation and acceptance of private donations; and HRS §92-5(a)(2) to discuss personnel actions. Upon completion of its executive session, the public meeting resumed at 3:18 p.m.

VII. ITEMS FOR BOARD ACTION (cont.)


Vice President for Finance and Chief Financial Officer Howard Todo explained that the Board had previously approved the financial statements. The Board is now receiving the results of the overall audit procedure for the year as well as a management letter. This was previously presented to the Board’s Committee on University Audits, which is recommending acceptance.

Cory Kubota of Accuity, the external auditor, said that what are submitted are the final documents for all work completed by Accuity for FY 2007, which covers the University’s consolidated financial statements, the financial audit of the bond system, and the financial audit and agreed-upon procedures for UHM’s Intercollegiate Athletics Department. Accuity has reviewed the University’s corrective action plan and responses to their comments, and is in agreement with them.

Regent Haynes moved to accept the auditor’s report, seconded by Regent Dahilig. The acceptance of the report was unanimously approved.

Approval of the Internal Audit Plan

Board Secretary Presley Pang, as Interim Director of the Internal Audit Office, responded to Regent Lagareta’s question on how programs are selected
for auditing. The Administration proposes which programs should be audited. There are also programs that are required to be audited, such as ASUH, whose charter requires an audit every third year.

The proposed internal audit plan for FY 08-09 calls for 3 discretionary external audits: a management audit of UHM’s Intercollegiate Athletics Dept.; a financial statement audit of the UH Press; and a management audit of the School of Travel Industry Management, in anticipation of a prospective change in leadership.

Chair Landon indicated that he would vote “No” on this item because the University needs to do a better job of internal auditing. The Internal Audit Office needs more staff to do more audits.

Regent Haynes moved to accept the internal audit plan for FY 2009, seconded by Regent Lagareta. The motion was approved, with reservations by Chair Landon as to the types and number of internally conducted audits.

Approval of Tenure and Promotion

Regent Migita, chair of the Board’s Committee on Personnel Affairs, reported that the Committee met earlier and reviewed the recommendations for tenure and promotion, and recommends approval by the full Board.

Regent Migita moved, seconded by Regent de la Peña. The approval of tenure and promotion was unanimously approved.

New Regent Orientation Proposed Agenda

Chair Landon explained that because several new regents will be joining the Board on July 1st, he wanted the Board to review proposed topics for a new regent orientation. He stressed importance of the finance area, as well as conflict of interest.

Regent Haynes moved to approve the proposed agenda, seconded by Regent de la Peña. The motion was unanimously approved.

Chair Landon indicated that the proposed agenda will be open-ended and a baseline for further modification.

Approval of CIP and R&M Project Contracts for FY 07-08

Regent Dahilig recused himself from this item.

Brian Minaai, Director of Capital Improvements, requested Board approval and authorization to enter into professional service and construction contracts for various CIP and R&M projects which he presented. There are four design contracts totaling almost $7 million, and four construction contracts totaling almost $45.3 million.

Chair Landon noted an existing contract with a third-party project management firm funded by general obligation bonds. He asked if it was normal
to use bonded indebtedness to fund ongoing operations. Director Minaai responded that, although this has been approved in the past, it is not a normal procedure. He said that the Legislature could appropriate general funds for this type of work, but considering the financial condition of the State, many projects are funded through general obligation bonds.

Regent Migita moved, seconded by Regent Haynes. The motion was unanimously approved, with reservations by Chair Landon regarding the use of bond proceeds to fund operations.

Regent Dahilig returned to the meeting.

VIII. REPORT ON GIFTS, GRANTS AND APPROVAL OF CONTRACTS AND INDEMNITIES

Vice President for Research Jim Gaines reported that $17.3 million was received in January, $12.7 million in February, and $33.4 million in March of 2008. He said that for this time of the year, we are about $17 million ahead of last year.

Upon motion by Regent Lagareta and second by Regent Albano, the contracts were unanimously approved.

Vice President Gaines requested approval of three indemnification provisions, two for NASA and one for the UH Foundation. The Office of General Counsel as well as Risk Management have reviewed these and found either no risk or such a small risk that they are recommending approval.

Upon motion by Regent Hapai and second by Regent de la Peña, the three indemnifications were unanimously approved.

President McClain requested approval of a contract to provide exclusive beverage pouring and vending rights for the UH Mānoa campus with the Coca-Cola Bottling Company. The projected return is $3.184 million over 7 years, beginning July 1, 2008.

Upon motion by Regent Haynes and second by Regent de la Peña, the contract with Coca-Cola was unanimously approved, with reservations by Regents Migita and Dahilig.

IX. APPROVAL OF 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 (ATTACHMENT B)

President McClain noted that page 13 of Attachment B should have the words “waiver of return of service obligation” removed.
He requested approval of executive appointments and an emeritus appointment.

Upon motion by Regent Lagareta and second by Regent Dahilig, the motion was unanimously approved to appoint: Manuel Cabral as Chancellor of Leeward Community College; Helen Cox as Chancellor of Kaua‘i Community College; and Michael Rota as Interim Chancellor of Honolulu Community College. Through this action, the Board approved an incentive early retirement for Ramsey Pederson, and granted a professional improvement leave to UH Hilo Chancellor Rose Tseng and accepted her decision to step down as Chancellor effective December 31, 2009.

President McClain commented that Chancellor Tseng has transformed her campus and the community since 1998. She has laid the foundation for a successful campus expansion and service to the community for years to come. The President, on behalf of the Administration, congratulated Chancellor Tseng on her service to date, and acknowledge with respect her decision to step down.

Chair Landon expressed his appreciation to Chancellor Tseng for allowing her plans to be public so far in advance. It affords the campus time to select her successor. She has accomplished a great deal, so there should be no misunderstanding about a retroactive salary. She is being compensated for leaving her campus at a certain level according to comparable institutions across the country.

IV. REPORT OF THE PRESIDENT (cont.)

Vice President for Academic Planning and Policy Linda Johnsrud shared a publication entitled *Serving the State of Hawai‘i*, dated May 2008, which describes the five strategic outcomes and the performance measures to achieve those outcomes for the period 2008-2015.

Chair Landon indicated that the March 2008 minutes should reflect David Hafner’s caution whether we could continue to afford to maintain and support all of the facilities that we have constructed.

VII. ITEMS FOR BOARD ACTION (cont.)

Response to Legislative Resolutions

Stephanie Kim reviewed the resolutions directly affecting the University:

- SCR 70: the Legislative Reference Bureau to study a sports and entertainment management degree program with the UH.
- HCR 116: CTAHR and UHM’s Agricultural Diagnostic Service Center to survey the information needs of Hawai‘i’s agriculture industry and assess whether Hawai‘i Agriculture Information Center can meet those needs.
• HCR 260: UH Hilo to review programs developed by the Kulani Correctional Facility that would aid in the revitalization of state agriculture and provide workforce reentry and job training for inmates.

• HCR 357: CTAHR to study the feasibility of constructing a multi-purpose, multi-user processing facility in Ewa for production of value-added products that utilize locally grown agricultural products.

• SCR 92: Statewide task force, including a designee of the UH President, to develop policy recommendations regarding universal match savings accounts for newborns, statewide standards for financial and economic education and public and private sector employees.

• SCR 118: UHM’s College of Social Sciences’ Public Policy Center, with the DOE, to propose areas for improved DOE communication to the public and increase transparency about its spending and expenditures.

• HCR 138: JABSOM to form a task force to explore the feasibility of further implementation of the telemedicine system’s health care services.

• HCR 226: JABSOM to conduct a survey of current and prospective students to examine and develop a plan to address rural health professional shortage areas in the state.

• SCR 120: UHM’s Philippine Language and Literature Program and the Student Excellence, Equity and Diversity Office to develop a plan to offer Philippine language courses and teacher training workshops.

• HCR 358: Task force of the Dept. of Commerce and Consumer Affairs, which includes the President’s designee, to solicit public input and examine methods other than the public procurement code process to oversee expenditures and ensure proper checks and balances.

In response to Regent Lagareta’s question, Ms. Kim said that funding is not provided to implement these resolutions. President McClain requested that Ms. Kim, with the assistance of Vice President Howard Todo, provide an estimate of the cost to comply with the resolutions.

**Quarterly Financial Status Report (information only)**

Vice President Todo reported that for the quarter ending in December 31, 2007, the University is on strong financial footing. In response to Chair Landon’s question about the future, Vice President Todo said that we rely heavily on the Legislature, and with the economy slowing, we need to be cautious about possible restrictions. President McClain said that discussions are ensuing among the campuses on how to deal with funding reductions.
Update on Construction Projects/Funding (information only)

Brian Minaai, Director of Capital Improvements, reviewed the various projects:

- A new classroom building on the UHM campus: Cost to be determined; $7.8 million appropriated.
- Law School renovation: $69 million cost estimate; $500,000 appropriated.
- West Hawai‘i Ed Center: $32 million cost estimate; $2 million appropriated.
- UHM Information Tech Center: $61 million cost estimate; $5 million appropriated.
- UHM Campus Center renovation: $43.8 million cost estimate; $43.8 appropriated.
- Regional Biocontainment Lab: $47.5 million cost estimate: $47.5 million appropriated, primarily federal funds.
- UHM performing arts facility: $66.8 million cost estimate: $2 million appropriated.
- UH Hilo Hawaiian Language building: $22 million cost estimate; $2 million appropriated.
- Kapi‘olani CC’s Culinary Institute of the Pacific: $20.156 million cost estimate; $3.2 million appropriated; private funding being sought.
- Leeward CC’s social science facility: $24.5 million cost estimate; $1.3 million appropriated.
- Maui CC science facility: $41 million cost estimate; $28.7 million appropriated.
- Windward CC library and learning center: $46 million cost estimate; $44.5 million appropriated.

Six construction projects currently under way:

- UHM’s Frear Hall: $71 million; estimated completion late July 2008.
- UHM’s Komohana agricultural complex in Hilo: $15 million; estimated completion August 2008.
- UHH’s Student Life Center, Phase 1: $20.86 million; estimated completion August 2008.
- UHH’s science and technology facility: $28.5 million; estimated completion January 2010.
• Kaua‘i CC’s One-Stop Center, Phase 1: $14.25 million; estimated completion June 2008.
• Kaua‘i CC’s One-Stop Center, Phase 2: Bid opening in one week; estimated completion September 2009.

Three private/public partnerships:
• Cancer Research Center in Kaka‘ako: in the planning stage, negotiating land lease with HCDA; Townsend Capital, LLC, developer.
• U.S. – China Center in Hilo: lease amended in April 2008.
• UH West O‘ahu: rezoning passed first reading, second reading next week with City Council. Conducting design-assist general contractor RFP with interviews. Director Minaai reported that, to date, $44 million in general obligation bonds and $100 million in private funds from the sale of land to Hunt Corp. have been appropriated.

The total cost of the above-mentioned projects approaches $800 million, as well as another $800 million that is being coordinated with the UH.

In reply to Regent Haynes’ query, Mr. Minaai said that projects cannot begin without full funding.

In response to President McClain’s question, Mr. Minaai said that the UH is in the top 3 or 4 state departments for new construction.

Regent Dahilig asked which of the projects would be included in the biennium budget request, according to the budget policy paper. President McClain said that in the paper, there was no new CIP anticipated in the first of the next 3 budget biennium periods. The Community Colleges and West O‘ahu did not ask for new CIP. Hilo and Mānoa requested about $200 million for new buildings. The President informed both campuses that their requests would be adjudicated, because we have to weigh how much of the $800 million in new construction do you start, against how much of the $400 million in repair and maintenance backlog is needed.

The President has asked the campuses to revise and resubmit their request, because it was felt that the questions that the Board, the Governor, and the Legislature would be asking were not addressed. The President felt that the Governor and the Legislature would be more responsive to repair and maintenance than new buildings.

Asset Management Report by Pacific Partners Consulting Group (PPCG) (information only)

Vice President for Administration Sam Callejo reported that Pacific Partners Consulting Group (PPCG) was retained to assist in developing the University’s asset management database. They inventoried all of the buildings on all campuses to collect the maintenance history, develop a budget model, provide a basis for funding plan, provide consistent and comparative data, and
deliver a cost model. They provide a planning tool that campuses can use to
develop their budget for a six-year financial plan. Vice President Callejo said that
the data collected by PPCG is being reviewed for accuracy.

Vice President Callejo reported that an estimated $296 million is needed
for repair and maintenance. At the end of the six-year planning, if we were to
invest $70 million a year, the backlog will be down to $189.5 million.

Vice Chair Albano commented that since the figures are in 2008 dollars,
they would be much worse if adjusted for inflation in the future years.

Some of the numbers presented will be corrected, since there appeared to
be inconsistent summations.

X. ANNOUNCEMENTS

The next meeting will be on July 31, 2008 at Leeward Community College.

Regent Lagareta, indicating that this meeting was possibly her last
meeting as a Regent, thanked everyone for the opportunity to serve and
expressed her pleasure to be on the Board.

President McClain said that since the status of some of the Regents was
still uncertain, on behalf of the Administration, he expressed their sincere
appreciation to all Regents for all they have done to advance the state of the
University.

XI. ADJOURNMENT

Regent Haynes moved to adjourn the public session, then go to executive
session, pursuant to HRS §92-5(a)(2), to discuss personnel matters including
performance evaluation of persons reporting directly to the Board. The motion
was seconded by Regent de la Peña and unanimously approved. The Regents
convened in executive session at 5:10 p.m. Following the return from executive
session, the public session was adjourned at 6:00 p.m.

Respectfully Submitted,

Presley W. Pang
Interim Executive Administrator
and Secretary of the Board