

MINUTES

UNIVERSITY OF HAWAI'I BOARD OF REGENTS' MEETING

July 23, 2009

I. CALL TO ORDER

Chair Howard Karr called the meeting to order at 9:00 a.m. on Thursday, July 23, 2009, at the University of Hawai'i at Mānoa, Campus Center Ballroom, 2465 Campus Road, Honolulu, HI 96822.

Quorum Present (14): Chair Howard H. Karr; Artemio C. Baxa; Carl A. Carlson; Michael A. Dahilig; Ramón S. de la Peña, Ph.D.; Mark H. Fukunaga; Chuck Y. Gee, Ph.D.; James J.C. Haynes II; Dennis I. Hirota, Ph.D.; John C. Holzman; James H.Q. Lee; Eric K. Martinson; Teena M. Rasmussen; and Harvey S. Tajiri.

Excused (1): Grant T.S. Teichman.

Others in attendance: President David McClain, Ph.D.; Vice President for Academic Planning & Policy Linda Johnsrud, Ph.D.; Vice President for Budget & Finance/Chief Financial Officer Howard Todo; 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.; Associate Vice President for Capital Improvements Brian Minaai; Associate Vice President for Student Affairs Karen Lee; Associate Vice President for External Affairs/University Relations Carolyn Tanaka; Chancellor Virginia Hinshaw; Chancellor Rose Tseng; Chancellor Douglas Dykstra; Chancellor Rockne Freitas; Chancellor Leon Richards; Interim Executive Administrator and Secretary of the Board Presley Pang, Esq.; and others as noted.

Chair Karr welcomed new Regents John Holzman and James Lee, and also recognized and welcomed President-Designate M.R.C. Greenwood.

II. APPROVAL OF MEETING MINUTES OF JUNE 29, 2009

Upon motion by Regent de la Peña and second by Regent Dahilig, the minutes of Board meeting conducted on June 29, 2009, were unanimously approved.

III. PUBLIC COMMENT PERIOD

1. J.N. Musto, Executive Director of the University of Hawai'i Professional Assembly (UHPA), testified in opposition to the granting of tenure for M.R.C. Greenwood in the John A. Burns School of Medicine upon her appointment as president of the University. [A copy of his written testimony is on file at the Board Office.] Dr. Musto observed that the president for the University system is not an academic officer of a campus. He further stated that "it would be in the best interest of the Board, the institution [University], and ultimately the State of Hawai'i to limit such an appointment to a term contract rather than layer it with a grant of tenure, which establishes a property right in continued employment." The length of the term contract and the attendant total compensation package attached to it is sufficient to the post of President of the University of Hawai'i System. According to Dr. Musto, further granting of tenure only provides an individual benefit that is unnecessary to the responsibilities assigned to the position.

Dr. Musto added that he had no personal reason to question Dr. Greenwood's academic qualifications to be granted tenure, stating that if there were a tenured position available at the medical school, he was sure that Dr. Greenwood would qualify for appointment. Dr. Musto also noted that the UHPA directors, in general, support the principle of separating an appointment/employment decision from a tenure/academic decision, but he further added that one UHPA director specifically requested that the record indicate his dissent from this testimony on the basis that "one should pick one's battle and pick it at the right time."

Dr. Musto extended his appreciation to President McClain for his leadership.

2. Dr. Lilikalā Kame'eleihiwa, representing the Puko'a Council, said that under President McClain's leadership the Council has made great strides. On behalf of the Council she thanked President McClain for his support. The Puko'a Council also welcomed Dr. M.R.C. Greenwood.

IV. ELECTION OF BOARD OFFICERS

Regent Haynes, chair of the Task Group on Board Elections, reviewed the Task Group's report which was presented to the Board at its previous meeting on June 29, 2009. The Task Group recommended the election of Howard Karr as Chair and Dennis Hirota as Vice Chair.

Following recusal by Regent Hirota, upon motion by Regent Haynes and second by Regent Martinson, Dennis Hirota was unanimously elected Vice Chair.

Following recusal by Regent Karr, upon motion by Regent Martinson and second by Regent Haynes, Howard Karr was unanimously elected Chair.

V. REPORT OF THE UH FOUNDATION

UH Foundation President Donna Vuchinich introduced John Cash who served as the Foundation's Centennial Campaign consultant. Mr. Cash congratulated the University on its successful campaign and commented that the true value of the campaign is not only the money raised but the increased participation by current and new donors generated by an active campaign. He urged the University to value these new donors and encourage their continued participation. In his view, the campaign was a wise investment for the University.

President Vuchinich reported that the Centennial Campaign raised \$336 million from over 90,000 donors, of which \$282 million was in actual funds, and \$54 million in bequest intentions. These funds will be used, in part, to create 74 new chair/ professorships and 705 new student aid accounts. Alumni participation was 16%, compared to the national average of 14%.

President Vuchinich shared the Foundation's 5-year strategic plan for FY2010-2014. The Foundation's overall goals are to raise \$60 million each year; increase the endowment to over \$200 million; increase donor and alumni focus; and set new standards for meeting and exceeding expectations. In particular, the Foundation plans to complete a successful campaign transition; overcome operating revenue stream challenges; maximize staff productivity; implement effective strategic marketing and communications; enhance alumni engagement across campuses; and obtain cohesive, functional facilities.

Chair Karr thanked President Vuchinich and the Foundation for their achievements over the last six years. He also acknowledged President McClain, Barry Weinman, Chair of the Centennial Campaign, John Cash, and past campaign chair Scott Wo, for their leadership of this campaign.

Regent Gee asked if the international donations came from individual alumni or organizations. President Vuchinich responded that donations came from both sources, and that many alumni are also members of organizations that donated. She added that the Foundation has dedicated a staff member to focus on the international alumni.

President Vuchinich expressed her appreciation to President and Mrs. McClain for their strong support and participation in the campaign.

VI. REPORT OF THE PRESIDENT

President McClain thanked Donna Vuchinich and her staff for their work in the Centennial Campaign, and also recognized and thanked Barry and Virginia Weinman, Jay and Wallette Shidler, Scott and Nancy Wo, and the Foundation Board for their leadership in this campaign.

President McClain invited host campus Chancellor Virginia Hinshaw to address the Board. Chancellor Hinshaw spoke about the difficult fiscal times ahead and how the

campus is learning new ways to conduct its business. Chancellor Hinshaw expressed her gratitude to President McClain for his leadership, and welcomed him and Wendie McClain back to the Mānoa campus as he returns to the Shidler College of Business.

Chancellor Hinshaw welcomed Dr. M.R.C. Greenwood as President-Designate and asked her to address the Board.

Dr. Greenwood thanked the Regents for her selection as the next President of the University of Hawai'i. She was honored by the Board's appointment and was humbled by the opportunity to provide leadership. Dr. Greenwood stated that the University's presidency is a public trust, and she pledged to do her very best to advance that public trust. Dr. Greenwood acknowledged the extraordinary transition support she received from President McClain over the past weeks. She also expressed her appreciation to Wendie McClain for sharing insights of being a hostess as well as a president. Dr. Greenwood said that she is looking forward to working with an excellent executive team and has already had briefings with them.

Continuing with his report to the Board, President McClain recognized the University's nominees for the 2009 Governor's Award for Distinguished State Service: Employee of the Year Brian Bushe of the Plant and Environmental Protection Sciences, College of Tropical Agriculture and Human Resources; Manager of the Year Michael Unebasami, Associate Vice President for Administrative Affairs, UH Community Colleges; and Team of the Year The Coral Relocation Team, Dr. Paul Jokiel, Dr. Kuulei Rodgers, James Lakey, volunteer Fred Farrell, Marine Option Program students Eric Moennich and Louise Giuseffi, U.S. Army Major Scott Miller, and Captain George Metroka.

President McClain also reported on the following:

- The President awarded the "Making the Elephant Dance Award" to Vice President for Information Technology and Chief Information Officer David Lassner.
- UH Manoa recently commenced a \$1.6 million mortgage assistance program for recently tenured faculty.
- *Malamalama* published an article authored by Wendie McClain on the history of first ladies of the University.
- Kapi'olani Community College's Team Hawai'i won first place at the American Culinary Federation National Convention.
- Mauna Kea was selected as the preferred site for the Thirty Meter Telescope. President McClain recognized the efforts of UH Hilo Chancellor Rose Tseng, Richard Ha, Roberta Chu, Barry Taniguchi, and Institute for Astronomy's Rolf-Peter Kudritzki and Bob McLaren. Chair Karr also recognized the contributions of Senator Daniel Inouye and Jennifer Sabas, as well as Governor Lingle, President McClain, and former Board Chair Allan Landon.

To conclude his final report to the Board as President, President McClain expressed his and his wife Wendie's gratitude to the Board, to its current and past Board officers, to the Chancellors, faculty, staff, and students. He noted that he achieved his goals to provide stability and growth for the University. Funding has increased by \$250 million. He was honored to preside over campus commencements these past five years where between 35,000 to 40,000 students were awarded degrees. The University has helped to diversify the State's economy. During his tenure, a new dormitory was constructed to increase student housing on the Mānoa campus.

President McClain concluded by saying that both he and Wendie are very grateful for the opportunity to serve the people of Hawai'i.

Chair Karr proposed a resolution by the Board of Regents honoring President McClain:

WHEREAS, Dr. David McClain has served as the chief executive officer for the University of Hawai'i since 2004 and was appointed University President in 2006; and

WHEREAS, Dr. McClain has served the University with distinction for over 18 years and presided over the University during its centennial celebration; and

WHEREAS, under Dr. McClain's stewardship, the University sustained a steady growth in facilities, programs, enrollment, research funding, and endowments; and

WHEREAS, throughout his term President McClain has exemplified effective management and leadership, and has made strategic planning, innovation and accountability the hallmarks of his tenure; and

WHEREAS, Mrs. Wendie McClain has graciously extended the University's presence and outreach into the community and has been an integral and valued member of the President's team,

NOW, THEREFORE, BE IT RESOLVED that the Regents, on behalf of the entire University of Hawai'i community, extend our abiding appreciation to Dr. David McClain for his years of loyal service and presidential leadership.

AND BE IT FURTHER RESOLVED that the Regents convey our warmest aloha to David and Wendie and wish them the best in their future endeavors.

AND BE IT FURTHER RESOLVED that the Board of Regents confers upon Dr. David McClain the title President Emeritus, effective August 1, 2009.

Adopted by the Board of Regents, July 23, 2009.

Upon motion by Regent Dahilig and second by Regent Haynes, the resolution honoring President McClain was unanimously approved.

[The Board took a brief recess from 10:40 a.m. to 11:00 a.m.]

VII. ITEMS FOR BOARD ACTION

Approval to Amend BOR Policy, Chapter 9-10a(5)(i)(a), to Remove Electricity and Gas Charges from the Base Rental Rates at the Wa‘ahila Faculty Housing

UH Mānoa Vice Chancellor Kathy Cutshaw requested that the Board amend its policy on the Wa‘ahila faculty housing to remove the electricity and gas charges from the base rental rates, allow each tenant to be separately assessed for utilities, and delegate the authority to establish rates. Vice Chancellor Cutshaw explained that faculty housing operations is intended to be self-supporting but the Wa‘ahila faculty housing is no longer operating at break-even. The Chancellor’s office has been working with the faculty housing association to develop a rent structure that allows break-even operations without causing financial hardship for faculty renters. It was agreed that excluding the utility charges from the base rent and separately assessing those charges against each unit was the most equitable solution.

In response to Regent Haynes’ question, Vice Chancellor Cutshaw explained that the housing operation was absorbing the cost of utilities—the tenants were not being charged. Because each unit does not have its separate meter, the proposed utility charge will be based on the proportionate square footage of each unit.

Chair Karr recommended that the amended policy include specific language that the utility charges will be calculated on a pro-rata square footage basis per unit.

Chair Karr asked how the deficit is currently covered. Vice Chancellor Cutshaw responded that the housing operations has used repairs and replacement funds to cover the deficit. That account is reduced to \$300,000, an amount considered “underfunded.”

Regent Martinson asked how underfunding is being addressed. Vice Chancellor Cutshaw responded that the administration is continuing to work with the faculty housing association and intends to ask the Board to allow rent increases for FY2011 to build up reserves and fund operations.

Upon motion by Regent Rasmussen and second by Regent Fukunaga, the Board unanimously approved amending BOR Policy, Chapter 9-10a to remove electricity and gas charges from the base rental rates at the Wa‘ahila faculty housing and to authorize each unit to be assessed a proportionate share of utilities based on square footage.

Approval to Renew City and County Contract with the Waikīkī Aquarium for Hanauma Bay Gift Shop Concession

Waikīkī Aquarium Director Andy Rossiter explained that the Aquarium operates the Hanauma Bay Gift Shop under a concession agreement with the City and County of Honolulu. The Concession Agreement, originally executed on June 24, 2002, expired on its own terms five years later on June 23, 2007. The Agreement allows for a five-year extension upon mutual agreement. Up to now, the parties have continued this concession arrangement without a formal extension but now wish to formally document an extension through June 23, 2012, retroactively effective from June 24, 2007.

Gift Shop sale revenues since 2003 have exceeded expenditures. Net revenues are deposited in a revolving account, which currently has a balance of \$400,000.

Regent Gee asked if the City imposes any price point restrictions on sales. Director Rossiter responded that there are no pricing constraints and the only guidance from the City concerns the type of products sold. Regent Gee asked if liability is covered. Director Rossiter replied that the Aquarium is responsible for damages incurred during normal business hours, and the City covers anything beyond normal business hours.

Regent Holzman asked for clarification on why this extension of the Concession Agreement requires Board approval. President McClain replied that Board Policy is unclear whether or not the President is authorized to approve a 5-year amendment. The President decided to request Board approval.

In response to a question from Chair Karr about the \$400,000, Director Rossiter responded that the funds are held in a special revolving account.

Upon motion by Regent Gee and second by Regent de la Peña, the proposed amendment to the Hanauma Bay Gift Shop Concession Agreement with the City and County of Honolulu was unanimously approved. The Board also unanimously approved delegating express authority to the President to approve future gift shop concession agreements or amendments for Hanauma Bay with the City and County of Honolulu.

Approval of Change of Status from Provisional to Established for the Master of Arts Program in Counseling Psychology, UH Hilo

UH Hilo Chancellor Rose Tseng requested approval to change the status of the M.A. degree program in Counseling Psychology from provisional to established. Chancellor Tseng reported that this program is the only one offered in the UH system that trains mental health counselors at the master's degree level. It serves the needs of the Big Island for trained mental health professionals, and it has successfully trained about 30 students. The program plans to reach a total student complement of 30 in the next two years, with an eventual maximum of 40 students.

Regent Gee asked if there were sufficient faculty to support the thesis-track students. Chancellor Tseng responded that UH Hilo's Psychology Department is one of the largest and has sufficient faculty to serve as core members of committees. The campus will also add two new faculty members in the coming academic year. In addition, the program uses professionals in the community agencies to serve as outside members on thesis committees.

In response to Chair Karr's inquiry, Vice President Johnsrud said UH Mānoa does not have a comparable program.

Upon motion by Regent Baxa and second by Regent Gee, the Board unanimously approved changing the status of the M.A. degree program in Counseling Psychology at UH Hilo from provisional to established.

Approval of CIP and R&M Projects Contracts, FY 2009-2010

Associate Vice President Brian Minaai requested approval of 15 professional services contracts totaling \$38.794 million and 8 construction projects totaling \$103.560 million.

Regent Fukunaga asked if the University has done a comprehensive study of space inventory and utilization, specifically focusing on the choices between new construction or rehabilitating existing space. Associate Vice President Minaai responded that he works with individual campuses to analyze space utilization for their respective campuses, but agreed that a system perspective can be done.

Regent Carlson commented on the apparently large number of professional services contracts concerning air conditioning systems. Mr. Minaai responded that UH Mānoa has invested in energy-efficient systems, which includes the air conditioning engineering.

Regent Gee noted that \$32 million is earmarked for the Campus Center, and asked if there is a master plan for each campus governing the appearance of buildings. Mr. Minaai responded that each campus has a long-range development plan.

Regent Fukunaga raised the issue whether the UH System should adopt a University-wide design standard. Mr. Minaai said that the System has been considering a standard, but the design standards should be balanced and flexible to allow each campus to develop its unique identity.

Regent Fukunaga suggested that this might be the appropriate time to reassess the need for new construction, and that better utilization of existing space may be the preferred option. He suggested dedicating staff to analyze space utilization. Mr. Minaai responded the UH Mānoa Chancellor Hinshaw recently hired an assistant vice chancellor for that function. Regent Fukunaga recommended looking at space utilization from a system perspective rather than on a project-by-project basis for each campus, thereby reinforcing a "mind set" to consider rehabilitating existing space.

Chair Karr asked if there has been significant cost decreases in the bids received. Mr. Minaai confirmed, explaining the decreases are dependent on the complexity of the project and the number of sub-vendors. He cited the renovation of College Hill and the Hale Aloha dormitory as examples of lower than expected bids. Mr. Minaai also noted that due to the competitiveness of the market, there has been an increase in bid protests.

Chair Karr requested a quarterly variance report on all projects.

Chair Karr asked Chancellor Hinshaw whether greater use of distance learning programs will reduce the need for new construction. Chancellor Hinshaw responded that distance learning is a campus priority. The campus is trying to maximize space utilization, but many buildings are beyond the point of cost-effective rehabilitation.

Regent Fukunaga suggested that perhaps a firm ceiling on new construction imposed at the system level would emphasize the need to look creatively at using existing space, especially space that has been declared “unusable.” There should be a space needs objective, then a comprehensive plan on meeting that objective.

Regent Martinson concurred with Regent Fukunaga, adding that capacity utilization has to be analyzed at a system level, and building density must be one factor that is measured and optimized.

Chair Karr requested that all requested project contracts identified on Mr. Minaai’s schedule be approved, except for contracts relating to the Cancer Research Center (CRC). These CRC contracts will be acted on following a discussion in executive session.

Upon motion by Regent Dahilig and second by Regent Carlson, the proposed CIP and R&M projects contracts, except for those relating to the Cancer Research Center, were unanimously approved.

Briefing on Capital Improvement Projects (*information only*)

Associate Vice President Brian Minaai provided an update on current CIP projects.

Construction Projects and Costs:

1. Komohana Agricultural Complex, in Hilo, Phase 1, UH Mānoa, \$15 million
2. One Stop Center, Phase II, Kaua‘i Community College, \$8.7 million
3. Hale Aloha Dorm Renovation, Phases 1 & 2, UH Mānoa, \$11.3 million
4. Hale Aloha Dorm, Phase 2, UH Mānoa, \$12.1 million
5. Sciences & Technology Building, UH Hilo, \$28.5 million

Design Projects and Cost Estimates:

1. New Classroom Building, UH Mānoa, \$124.2 million
2. West Hawai'i Education Center, Hawai'i CC, Kona, \$32 million
3. Systemwide Information Technology Center, UH Mānoa, \$61.3 million
4. Campus Center Renovation/Addition, Phase II, UH Mānoa, \$44.4 million
5. Regional Biocontainment Lab, Kaka'ako, \$47.5 million
6. Student Services Building Addition, UH Hilo, \$24.8 million
7. Hawaiian Language Building, Phase 1, UH Hilo, \$34 million
8. Culinary Institute of the Pacific, Kapi'olani CC, \$28.3 million
9. Education and Innovation Instructional Facility, Leeward CC, \$15.6 million
10. Center for Microbial Oceanography Research & Education, UH Mānoa, \$22.5 million
11. Science Building, Maui CC, \$32 million
12. Learning Resources Center, Windward CC, \$46.1 million

Public/Private Partnerships:

1. Cancer Research Center of HI, Kaka'ako, UH Mānoa, completed programming phase
2. U.S. – China Center, UH Hilo, lease executed on April 8, 2008
3. New Campus Development, Kapolei, UH West O'ahu, design 80% complete in September 2009.

Associate VP Minaai summarized the CIP budget history for fiscal biennium 2009-11. The Board approved a legislative request for \$617.7 million; the Governor reviewed and submitted a reduced requested for \$150 million; the Legislature subsequently approved \$203.8 million for the University, which represents a reduction of \$413.9 million from the Board's initial request.

Regent Haynes asked if the conveyance of land from the Campbell Estate to be used for the UH West O'ahu campus will revert to the Estate by a certain deadline, and if so, whether the currently proposed sale of lands by West O'ahu would trigger the reversion. Mr. Minaai responded that the reversion clause does not apply to the West O'ahu lands currently being proposed for sale, but agreed that construction on the land received from Campbell Estate should commence to avoid the reversion.

Analysis of Nonresident Enrollment Trends (information only)

For the Board's information, Vice President Linda Johnsrud presented an analysis of nonresident student enrollment trends. Three questions can be asked: (1) what portion of the student body should be resident students as opposed to nonresident students; (2) how much tuition should be charged to nonresidents; and (3) how much of the potential tuition revenue that could be charged to nonresidents is actually collected.

Board policy Chapter 5, Section 11(b)(7) limits nonresident enrollment to 30% at baccalaureate campuses (Mānoa and Hilo) and 15% at Community Colleges. For the years 2004 through 2008 both the Mānoa and Hilo campuses have exceeded the 30% cap.

Vice President Johnsrud articulated two principles in setting enrollment caps: (1) a public university's first responsibility is to provide higher education opportunities for qualified students from the community that supports it; and (2) no qualified resident applicant should be denied admission to the University system.

At the Mānoa campus, the nonresident enrollment in 2008 was 32.6%. However, 28.6% were undergraduates, and 41.3% were graduates. At the Hilo campus, the nonresident enrollment in 2008 was 31.4%, undergraduates at 31.7% and graduates at 29.1%.

Dr. Johnsrud recommended applying nonresident ceilings only for undergraduate enrollment, since it is very unusual to include graduate students in enrollment caps.

With respect to the question of how much tuition to charge, nonresident tuition at Mānoa is currently at 85% of the national/WICHE (Western Interstate Commission on Higher Education) average; by the end of the 6-year tuition schedule in AY2011-2012, the tuition is projected to be 98% of the national average. UH Hilo is already at 102% of the national average, and will be at 117% by AY2011-2012.

Dr. Johnsrud also explained the loss of tuition revenues collected from nonresident students. Depending on their status, nonresident students may pay: (a) the full nonresident tuition; (b) 150% of the resident tuition (Pacific Islanders and Western Undergraduate Exchange program students); or (c) are exempted from the nonresident tuition differential and pay the resident tuition rate (East-West Center grantees, active duty military & dependents, Hawai'i National Guard and reservists, Native Hawaiians living outside of Hawai'i, and UH faculty/staff).

At UH Mānoa in 2008, 41% of nonresidents paid the full nonresident tuition. Forty-five percent paid 150% of the resident rate, while 14% were exempted from the nonresident differential and paid the resident tuition. At UH Hilo, 41% pay the full nonresident tuition, 42% pay 150% of the resident rate, and 17% pay the resident tuition.

Because of these status categories for nonresidents, Mānoa foregoes almost \$13 million in nonresident tuition, and Hilo foregoes \$2.2 million.

Regent Fukunaga asked how the campuses implement the target caps, whether by overt admission decisions or as a consequence of overt pricing (tuition rate) decisions. Dr. Johnsrud responded that campuses have not made overt decisions to deny admission to qualified nonresidents because of the cap. However, in recent years more effort was made to recruit and encourage residents in light of exceeding the caps.

Regent Tajiri asked how many other states have nonresident enrollment caps. Dr. Johnsrud responded that 15 states have undergraduate targets. California does not have a policy, but its state institutions are pressured by their residents to enroll California residents. The UC campuses rarely exceed 7% nonresidents. Nine states had limits ranging from 10% to 45%, either as “policy” or “practice.” Colorado is at 18% and will go up to 25%.

Dr. Johnsrud noted that a key factor behind nonresident enrollment percentages appears to be a state’s support of its public higher education institutions. The more that state funding is available to the institution, the less the institution feels the pressure to generate revenues by enrolling nonresident students. Also, states with low overall enrollments do not impose nonresident caps.

Regent Dahilig commented that he would prefer more resident graduate students at Mānoa, and asked why graduate enrollment should be exempted from nonresident caps. Dr. Johnsrud responded that current Board Policy does not impose separate ceilings for undergraduates and graduates. Mānoa currently has a healthy proportion of nonresident graduate students. To obtain research monies, Mānoa needs to attract the best graduate students. In Dr. Johnsrud’s opinion, a nonresident cap on graduate students would be detrimental to this effort.

Regent Gee asked if nonresident students were from the U.S. mainland or foreign countries. Dr. Johnsrud responded that about 67%-69% of nonresidents are from the U.S. mainland. Hilo has about 17% international students, while Mānoa has about 28%.

Regent Gee asked what types of programs--such as Pacific studies or the science programs--attract nonresident students, and, secondly, whether the University participates in reciprocal exchange agreements.

Dr. Johnsrud observed that nonresident U.S. mainland undergraduates have a comparative low retention rate, indicating that those students attend UH for various reasons in addition to being attracted to specific academic programs. At the graduate level, the nonresident students tend to enter science and engineering programs.

Regent Holzman asked if data are available on how many nonresident graduate students remain in Hawai’i after graduation. Dr. Johnsrud replied that there are no reliable studies or data on this issue.

Regent de la Peña commented that in the 1960s and 1970s, the East-West Center sponsored a large program of international graduate students, and asked if this program continues. Dr. Johnsrud responded that by the 1990s, federal dollars were redirected to other purposes, so that EWC program has significantly decreased in size.

Regent Rasmussen asked whether, in light of the recent significant increase in enrollment for Fall 2009, the nonresident enrollment has increased or decreased. Dr. Johnsrud said that the registration rates currently are at the same proportions as last fall, which is about 30%.

In response to Regent Rasmussen's question as to whether nonresidents will be paying the actual cost of instruction, Dr. Johnsrud clarified that the University's tuition schedules for nonresidents are compared to the "market" or "comparable" rates, but are not tied to the actual "costs" of the education. Thus, increasing the UH tuition close to 100% of the comparable national average does not mean that the student will be paying 100% of the cost of education. The cost of instruction has increased considerably within the last five years, so even with the scheduled increases in the tuition, the costs are not fully covered.

When the current 6-year tuition schedule was implemented several years ago, the tuition for resident students at Mānoa covered 23% of the cost of instruction; the goal was to increase the share to 45% of the cost. At the Community Colleges, the cost share was 14%, and the goal was to increase the share to 20%. Dr. Johnsrud confirmed that the costs to educate both residents and nonresidents continue to be subsidized.

Dr. Johnsrud said that in 2006, \$321 million came into Hawai'i from inter-state students, making Hawai'i the fourth lowest in the nation. It is estimated that the total economic effect of student migration in the nation is \$101.8 billion. Chair Karr commented that the economic "multiplier" effect of nonresident revenue is much greater than the effect from resident revenue, because outside monies are coming into the State.

Chair Karr will assign a task group of Regents to work with Dr. Johnsrud to review the current policies and make recommendations regarding nonresident enrollments. [See Announcements, below.]

LUNCH RECESS AND EXECUTIVE SESSION

Upon motion by Regent Dahilig and second by Regent Carlson, the Board unanimously approved convening in an executive session, pursuant to HRS §92-5 (a)(2),(3),(4),(7), following a lunch recess.

A lunch recess was taken at 12:30 p.m., followed by an executive session.

The Board reconvened in public session at 5:15 p.m.

VII. ITEMS FOR ACTION (continued)

Approval of Reappointment of Patricia Bergin to the Mauna Kea Management Board

Upon motion by Regent Hirota, and second by Regent Dahilig, the Board unanimously approved the appointment of Patricia Bergin to a 4-year term on the Mauna Kea Management Board.

Acceptance of Gift and Naming Approval for Donor Recognition at the College of Pharmacy, UH Hilo: J.M. Long Pavilion

Upon motion by Regent Martinson and second by Regent Carlson, the Board unanimously approved accepting a \$1,000,000 gift from the J.M. Long Foundation to fund the construction of a lecture hall, student center, and adjoining lanai (“Construction Phase 1B”) of the health sciences complex which will house UH Hilo’s College of Pharmacy. In recognition of the gift, the Board also approved naming building B of the complex as the J.M. Long Pavilion.

Plan for Adjustments to Executive Compensation for FY 2010 (information only)

President McClain said that the Board had a good discussion of the status of the negotiations of the collective bargaining agreement in executive session, and in that context in the next few days he will announce his plan for executive compensation pay adjustments for FY 2010.

Approval of Service Order to RCUH for Development of the Cancer Research Center of HI

Upon motion by Regent Hirota and second by Regent Carlson, the Board unanimously approved the request to service order the planning, design, and management of the new Cancer Research Center of Hawai’i project in Kaka’ako (“Project”) to the Research Corporation of the University of Hawai’i (“RCUH”), up to a maximum initial amount of \$28 million, with the understanding that the service order of the Project construction to RCUH will be brought before the Board for consideration at a later time.

VIII. ACCEPTANCE AND APPROVAL OF GIFTS, GRANTS AND CONTRACTS

Vice President for Research Jim Gaines informed the Board that his report is formatted as a summary. The detailed listing of individual gifts, grants and contracts will be posted on the web at www.ors.hawaii.edu/bor-reports.asp.

For the month of March 2009, \$20,326,168 was awarded. For the month of April 2009, \$25,544,856 was awarded. For the month of May 2009, \$32,281,974 was awarded. For the month of June 2009, \$54,541,058 was awarded.

Dr. Gaines reported that this fiscal year ended with \$414 million awards, compared to \$368 million in FY 2008. He noted that over the past decade there has been a 230% increase in the University's federal research grants, which is equivalent to an annual compounded growth rate of 9.7%. Significantly, the University's funding is increasing at a faster rate than the national average; thus the University is increasing its share of the federal funds.

Chair Karr thanked Dr. Gaines and acknowledged the researchers for their efforts.

IX. APPROVAL OF PERSONNEL ACTIONS

Upon motion by Regent Dahilig and second by Regent Fukunaga, the following personnel actions, more particularly described on Attachment B-1 of the agenda, were unanimously approved:

Tenure Upon Appointment:

Greenwood, M.R.C.
President-Designate
John A. Burns School of Medicine
August 1, 2009

President Emeritus:

McClain, David S.
President and Professor
August 1, 2009

Emeritus Professor:

Castberg, A. Didrick, UH Hilo
Hershinow, Sheldon J., Kapi'olani Community College
Moikeha, Sanae N., Kapi'olani Community College
Yoshikawa, Beng Poh, Honolulu Community College

X. ANNOUNCEMENTS

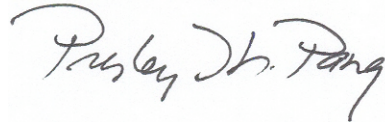
The next meeting of the Board of Regents will be on August 27, 2009, at Windward Community College. The September 2009 meeting will take place at Kaua'i Community College, and the March 2010 meeting will take place at UH Hilo.

Chair Karr appointed Regents Fukunaga, Gee, Holzman, Tajiri, and Teichman to the Task Group on Nonresident Enrollment Policy, to be chaired by Regent Fukunaga.

XI. ADJOURNMENT

With unanimous consent following a motion by Regent Gee and second by Regent Rasmussen, the Board adjourned the meeting at 5:30 p.m.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Presley W. Pang".

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