

MINUTES
BOARD OF REGENTS' MEETING
February 18, 2010

I. CALL TO ORDER

Chair Howard Karr called the meeting to order at 9:00 a.m. on Thursday, February 18, 2010, at the John A. Burns School of Medicine, MEB 314, 651 Ilalo St., Honolulu, HI 96813.

Quorum (13): Chair Howard H. Karr; Vice Chair Dennis I. Hirota; Artemio C. Baxa; Carl A. Carlson; Michael A. Dahilig; Ramón de la Peña; Mark H. Fukunaga; Chuck Y. Gee; James J.C. Haynes II; John C. Holzman; James H.Q. Lee; Eric K. Martinson; and Grant T.S. Teichman

Excused (1): Teena M. Rasmussen

Others in attendance: President M.R.C. Greenwood, Ph.D.; 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 and Acting Executive Administrator and Secretary of the Board of Regents 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; Chancellor Virginia Hinshaw; Chancellor Rose Tseng; Chancellor Gene Awakuni; Chancellor Manuel Cabral; Chancellor Leon Richards; Chancellor Mike Rota; Chancellor Clyde Sakamoto; and others as noted.

II. APPROVAL OF MEETING MINUTES OF JANUARY 28, 2010

Upon motion by Regent de la Peña and second by Regent Gee, the minutes of the meeting of January 28, 2010 were unanimously approved.

III. PUBLIC COMMENT PERIOD

There were no oral or written testimonies.

Chair Karr announced that Regent Harvey Tajiri has submitted a letter of resignation from the Board, dated February 16, 2010. Chair Karr commented that Regent Tajiri was instrumental, especially for the Island of Hawai'i. He was a strong advocate for the University of Hawai'i at Hilo.

Regent Baxa said that Regent Tajiri had a strong voice on the Board, and recommended that the Chair send a letter of commendation to Regent Tajiri.

Upon motion by Regent Baxa and second by Regent Martinson, it was unanimously approved to have Chair Karr send a letter of commendation to Harvey Tajiri.

Chair Karr reported that Regent Tajiri has notified the Governor, who will advise the Regent Candidates Advisory Council of this vacancy.

IV. REPORT OF THE PRESIDENT

President Greenwood said that Regent Tajiri was extremely helpful in orienting her to the issues concerning the Big Island. She said that his contributions to the Board were superb. She personally expressed her regrets to Regent Tajiri, and asked for access so that she can continue to talk to him.

The President reported on the following:

- She met with representatives of the Hilton Foundation in Southern California, who pledged their support for the Culinary Institute of the Pacific.
- She continues to meet with Legislators. She met with the President of the Senate and the Speaker of the House along with the finance chairs to articulate what UH hopes to get at the end of the session.
- She addressed the Joint Session of the 2010 Legislature. The message has been understood that the University is part of the solution in helping the State during these challenging economic times and we need to continue to reinforce this message. She set 3 goals:
 1. Increase the number of college graduates by 25% through the Hawai'i Graduation Initiative.
 2. Create a Presidential Advisory Group to advise on ways to enhance innovation and technology transfer in support of a multi-billion dollar industry for Hawai'i in research, spin-offs and related services.
 3. "Renovate to innovate" to creatively address the repair, maintenance and infrastructure requirements.
- She has had discussions with all chancellors to continue their development of initiatives and efforts to increase the number college graduates by 25% by 2015.
- Vice President Howard Todo and Associate Vice President Brian Minaai have begun collaborating with the campuses in a process to prioritize existing and proposed facilities to identify projects that will enhance the return of overhead, and to develop a creative funding strategy to facilitate our capital improvement needs.

- She reviewed the status of the University's package of legislative bills and other bills of interest to the University.
- Two officials of the National Cancer Institute, Dr. Linda Weiss and Dr. Hasnaa Shafik, visited UH Mānoa to receive a report on progress being made on the development of the Cancer Research Center of Hawai'i, and to meet with key University leaders, community leaders and legislators. Both were impressed with the progress made and the wide-ranging support within the University and community at large. The meetings enabled Drs. Weiss and Shafik to identify and provide feedback on where the University needs to focus its attention in preparation for applying for the National Cancer Institute grant.
- The Mauna Kea Management Plan Implementation Advisory Group has scheduled several meetings. The four sub-plans have been submitted to the Department of Land and Natural Resources.
- Vice President Jim Gaines continues discussions with the Department of Defense regarding the development of a cooperative agreement to develop a Regional Biological Laboratory. Funding is already available from the Federal government, but the State has not made a commitment. President Greenwood hopes to present a proposal to the Board in the near future.

Regent Gee asked about the nature of student involvement requested in the Senate Bill 2803. Associate Vice President Karen Lee responded that the Regent Candidate Advisory Council does have a student seat, but the Senate had concerns that this did not allow for sufficient student involvement. This bill would establish a working group with the Regent Candidate Advisory Council to ensure student involvement in recruitment and evaluation of student candidates to the Board of Regents.

Regent Holzman indicated that he has not heard of the Regional Biological Laboratory and asked if the Regents could be briefed. The President responded yes.

Chair Karr recognized Representative K. Mark Takai in the audience.

Dr. Jerris Hedges, Dean of the John A. Burns School of Medicine (JABSOM), welcomed the Board to JABSOM, and gave a presentation on the physician workforce realities in Hawai'i and JABSOM's role.

There are currently 8,000 licensed physicians in Hawai'i, of which 2,901 are practicing, for a total of 2,626 FTEs. It is estimated that the demand is for 3,380 FTEs, or 29% more practicing physicians. This situation is exacerbated by the rural populations on the Neighbor Islands which are more difficult to service.

Hawai'i's physician workforce is aging. The average age is 52.5 years, while the national average is 48 years. By 2020, 43.4% will be 65 or older.

Hawaii's supply/demand gap will double by 2020.

Dean Hedges described JABSOM's contribution. Half of JABSOM graduates practice in Hawaii. Twenty-five percent of Hawaii active physicians are JABSOM graduates. Forty percent of Hawaii physicians are either JABSOM medical school graduates or JABSOM/HRP trainees. Fifty percent of Hawaii physicians are either JABSOM trained or compensated JABSOM faculty. And 80% of those who attend JABSOM medical school and do their residency at JABSOM/HRP will practice in Hawaii. This is higher than the 60% rate at other places.

Dean Hedges gave a profile of one of JABSOM's students, Gloria Tombaga.

JABSOM has over 1,400 applicants annually; only 64 are selected, 90% of which are Hawaii residents.

JABSOM has been recognized by its accreditation team as a national leader in gender and ethnic diversity, problem-based learning, willed body program, clinical training skills, and simulation training.

Dean Hedges said that the goals for JABSOM are to meet the needs of the community, both on O'ahu and the Neighbor Islands. The School is working on moving more of the clinical training to the Neighbor Islands. JABSOM intends to build and grow programs that will benefit Hawaii and the world.

Regent de la Peña asked what is the maximum number of students that the School can accommodate. Dean Hedges responded that currently 64 are accepted, but within 5-7 years, with additional faculty, 75 students can be accommodated. The physical capacity within the facility can teach the students for the first 2 years, followed by another 2 years of clinical training in the hospitals.

Regent Fukunaga asked why, if 90% of the current admitees have strong ties to Hawaii, only 60% remain to practice in Hawaii. Dean Hedges responded that the biggest departure is at the point of residency or graduate training. Because Hawaii has a limited number of training programs, not all graduates can get into post graduate programs in Hawaii, hence they move to the mainland. If graduates train for 3-6 years in a local community, they tend to be offered positions in that community and stay in that community to pay off debts.

Regent Gee asked if students are counseled about specializations that need more physicians, such as geriatrics. Dean Hedges responded affirmatively, noting that their faculty teach courses in the needs specializations, which enables the students to learn first-hand and helps to make decisions on their chosen specialization. JABSOM'S Department of Geriatric Medicine is one of the top ten in the nation, and is Geriatrics is part of the fixed rotation. JABSOM is trying to create more training programs in areas that an aging population will need, such as orthopedics, cardiology, and oncology. These training programs require collaboration with partner hospitals.

Regent Martinson asked about the cause of the gap between licensed (8000) and practicing physicians (3000). Dean Hedges responded that this disparity is much larger than other states. Dean Hedges indicated that this is partly retirement related. Hawai'i's physician's license is about half the cost of licenses elsewhere, so retirees tend to maintain their licenses. Another factor is service connected. Doctors who practice at Tripler, for example, may be deployed but maintain their licenses as they are being deployed and return to practice 10-20 years later.

Chair Karr commented that many physicians are turning away MEDICARE, MEDICAID, and QUEST patients. He asked how JABSOM can resolve this problem. Dean Hedges responded that JABSOM's faculty earn 80% from their clinical practice and are taking a lion's share of these patients. JABSOM hopes to work with the Departments of Health and Human Services and various federal agencies to attempt to identify why there are special needs in Hawai'i.

Chancellor Virginia Hinshaw asked Athletic Director Jim Donovan to provide information on the Department's efforts to deal with its budget deficit. His presentation is on file in the Board office.

Director Donovan said that the Department's efforts to generate additional revenue are expected to result in approximately \$1.1 million, partly through renegotiated media, concession and marketing agreements, as well as lowered football ticket prices. Efforts to reduce expenses may result in a savings of about \$1.2 million, partially through unfilled vacant staff positions and reduced administration and support services. These efforts were essentially offset by a reduction in ticket sales.

The Department has proposed a student activity fee, of which a portion would go to the Department. UH Manoa is the only WAC school that does not charge a student athletic fee. Other schools charge between \$39 to \$124 per semester. Director Donovan said that, in addition to generating revenue for the Department, a fee would allow free admission to athletic events which enhances the students' college experience.

Director Donovan presented information on the UHM Athletics program as compared to WAC and Mountain West schools. For NCAA Division I-A schools, the average gain for profitable programs (25 schools) was \$3.8 million in 2008. The average loss for non-profitable programs (95 schools) was \$9.8 million. UHM's average loss was \$5.6 million, which does not include a net revenue of \$2.6 million from the Sugar Bowl.

Regent Gee asked if the size of student enrollment affects the budget. Director Donovan responded that the size of enrollment affects the generated revenues from student athletic fees.

Regent Lee asked the cause of the deficit starting in 2002. Director Donovan said that there are several variables, the greatest of which are the travel and guarantee costs, salaries, and lack of new revenue streams.

Regent Dahilig asked if the Athletics Department seeks to generate the same amount of revenue through the activity fee as was originally proposed via the athletic fee. Director Donovan replied that the revised activity fee is still being developed, so at this time, it is not known how much revenue will be generated.

Regent Fukunaga asked if the trend of larger deficits is shared by other schools. Director Donovan responded that the non-BCS Division I schools are facing bigger deficits. The BCS schools have better television contracts and better bowl bids. But most schools continue to struggle. He cited Washington State and California as schools struggling with large deficits.

Regent Fukunaga asked what the appropriate benchmark would be for UH in terms of deficit. Director Donovan responded that the State and the UH need to help more with the budget. He felt that the Athletics Department should operate on a balanced budget, and that policy is beyond the Director's authority.

Regent Lee asked what is being done to improve the product so that more tickets are sold. Director Donovan said that athletics is a dichotomy of socialism and capitalism. Title IX requires equality, but this comes at a cost, since not all sports generate sufficient revenue. Those sports amount to about a \$6 to \$8 million burden. But this is required by law and it is also the right thing to do. In a difficult economy with less discretionary income, people will forego attending sports events, even more so if the favored team is not winning. Director Donovan said that they can make changes of coaches over time and continue to get the best recruits. It will take time.

Regent Gee asked if Athletics has received any funding from the Hawai'i Tourism Authority (HTA). Director Donovan responded that there is no current funding, but HTA is funding the Diamond Head Classic and the Sheraton Hawai'i Bowl at \$250,000 a year. HTA is also open to assisting with travel costs related to the potential Pac 10 expansion, because the expansion would increase inbound travel by visitors from the Pac 10 schools.

Chair Karr requested a financial plan, which Director Donovan agreed to provide to the Board.

V. REPORT OF THE UNIVERSITY OF HAWAI'I FOUNDATION

UH Foundation President Donna Vuchinich announced that the Foundation has a new website at www.uhf.hawaii.edu.

President Vuchinich reported that \$25.1 million have been raised to date, which is 63% of their \$40 million goal. There has been increased participation and increased size of gifts.

The Alumni Association has new newsletters, one for 4-year college alums and one for community college alums and donors.

Priorities for FY10 and FY11 include raising \$10 million for the Cancer Research Center of Hawai'i; raising \$8 million for the Culinary Institute of the Pacific; and systemwide fundraising for student scholarships to ensure student success.

VI. ITEMS FOR BOARD ACTION – PART A

Report of the Board of Regents' Committee on University Audits

Committee on University Audits Vice Chair Mark Fukunaga reported that the Committee reviewed the proposed charters for the Internal Audit Office and the Committee on University Audits. Both charters are drawn on best practices of university audit policies and put forth appropriate guidelines for the working relationship between the Internal Audit Office, the Committee, and the Board of Regents. They do not constitute a delegation of authority from the Board to the Committee on University Audits. It clarifies the working relationship between Board and Committee, and the full authority still resides with the Board. The Committee on University Audit recommends their acceptance and approval by the Board.

The Committee reviewed the Internal Audit Office's audit plan, and commented that the audit plan was timely. The Committee recommends acceptance of the Internal Auditor's audit plan.

The Committee also submitted its meeting minutes of December 17, 2009, for Board approval.

Regent Gee asked if the audit of the School of Travel Industry Management was an organizational audit. Vice President Todo clarified that it was an operational audit that would not include the issue of the merger of the School with the Shidler College of Business.

Upon motion by Regent de la Pena and second by Regent Holzman, the charters for the Internal Audit Office and the Board of Regents' Committee on University Audits, the Internal Audit Office's audit plan, and the December 17, 2009 meeting minutes of the Committee on University Audits were unanimously approved.

Acceptance of the Audit of the UH Manoa Intercollegiate Athletics Financial Statements and Related Reports for the Year Ended June 30, 2009

Vice President Howard Todo requested approval of the UH Manoa Intercollegiate Athletics Financial Statements, Report on Agreed-Upon

Procedures, Internal Control and Business Issues Report, and a Corrective Action Plan.

Mr. Cory Kubota of the Accuity accounting firm stated that Accuity is prepared to issue a clean, unqualified opinion on the Athletics Department. No compliance matters were noted regarding the NCAA procedures.

Regent Haynes, chair of the Board's Committee on University Audits, reported that the Committee reviewed the reports at a meeting attended by the Athletics Department and Accuity, and recommends acceptance of the above-mentioned reports.

Upon motion by Regent Gee and second by Regent Baxa, UH Manoa Intercollegiate Athletics Financial Statements, Report on Agreed-Upon Procedures, Internal Control and Business Issues Report, and a Corrective Action Plan were unanimously approved for acceptance.

Acceptance of UH Bond System Financial Statements

Regent Haynes reported that the Committee on University Audits, upon review of the UH Bond System Financial Statements, recommends their acceptance by the Board.

Vice President Todo explained that the UH Bond System has a number of projects funded by revenue bonds issued by the University. Grouped together, the projects provide collateral for each other.

Mr. Cory Kubota of Accuity, which audited the UH Bond System Financial Statements, stated that they are prepared to issue a clean, unqualified opinion on the Financial Statements. He will present the Internal Control Report to the Committee on University Audits in March.

Upon motion by Regent Dahilig and second by Regent Lee, the UH Bond System Financial Statements were unanimously approved for acceptance.

Approval to Amend BOR Policy, Chapter 8, to Revise Admission Fees for Athletic Events

Athletic Director Jim Donovan requested approval to amend Board policy, Chapter 8-14, to revise admission fees for athletic events to: establish new maximum admission fees; eliminate price tiers; establish new maximum ranges for premium seat contributions; and eliminate three price tiers that were used to implement the premium seat contribution program.

Associate Athletic Director Carl Clapp said that the Department held a public hearing on January 26, 2010 on this matter, as well as provided a website and email address for input. He explained that the Department is asking for an increase in the maximum prices, but it is not the intent to increase ticket prices to

those levels immediately. He said that the Department may not ever reach those levels.

Reactions concerned the possible student activity fee's impact on ticket prices, and price increases. Mr. Clapp said that the proposal does not increase prices—it sets the maximum prices.

Regent Teichman asked if there was any outreach to student governments of all campuses. Mr. Clapp responded that the proposal was sent to ASUH and *Ka Leo*.

Regent Teichman said that it is a challenge to get students to attend athletic events. Will price increases discourage attendance? Director Donovan responded that prices were last increased in 2003, and the current proposal is for the next 3 to 5 years. The only price increase for students will be the USC football game, which will increase from \$8 to \$15, and women's basketball tickets, which are currently free, will be \$3 per game. The maximum prices are less for UH students than the general public, or are equal to the prices for students 4 years old to high school level. Prices have decreased \$15 within the last 10 years.

Director Donovan stated that for the Athletics program to clear its deficit, students will have to pay increased ticket prices or be charged an activity fee.

In response to Regent Teichman's question about increased ticket prices' effect on attendance, Director Donovan responded that prices were increased this year and more tickets were sold.

Regent Holzman commented that it would be useful to look at different equations and models to balance the budget, and have an opportunity to evaluate the choices.

Regent Lee asked the effect of the increase on revenues. Director Donovan responded that \$20 increases in prime seating at Aloha Stadium and Stan Sheriff Center will generate about \$100,000 - \$125,000 in new revenue next year. The USC game could potentially add another \$100,000 - \$125,000 and \$250,000 if the tickets are sold out.

Regent Lee asked why all seat prices were not increased. Director Donovan responded that not all the premium seats are elastic. At the 40 yard line are hard-core fans who will keep their seats. At the 20-21 yard lines, the fans are more willing to let go of their seats.

Regent Gee requested a 5-year plan with a longer-range strategy and the impact of any changes.

Director Donovan said that UH is the only Division I school that requires Board approval for price increases.

In response to Chair Karr's request for information on Koa Anuenu, Director Donovan explained that Koa Anuenu is the major fundraising group for

UH Athletics. The Board of Regents delegated the authority to Koa Anuenue to set premium pricing for certain locations in all of the sports venues. They contribute \$2 to \$3 million annually to the Department's budget. Koa Anuenue tickets cost much more than regular tickets. If this maximum ticket price increase is approved, Koa Anuenue will be able to contribute more to the Athletic Department.

In response to Regent de la Pena's question about corporate sponsorship, Director Donovan said that the Department receives approximately \$2.2 million. Chair Karr asked if all athletic events would be free to students should the student activity fee be implemented. Director Donovan responded in the affirmative.

Regent Teichman asked if the student activity fee would duplicate other fees. Director Donovan responded that a unit other than the Athletics Department would be handling the fee. He added that the athletics facilities can be available for non-athletic events, such as concerts in the Stan Sheriff arena.

Regent Haynes noted that the model appears to be broken. Between NCAA rules, Title IX and BCS, there is a have and have nots being created. He asked if there is any movement to level the playing field. Director Donovan responded that there is on-going discussion, especially with the BCS bowl system. There is also some movement at the federal level. Director Donovan voiced his uncertainty of the outcome of these efforts. The NCAA has not done much. Title IX has had a great impact on deficits because it requires funding of programs regardless of potential revenues.

Regent Dahilig asked how other NCAA schools dealt with their deficits. Director Donovan responded that some schools write off their deficits at the end of the year, and others accrue them. Oregon State University's athletic program grew and they were able to pay back their deficient substantially. The President noted that it is not the policy at the University to accrue deficits.

Upon motion by Regent de la Pena and second by Regent Haynes, it was unanimously approved, with an "aye with reservations" by Regent Teichman, to amend Board policy, Chapter 8-14, to revise admission fees for athletic events to: establish new maximum admission fees; eliminate price tiers; establish new maximum ranges for premium seat contributions; and eliminate three price tiers that were used to implement the premium seat contribution program.

Chair Karr noted that many comments posted on the blogs on the proposal concerned complaints about people moving to higher-priced, unoccupied seats during a football game. Chair Karr asked Director Donovan to work with the Aloha Stadium staff on this problem. Director Donovan explained that Aloha Stadium controls staffing, and the Stadium Authority has been working on this problem by implementing an anonymous hotline where people can call to report these unauthorized occupants.

Approval to Amend BOR Policy, Chapter 9-20

Chancellor Hinshaw requested approval to amend Board of Regents Policy, Chapter 9-20, to authorize the Board chair and vice chair, or their designee(s), to approve appointments and reappointments of coaches whose appointment is for more than 3 years or whose annual salary exceeds \$500,000.

Regent Teichman asked the rationale for this amendment.

Chancellor Hinshaw indicated the need for such decisions to be made quickly in high profile programs. Athletic Director Jim Donovan added that in high profile sports, decisions involving offers and acceptance involving a sitting head coach at another school needs to be done within 24 hours, due to the publicity and due to jeopardizing the sitting coach's position at his/her current school if the process languishes. Assistant coaches might be patient and wait for the full Board to approve the appointment. He also noted that at most schools, athletic directors appoint head coaches, not the school's governing board.

Regent Teichman asked if other athletic programs had their governing boards approve similar appointments.

Chair Karr explained that other athletic programs don't need their Board approval but he asked that the Board be included in the process because the Board has been criticized for not having been involved in the recent hires because of the current policy. With this amendment to BORP 9-20, only two coach hires would be subject to this provision- the football and the basketball coaches.

President Greenwood said that the intent of this amendment is to allow the President and the Board to support the Athletic program by being involved in the process. The amendment allows for official input from the Board of Regents' Chair and Vice Chair. The University cannot realistically wait three weeks (often the time lag between the selection and the next Board meeting to approve the hire) to make an offer.

Regent Dahilig commented that he would like to have the salary band widths for negotiations made public.

Upon motion by Regent Dahilig and second by Regent Gee, it was unanimously approved to amend BOR Policy, Chapter 9-20, to authorize the Board chair and vice chair, or a designated alternate Regent representing the Board, to approve appointments and reappointments of coaches for multi-year contracts of more than 3 years and/or annual salaries exceeding \$500,000.

Approval of Established Status for the Interdisciplinary Graduate Certificate in Disability and Diversity Studies, College of Education, UH Mānoa

Vice Chancellor for Academic Affairs Reed Dasenbrock requested established status for the Interdisciplinary Graduate Certificate in Disability and Diversity Studies.

Regent Gee expressed his support but asked whether the program generates more than it costs and also asked what other source of revenue is available to support the program. It was explained that most of the financial support comes from extramurally-funded faculty.

Chair Karr requested that the program's financial projections be updated, since the last projections were made in 2005.

Upon motion by Regent Gee and second by Regent Baxa, the established status for the Interdisciplinary Graduate Certificate in Disability and Diversity Studies was unanimously approved.

Approval to Terminate the Professional Diploma in Education, College of Education, UH Mānoa

Vice Chancellor Dasenbrock requested the termination of the Professional Diploma in Education, since it no longer attracts students. Students are opting for the master's degree, rather than a professional diploma.

Upon motion by Regent Dahilig and second by Regent Martinson, the Professional Diploma in Education was unanimously approved for termination.

Informational Briefing on the WASC's Capacity and Preparatory Review of UH Mānoa

Vice Chancellor Dasenbrock reported that UH Mānoa conducted a highly successful WASC (Western Association of Schools and Colleges) Capacity and Preparatory Review visit on December 8-10, 2009. This was the second part of the WASC reaccreditation process.

The WASC team was "unanimous in its assessment that the Capacity and Preparatory Review was well aligned with the Standards and provides evidence of progress from the Institutional Proposal toward the Educational Effectiveness Review."

The WASC provided several suggestions which are currently being disseminated to respective units.

Vice Chancellor Dasenbrock said that WASC is very concerned with student success and UHM's efforts in this area. WASC praises the campus' progress and assessment. All academic programs are now engaged in assessment, but the programs need to act on their self-assessments for program improvement. The co-curricular assessment will be done in the next eighteen months.

President Greenwood recognized the campus administrators and personnel who worked on the WASC accreditation and making it possible to receive such a glowing report. She reminded everyone that Dean Hedges shared that the medical school received similar complimentary report and that the University should be communicating to the community that it is being assessed and is receiving great review on its assessments.

Regent Gee echoed that this review is a glowing WASC report as compared with the previous report. He asked what the campus is doing to increase faculty and student engagement. Vice Chancellor Dasenbrock responded that he has asked the campus to work on the National Survey on Student Engagement (NSSE) that will give data on where the campuses are doing well and where they are not. This presentation will be provided to the faculty. Vice Chancellor Dasenbrock commented that it is not clear whether the lack of engagement is a function of the faculty or the fact that this is a commuter campus but they will look into this.

Regent Fukunaga congratulated UHM for the report and observed that the report is as good as it gets. He also noted that the information related to student engagement is timely in that we are looking for more contribution from the students so this is a good time to engage them. There are special challenges to being a commuter school but perhaps we can do better in areas such as student/faculty engagement and graduation rates. Vice Chancellor Dasenbrock responded that there are new ads on student success. The campus is working with a consultant to deliver a number of high impact undergraduate programs.

Regent Gee asked if there is a campus policy on faculty office hours and contact time with students. Vice Chancellor Dasenbrock responded that he was not aware of such a policy.

Regent Martinson added his congratulations and noted that the NSSE is a great way to communicate but asked that the communication be consistent with the BORP.

Approval of Authorization to Reallocate Revenue Bond Proceeds

UH Hilo Chancellor Rose Tseng requested approval to amend a Third Supplemental Resolution authorizing issuance of \$100 million of University revenue bonds, Series 2009A (2009 Revenue Bonds), to authorize the University to: (1) amend and expand the student housing purposes of the UH Hilo allocation of the 2009 Revenue Bonds; and (2) add, remove, or revise University Projects covered by the 2009 Revenue Bonds, to, from, or within the University System.

Specifically, the Board of Regents is asked to authorize the following:

1. Reallocate and use a \$3 million portion of proceeds from the 2009 Revenue Bonds allocated to UH Hilo to complete the construction of the College of Pharmacy interim facility, phase 1B project.

2. Use a previously approved and accepted gift to UH Hilo to partially cover the debt service payments on the UH Hilo proceeds from the 2009 Revenue Bonds to complete the interim College of Pharmacy project.
3. Amend the Supplemental Resolution to cover the above.
4. Authorize the interim College of Pharmacy project construction.
5. Delegate to the President, the UH Hilo Chancellor, and the Vice President for Budget and Finance/Chief Financial Officer the authority to finalize actions and sign documents regarding the above.

Regent Haynes asked if the University is in conformance with the original intent of the bond and whether there are any issues related to the investors. Vice President Todo responded that bond counsel was consulted, and their advice was to amend the bond resolution by the Board of Regents to clarify the use of the monies, even though technically the change is in conformance with the original intent. There were a number of pressing projects identified when the bond was issued in March 2009. One of the projects was the student housing at Hilo. Currently, Hilo does not need the entire \$20 million for housing but Hilo does need funds for their School of Pharmacy. When they spoke to the Bond counsel, the counsel recommended that the Bond Resolution be amended and have the Board of Regents approve the amendment to the Bond Resolution. The Bond counsel advised that this amendment is fine as it does not materially affect the project.

Regent Gee noted that there is a severability clause and he asked whether the re-purposing is part of the original agreement. Vice President Todo responded that what this does is to clarify that this amendment does not materially affect the project.

Regent Gee noted that the Board's duty is a fiduciary responsibility. Regarding covering the bond obligation, the following sources of funds were identified: Longs donation and the pharmacy school tuition which is about 90% of medical school tuition. Regent Gee asked if these sources of money are enough to cover the cost of the bond. Vice Chancellor Debra Fitzsimmons noted that the tuition from the college of pharmacy is about \$3 million per year and the Longs donation is another \$1 million over 5 years, so this is sufficient.

Regent Haynes asked if UH Hilo has spoken to the J.M. Long Foundation and whether they are on board that their donation will be used to service a debt. Chancellor Tseng responded in the affirmative.

Regent Martinson noted that the original intent was for \$20 million of the \$100 million would be used for student housing at Hilo. If it is determined that \$3 million of the original \$20 million is not needed for student housing, does the \$ 3 million get returned to the System or is that amount automatically reserved for UH Hilo? Vice President Todo responded that when the \$100 million in bond was authorized, the Board determined that \$20 million would be allocated to UH Hilo

for their student housing. UH Hilo stepped up to pay for the debt service. Hence, UH Hilo deserves to get the money. Moreover, none of the other campuses have the desire for the money or to service this debt. In the amendment before the Board, the interpretation of needed projects at UH Hilo was broadened to include renovation of existing student housing, rather than strictly purchasing of student housing.

Upon motion by Regent Carlson and second by Regent de la Peña, it was unanimously approved to:

1. Reallocate the UH Hilo 2009 Revenue Bond proceeds;
2. Amend the Supplemental Resolution to:
 - a) reallocate the interim College of Pharmacy bond proceeds;
 - b) amend and expand the purposes of the UH Hilo student housing allocation;
 - c) further revise the University Projects listing;
3. Approve the Interim College of Pharmacy completion;
4. Authorize use of the Longs gift for UH Hilo debt service payments;
5. Authorize the President, the UH Hilo Chancellor, and the Vice President for Budget and Finance/Chief Financial Officer to finalize actions and documents.

Approval of Name Change of Maui Community College to UH Maui College

Maui Community College Chancellor Clyde Sakamoto requested approval to change the name of Maui Community College to UH Maui College, to reflect that in addition to being a 2 year college, it also offers 4 year programs similar to other baccalaureate degree granting institutions. Chancellor Sakamoto said that with respect to accreditation, the College has moved from a junior commission to a senior commission, based on the two bachelor's degree programs now offered. The campus' bachelor degree programs currently offered are responsive to the needs identified by the County as it addresses the social and economic needs of the county.

Regent Gee asked what the faculty response was to the two different criteria for faculty hiring (two-year programs versus 4-year programs). Chancellor Sakamoto responded that the faculty was supportive.

Regent Fukunaga offered his congratulations to MCC for what they have accomplished. He commented that the request is to change the college's name. However, he asked what the strategy for MCC was and whether MCC intends to become UH Maui Campus? If we are headed in that direction, he believes that

the Board should fully address this issue, including budget related issues, rather than considering this matter in piece meal and not strategically.

Chancellor Sakamoto responded that the campus is assessing its resources and needs, and said that the 2 baccalaureate programs currently being offered as well as the 15 associate arts programs and UH Center for other programs meet the community needs and reflects a strategy that combines assets of the sister institutions. They intend to be careful about adding more programs, which will be based on the needs of Maui County. They do not foresee that there will be science programs at Maui CC; so, at this time, they do not see themselves moving towards a 4 year college.

Regent Fukunaga requested a 5-year plan and full evaluation of the College's objectives.

Vice President for Community Colleges John Morton noted that, legally and administratively, Maui Community College remains a community college, and is part of the Community College budget. State law prohibits the College from moving outside of the applied baccalaureate programs, so the College cannot request the Board to approve a bachelor's degree program in English, for example, without legislative action or removing themselves from the Community Colleges. Vice President Morton said that these baccalaureate programs address specific employment opportunities in Maui. He also indicated that if they change their strategy from the community college, then change in law would be needed. They currently have 100 students in the baccalaureate programs, compared to 4000 on community college programs.

President Greenwood said that they would like to make available programs that address what the community needs. The courses developed in Maui Community College were developed with the Economic Development Office. These courses may be reverse transferred to O'ahu. The University is assessing how well it is covering fields, how accessible are those fields to all students in Hawai'i, what technologies are utilized, and are there lower cost methods of offering programs. They are also looking at ways to deliver these courses without making MCC into a 4 year college.

On question by Regent Fukunaga, Vice President Morton indicated that there is not intent or desire to change any other community colleges at this time.

Upon motion by Regent Baxa and second by Regent Teichman, it was unanimously approved to change the name of Maui Community College to the UH Maui College.

EXECUTIVE SESSION

Upon motion by Regent Martinson and second by Regent Holzman, the Board unanimously approved convening in executive session, pursuant to HRS §92-5(a)(2)(3)(4), following a luncheon recess. The Board convened in executive

session at 1:30 p.m. The Board reconvened in public session at 3:35 p.m. Regents Haynes and Holzman were excused from the public session.

VI. ITEMS FOR BOARD ACTION — PART B

Approval of the Management and Implementation Framework for Project Development within UH Management Areas on Mauna Kea

UH Hilo Chancellor Rose Tseng said that the Management and Implementation Framework is a promise to the public that the principles from the Master Plan will be honored: community input; local management; and clear lines of decisionmaking. The Framework transparently explains how these principles will be honored when new projects are proposed.

Ms. Stephanie Nagata, Interim Executive Director of the Office of Mauna Kea Management, described the Framework, a community-based management housed within UH Hilo, comprised of the Office of Mauna Kea Management (OMKM), the Mauna Kea Management Board (MKMB), and Kahu Ku Mauna Council (KKMC), the Native Hawaiian advisory council.

A project review and approval schedule was developed for proposers to articulate the Master Plan's approval process. A project is reviewed by the KKMC, OMKM and the MKMB, which takes appropriate action. MKMB's recommendation is forwarded to the UH Hilo Chancellor, who submits his/her recommendation to the President for final approval.

The Major Review and approval process involves the integration of four processes: the Master Plan design review; the Environmental Impact Statement; UH project review and approval; and the Department of Land and Natural Resources permitting. Following approval of the final Environmental Impact Statement, MKMB reviews and recommends approval or disapproval of the project. The Board of Regents has final approval.

Upon motion by Regent Gee and second by Regent de la Peña, the Management and Implementation Framework for Project Development within UH Management Areas on Mauna Kea was unanimously approved.

VII. APPROVAL OF PERSONNEL ACTIONS

Upon motion by Regent Teichman and second by Regent Baxa, it was unanimously approved to award the title of Emeritus Professor to Sandra Wagner-Wright of UH Hilo.

VIII. ACCEPTANCE AND APPROVAL OF GIFTS, GRANTS AND CONTRACTS

Vice President for Research Jim Gaines announced that the University has received close to \$310 million to date.

Vice President Gaines invited astronomer, Dr. Karen Meech, who obtained her Ph.D. from the Massachusetts Institute of Technology, Director of the UH arm of the NASA Institute of Astrobiology, to share with the Regents about her work in Astrobiology.

Dr. Meech gave an overview of what astrobiology is and the role of the UH in the NASA Astrobiology Institute. The Institute is interdisciplinary, run remotely with 14 nodes and central headquarters in California. UH's research focuses on water and inhabitable worlds – how does water originate in space, how does it get to earth, how does it interact with life in extreme environments, both on earth and in the solar system. All of these concerns encompass several different departments of the UH.

The Institute will be submitting a proposal for a space mission to explore water in the solar system. If approved, this project will cost \$450 million. The Institute also provides teacher and student training, and public events to inform the public about its research.

Regent Gee noted that this is yet another reason to be proud of what is happening at the University. He asked if the Institute's work covers global warming. Dr. Meech responded that her research does not directly cover global warming although it could be relevant to the issue.

President asked how the Astrobiology Center was doing. Dr. Meech indicated that they will have a healthy budget this year. They currently have 10 postdocs and may have 2 more. They also have 10-12 graduate students and they will also have undergraduate students.

In response to Regent de la Peña's question, Dr. Meech stated that their study involves studying where water is found, how it got there and whether it can support life.

IX. ITEMS FOR BOARD ACTION — PART A (continued)

Quarterly Financial Status Report (information only)

Vice President Todo provided a quarterly report for period ending September 30, 2009. At the next meeting, he will provide the Board a quarterly report for the quarter ending December 31, 2009. He reported that the University will get through this year.

Regent Martinson noted that the appropriation for 2008 was \$734,255,000 but was reduced to \$422,591,000 in 2009. He asked why the University's appropriation was reduced by \$270 million in 2009. Vice President Todo indicated that the \$270 million was a pass through in 2008; in 2009, the legislature decided to make the appropriation directly to the Department of Budget and Finance rather than to pass it through the University budget. In addition, the legislature reduced the UH budget by \$ 46 million for 2009; the Governor imposed an additional restriction of \$52 million. So the UH budget was reduced by \$98 million from the 2008 figure.

X. ANNOUNCEMENTS

Chair Karr announced that the next meeting of the Board of Regents will be March 18, 2010, at the University of Hawai'i at Hilo.

XI. ADJOURNMENT

There being no further business, on the Motion of Regent Dahilig, which was seconded by Regent Martinson, the meeting was adjourned at 4:10 p.m.

Respectfully Submitted,



Darolyn Lendio, Esq.
Interim Executive Administrator
and Secretary of the Board