MINUTES

BOARD OF REGENTS’ MEETING

FEBRUARY 20, 2014

I. CALL TO ORDER

Chair John C. Holzman called the meeting to order at 9:20 a.m. on Thursday, February 20, 2014, at University of Hawai‘i at Mānoa, Information Technology Building, 1st Floor Conference Room, 2420 Correa Road, Honolulu, Hawai‘i 96822.

Quorum (14): Chair John C. Holzman; Vice Chair, James H.Q. Lee; Vice Chair, Saedene K. Ota; Jeffrey Acido; Carl A. Carlson; John Dean; Chuck Gee; Ben Kudo; Coralie Matayoshi; Barry Mizuno; Randy Moore; Jeffrey Portnoy; Tom Shigemoto; and Jan Sullivan.

Excused: Eugene Bal (medical).

Others in Attendance: Interim President, David Lassner, PhD; Interim Executive Vice President for Academic Affairs, Joanne Itano, PhD; Vice President for Community Colleges, John Morton, PhD; Vice President for Legal Affairs and University General Counsel, Darelyn H. Lendio, Esq.; Vice President for Budget and Finance/Chief Financial Officer, Howard Todo; Vice President for Research, Vassilis Symos, PhD; Interim Vice President for Information Technology and Chief Information Officer, Steven Smith, PhD; Associate Vice President for External Affairs and University Relations, Lynne Waters; UH Mānoa Chancellor, Thomas Apple, PhD; UH West O‘ahu Chancellor, Rockne Freitas; Leeward Community College Chancellor, Manuel Cabral; Honolulu Community College Chancellor, Erika Lacro; Executive Administrator and Secretary of the Board of Regents, Cynthia Quinn; and others as noted.

II. APPROVAL OF MINUTES OF NOVEMBER 21, 2013 AND JANUARY 21, 2014 MEETINGS

Chair Holzman indicated he had amendments to the November 21, 2013 minutes that were submitted by Regent Matayoshi and asked if there were any other revisions to the minutes.

Regent Moore added amendments to page 5 to state a third of the employees at the Pacific Disaster Center are Maui College graduates and on page 9 to state the sustainability policy. Regent Matayoshi added that on page 10 it should state $28M of annual debt service.

Regent Dean moved to approve the minutes of November 21, 2013 as amended, seconded by Regent Mizuno, and the minutes were approved by unanimous vote.
Regent Moore moved for approval of the January 21, 2014 meeting minutes, seconded by Regent Dean, and the minutes were approved by unanimous vote.

III. PUBLIC COMMENT PERIOD

Executive Administrator and Secretary of the Board of Regents, Cynthia Quinn announced that distributed to the Board are testimony regarding the item for action regarding Mauna Kea Sublease received by the Board office by email and U.S. Mail by 8:30 a.m. Other late testimony after that time period will be distributed to the Board at a later time. She also indicated that only one person signed up to give oral testimony, and announced to the audience that if anyone else wanted to testify to please sign up on the sign-up sheet. She then read aloud the names and position of those who submitted written testimony that was received by the Board office by 8:30 a.m.:

In Opposition:

1. Janna Ahu
2. Michael Alves
3. Diamond Badajos
4. Brandi Balutski
5. Cheryl Burghar
6. Brandy Caceres
7. Deandra Castro
8. Lianne Charlie
9. Amberlee Cotchay
10. Patrick Decayanan
11. Una Flux
12. Alysha Franco
13. Konia Freitas
14. Dee Green
15. Wendy Green
16. Saisamoana Price
17. Lesley Laukea
18. Jesse Kaho'onei
19. Haley Kailiehu
20. Shaelene Kamaka'ala
21. Natalie Kurashima
22. Jennifer Nadeau
23. Bryan Kuwada
24. Ilima Long
25. Pūlama Long
26. Keali'i MacKenzie
27. Julia Morgan
28. Kelli'i Nixon
29. Emma Oto-Pale
30. No'eau Peralto
31. Alicia Perez  
32. Keani Rawlins  
33. Rain Reed  
34. Camille Simon  
35. Eric Tong  
36. Natasha Tong  
37. Chantrelle Wai'alae  
38. Kawēlau Wright  
39. Aiko Yamashiro  
40. Manu Ka'iama  
41. Aleka Lyman  
42. Doorae Shin  
43. Algae Van den Bergh

**In Support:**

1. Roberta Chu  
2. Jay Gibson  
3. Saeko Hayashi  
4. Carolyn Kaichi  
5. Lilikala Kame'elehiwa  
6. Vivian Landrum  
7. Barry Mark  
8. Stephanie Nagata  
9. Gregory Mooers  
10. Mark Nakashima  
11. Barry Taniguchi  
12. Peter Young  
13. Ka'iu Kimura

Secretary Quinn announced that four people signed up to present oral testimony.

1. Peter Young, testified in support of the Mauna Kea Telescope and referred to his written testimony. He testified about the identifiable use of astronomy to Hawai‘i and the world, that it will help generate over 100 million dollars a year, and that the area would be returned to its original condition at the end of the lease when the telescope is decommissioned.

2. Jonathan Osorio, Professor of Hawaiian Studies, testified in opposition the sublease, arguing that the presence of the telescope is intrusive to Hawaiian cultural practices. He stated that there has been a large amount of testimony against the sublease, and that there are scientific uses other than telescope that have been turned away.
3. Jacob Aki, student, testified in opposition to the Mauna Kea Telescope project arguing that he believed that Mauna Kea is one of the only sacred places left that has not been desecrated. He believes it is a significant cultural site to Hawaiians. He believes the “future generations” do not want this area to be desecrated.

4. Laupapaka Fried, presented his testimony in Hawaiian and English language, and then presented the Board with a signed petition of over 100 students in opposition to the Mauna Kea Telescope. He testified that he believed that the action regarding the Mauna Kea Telescope is an example of a policy of that continues to marginalize and dismiss the culture and perpetuates the capitalistic establishments created over 100 years ago that exploit land.

5. Sterling Wong, Policy Manager of the Office of Hawaiian Affairs, testified in opposition to the sublease and submitted written testimony. His main concerns were that Mauna Kea is economically, environmentally, and culturally significant lands, that are also Public Land Trust lands for which the Board of Land and Natural Resources and UH have obligations to manage for the beneficiaries of the land trust to Native Hawaiians. They appreciate that TMT sublease is being charged significant rent but do not know how much revenue is being generated by the telescope. He cited CalTech and NASA revenue figures to assume that the TMT telescope will generate greater revenue. They could not find any formula for how the sublease rent is being calculated.

Executive Administrator and Secretary of the Board of Regents, Cynthia Quinn asked if anyone else in the audience wanted to present oral testimony, and Chair Holzman encouraged those interested to present:

1. Ilima Long, student, testified in opposition against the TMT Telescope and presented the Board with further signed petitions. She gave a summary of the reasons for opposition such as the environmental impact on the fragile ecosystem from construction, and she believed she was genealogically connected to the mountain and it is a source of her identity and spirituality. She stated she believed that the issue is about who has the voice and authority to determine what happens to Mauna Kea and who has the power to silence that voice.

2. Andre Perez, graduate student, testified in opposition to the development of Mauna Kea because it is contrary to the strategic plan that highlights UH as a Hawaiian place of learning and grounded in Native Hawaiian knowledge because to developing Mauna Kea is not conducive to UH and the Hawaiian community.

3. Pūlama Long, student, testified in opposition to the telescope because she believed there was a lack of public input and that there should be more dialogue share.

4. Joshua Irvine, PhD student, testified in opposition to the telescope because he
believed that the project is not aligned with Hawaiian values.

5. No’eau Peralto, PhD student, testified in Hawaiian and English language, in opposition to the telescope because it conflicts with his cultural, research preservation of Mauna Kea.

6. Jim Hayes, former employee of Hawaiian Institute of Physics, testified in support of the telescope. He explained that he was formerly involved in the project and that the TMT Board has taken steps to interact with the community and address community concerns. He stated they have recorded all the community concerns and how they have tried to address them all.

7. Dan Purcell, testified in opposition to the telescope and commented that because the Hawaiian language being the official language of the state of Hawai‘i, there should be a translator present for those who present testimony Hawaiian, so that the Board can understand what is being said.

There being no further testimony, Chair Holzman announced that the Board had a number of items on the agenda and the approval of the Mauna Kea Sublease and Non-Exclusive Agreement with TMT International Observatory, LLC would first be taken up in Executive Session and then discussion and voting would be done in open session between 2:00 to 2:30 p.m. All were welcome to stay but also could come back later.

IV. **REPORT OF THE PRESIDENT**

Interim President Lassner began his report by welcoming everyone to the new Information Technology Building. He invited everyone to tour the facility. He thanked Interim Vice President for Information Technology and Chief Information Officer Steven Smith, and the UH Foundation for the reception for the President’s Club, donors who donate at least $1,500 a year to the university. Interim President Lassner said there were over 300 guests, food and drinks were provided and a tour of the building was conducted. He noted they secured one naming opportunity, and received a donation at the event.

Interim President Lassner reported that last week was “conservation week”, and announced that Hawai‘i has been selected as one of two finalists to host the World Conservation Congress, which is the largest conservation related event in the world that meets once every four years. Istanbul, Turkey is the other finalist. The International Union for Conservation of Nature (IUCN), headquartered in Geneva, was visiting Hawai‘i last week and Interim President Lassner met with them on the island of Hawai‘i. The governor hosted a reception at the convention center, and another reception was held at the Bishop Museum. He believes that IUCN left extremely favorably impressed with what Hawai‘i has to offer and how the entire state pulled together on the visit. The governor was lead and William Aila from DLNR, acting on his behalf, along with the university, the National Tropical Botanical Garden, Bishop Museum, and many other organizations worked hard on the visit and the UH Foundation was a great partner.
Interim President Lassner mentioned the National Board of the Smithsonian was also in Hawai‘i, and they signed an MOU with the university regarding the Tennenbaum Marine Observatories Network. They will be partnering with Coconut Island, Hawai‘i Institute of Marine Biology and some of other our systems to share some of our data with the Smithsonian. This is an endowed effort by Mr. Tennenbaum; and G. Wayne Clough, Secretary of the Smithsonian, which is considered a cabinet level post, who were also visiting along with former Regent Al Landon, an emeritus member of the national board. It was a great event and an opportunity to partner with one of the world’s preeminent institutions. The university is one of the first sites outside the Smithsonian property to sign a partnership agreement.

Interim President Lassner reported that the UH officers, vice presidents and chancellors of the four year campuses, had a retreat last month at the IT building before it was fully open. They revisited the strategic directions and recalled that the Board had a conversation on those directions over the last summer. He indicated they were trying to strengthen and articulate the directions the Board has provided to the interim president and the university in the areas of graduating more students, innovation, restoring our facilities, and increasing accountability and transparency. He said they also discussed the cost forum that Regent Carlson pursued last year with them. There is a draft document that will be ready to share more broadly and publicly by next month.

Interim President Lassner said they are also starting searches for the two vacant vice president positions the Board approved—the Vice President for Administration and the Executive Vice President for Academic Affairs. There is no intention to make an appointment if a new president was about to be appointed. However, if the vice president finalists are available and the president is not, then they need to move ahead with filling those positions. The search committees for those positions will include all campus units, faculty, students, and staff. They will take the usual diversity of perspectives into consideration and also include community representation. He will keep the Board informed as those searches progress.

Interim President Lassner reported that Fitch Ratings, one of the three major ratings agencies, has reaffirmed the university’s rating as AA. He thanked VP Todo and Director of Budget and Finance Kalbert Young for their work. Fitch reviews the university’s ratings biannually. Fitch ranked UH as having “very high credit quality, strong capacity for payment of financial commitments, not particularly vulnerable to foreseeable events” based on their assessment and conversation of our strengths. B&F Director Kalbert Young called it “very respectable.”

On the academic front, Interim President Lassner reported that Accrediting Commission for Community and Junior Colleges (ACCJCJ), which accredited six of UH’s community colleges in January removed Honolulu Community College (HCC) from warning status. He noted the Board may recall that HCC was placed on warning status last year and congratulated Chancellor Lacro, who was seated in the audience, for the wonderful news. He added that all of the community colleges now are in a state of full
Interim President Lassner continued with a legislative update. He addressed two specific themes occurring at the Legislature. First, the major financial initiative involves restoring funding for faculty salaries, that is highly aligned with both UHPA, which is actively lobbying on behalf of this, and B&F on behalf of the governor who is in strong support. This initiative is being brought before the major subject matter and money committees with strong support from UH, UHPA and the State of Hawai‘i. He added that other labor unions are supporting this initiative and testifying in writing because they do not want to see the notion established that a collective bargaining agreement entered into is not funded by the State. Interim President Lassner said it is moving well and there is some discussion about the extent to which the two elements of that restoration and the 3% raises will be funded in a separate bill or in the budget. He hopes that it gets worked out between the House and Senate in the next few weeks. He said there have been some alarming bills introduced that could affect the university’s land holdings in different places, primarily UH West O‘ahu, but there are some other possibilities and they are working hard to prevent any of that happening. He credited Regent Kudo for chairing a task group on legislative strategy and noted the participation, leadership and support of the university at the Legislature is welcomed, noted and really quite effective. He thanked and congratulated the regents for taking this task on. He added there was a markedly different tone at the Legislature this year, and while there are issues, it is respectful and productive.

Report of Host Campus

Chancellor Apple reported that the student success rate is on a very positive trajectory and the 6-year graduation rate was above 55% the last year. The graduation rate for Mānoa was in the 69th percentile of public universities, with Harvard in 100th percentile, which means Mānoa would be third best on a scale of 10. The graduation rate for Mānoa was at the 58th percentile for all universities and again at the 63rd percentile in terms of first-year retention, which is good. Mānoa is also doing very well in terms of the accumulated debt of students relative to their earnings upon graduation. The challenge for Mānoa is the cost per student, which is higher than most public universities.

Chancellor Apple noted that unsuccessful registrations have plummeted to almost zero. He said they have made a huge effort here and extended thanks to the deans and the vice chancellors of academic affairs offices for their work.

Chancellor Apple then reviewed budgets regarding sources, efficiencies, planning and reserves. He stated that this year, for the first time ever, they received slightly more money from tuition revenues than general funds so basically, they are equally funded.

Chancellor Apple said the NCES (National Center for Educational Statistics) recently sent all campuses some guidelines on their peers. UH is about 220% more productive on research than their peers. He then explained that of the $17,000 for instruction per
student, about 4.5% is for faculty research activities. UH research faculty are paid full-time to do research, and none of their peers to do that. One of the reasons UH is so successful in bringing in between $300M to $400M a year in external funds for research is because they have a competitive edge in the research arena because they pay faculty full-time to engage in research.

Chancellor Apple then showed recent data from collegemeasures.com that ranks UH at 51st in the country with closest peers being Virginia, Indiana, Florida, Miami, and their cost per degree is high.

Chancellor Apple reviewed the expenditure summary for fiscal year 2013 and noted that tuition was $198M and general funds were $196M. About one-third of the money was spent on faculty, and overall personnel expenses are approaching three-fourths of the revenue. Mānoa funds graduate students at $14M and spends about $5.5M on student health.

Chancellor Apple said there were a lot of student jobs on campus and noted that Executive/Managerial (E/M) salaries are at 1.6% of their budget, which is a very low number compared to their peers. This corresponds roughly to 2.25% of all of salaries. Approximately $44M a year is spent on utilities, which equals to almost $3,000 per student, or one-third of tuition.

Chair Apple mentioned the student to faculty is ratio is between 11:1 and 13:1 and their peers are between 16:1 and 18:1. He said UH was faculty rich but they just needed more students. They can handle more students and need to encourage more to come, particularly from international realms. They are incredibly lean. He also noted that deferred maintenance staff is low and being so lean in some areas such as deferred maintenance actually hinders them.

Chancellor Apple then talked about the reserve policy and noted that after carrying over a reserve that resulted in $100M sitting in the tuition and special funds reserve last year, they are now running a deficit. Mānoa must get more revenues or cut expenses. By far the most important goal for increasing revenue is by attracting more students. They had approximately 18,000 undergraduates in the late 70s and currently there are about 14,600. Mānoa has the capacity, but needs more student housing, especially for international students. Another area that can be explored is doing more to make the federal government pay for research grants.

Chancellor Apple expressed his hope that the Board found this information useful and interesting, and then opened the floor for comments and questions.

Regent Gee said he found the statistics very interesting and informative. He asked about the impact of the Board’s policy, going back a half dozen years or so, of encouraging the system to act as a system and having the community college students transfer to Mānoa and whether it reduces the amount of tuition they would receive. He also asked what the outlook for that was given our demographics and if the university
had a handle on the forecast of kids coming out of the high schools that would choose Mānoa or any of the four year colleges instead of going to the mainland.

Chancellor Apple responded there had been tremendously positive results from working as a system. In any fall semester, approximately 40% of new students coming to Mānoa are transfers and a majority of those are coming from their own community colleges. There is a sizeable transfer from California universities because UH tuition is affordable, especially the WUE tuition. He noted that transfer issues occur with larger number of upper level students that has prevented them from transfer students that they can graduate in four years. He noted that a major thing they have been working on this past year is making sure the various units have the people they need in the different majors. There has never been any direct connection or incentives for various departments, programs, and colleges to have students. They will be changing that, but he noted it was a difficult conversation to have because there might be a redistribution of revenue. He said in general, the expenditures they make per student or per degree in the various different colleges can vary by faculty. Budgetary policies within the campus that have distributed revenue should have at least some motivational factors to encourage students to graduate and they want to make sure there are rewards for students that graduate.

Regent Matayoshi expressed her concern about the use of reserves for operations. Chancellor Apple explained that he expressed reserves as a percentage of the operating budget only to show the reserves based on the operations. Regent Sullivan expressed similar concerns.

Regent Matayoshi reiterated her concern and asked for an explanation on how the $20M in reserves would be used. Chancellor Apple said he shared Regent Sullivan’s concern with expenses exceeding revenues and they have been working frantically on things and there has been a lot of austerity going on. He noted that several administrators have heard about the austerity and they are not hiring like they used to. He indicated they have been doing other things to make sure they can get by and keep their budget on a stable course. He added that they had a surprise last year in a transfer to take care of, so this was not a good trajectory to be on. He reiterated that they were doing everything they could to grow revenues and cut expenses.

Regent Pohinoy referred back to the statistics on the university’s peer groups and asked if Chancellor Apple could elaborate on the public findings for those schools. Chancellor Apple explained the percent distribution of core revenues for their peers is 20% while Mānoa is at 19%. Their peers receive 19% from their state appropriation while UH gets 24%. Government grants are at 46% while their peers are at 29%. Their peers receive gifts, private gifts, and grants at 9% while the UH received 5%. State collaboration is a large percentage, though that has dropped from $290M to $190M. In 2009, there was $2 from the state for every $1 from the students, and in just 5 years it is now 1:1. He thinks that ratio could actually turn around in 5 years. It does encourage them to attract and retain students. International students bring $23K which helps keep tuition down for in-state students. Mānoa has a higher tuition that other places but it
comes with an obligation to provide more financial aid to all qualified students.

Vice Chair Lee asked Chancellor Apple what the perception of foreign students was and what kinds of efforts were being made to attract more international students. Chancellor Apple stated that international attraction is much higher at the graduate level than the undergraduate level. Most of the science and engineering programs are predominantly international, at the undergraduate level it is a smaller number. He added that there were a number of initiatives to recruit internationally.

Regent Kudo asked for clarification on the cost per student breakdown between tuition and general funds. Chancellor Apple said it was $9K for in-state, $20K for out-of-state, and $13.5K for WUE.

Regent Kudo asked if it is $9,000 per local student, how much of that would be general funds. Chancellor Apple explained that on average, tuition and general funds are virtually equal this year, and therefore the expenditures are about 50/50 or about $10K. Regent Kudo said that meant they were looking at an approximate loss of about $3,000 per student and Chancellor Apple responded that was exclusive of the 20% of tuition given in financial aid.

Regent Gee commented on the ability to track international students. In the past, there had always been public concern about international/out-of-state students, despite the fact that they pay a much higher tuition differential. The university has a policy that limits the number by percentage of international students, but in order to win public support there needs to be more communication from the campus itself. The local in-state students truly benefit from that rich mix of international, mainland, and local so they need to do a little more ground paving and make a solid effort to attract more mainland and international students.

Chancellor Apple agreed with Regent Gee and said it was a tremendous benefit to have international students here and it enriches the experience. However, doing so creates some enormous competitive advantages over other universities when recruiting throughout Asia and the Pacific Islands.

Regent Sullivan thanked Chancellor Apple for trying to shed light and presenting the good as well as the challenges. She expressed concerns about the presenting of the cost per degree at Mānoa and the need for a better system to account for all the costs of the System. She said the Board should look at overall system costs and how to allocate those costs to the campuses otherwise it appears as a $74K cost per degree. This is not a true cost because the system cost per degree isn’t even considered. Her second concern was the trend in the carryover and she would like to see the plan of how this is going to be addressed on the revenue side and the expense side.

Chancellor Apple responded that they have been spending many hours trying to make sure they have a plan to stabilize the budget and they have a short term plan and a long term plan for efficiency.
Interim President Lassner added that they believe the data submitted prorates the cost into the campuses based on the methodology.

Chancellor Apple pointed out that there are some system costs covered by Mānoa that Mānoa uses such as the legal and procurement offices. Mānoa also covers some costs for fiscal as well and houses systems on campus and pays utilities.

Chair Holzman noted that since Chancellor Apple presented salaries for faculty who do research involve 25% of the cost of $19K to $20K year education at Mānoa, what if anything is going to be addressed for many of those faculty who are tenured and do not teach. He said on most campuses researchers seek money from outside the university and a large percentage of their revenues come from outside to support the researchers. He added that if they are tenured then it is a fixed cost.

Chancellor Apple replied that they are having the difficult conversations and in the conversations he has had with the faculty he points out that he was always expected to bring a sizeable fraction of his salary when he was part of the research faculty. There is question about having full time R faculty here who get a full salary and do not have to write their salary into their grants. He said it was an advantage for the university to recruit talent and they are way ahead of their peers in terms of research, such as SOEST and IFA that are world renowned and partly because of this policy. It has a lot of merit in that regard, especially when they are almost 100% funded by general funds. He said they have some units that are moving in that direction, and they have the option when they bring in new people to change the expectation over time. He noted the dean of the medical school had been doing this and they are looking at the cancer center. Over time, that will pass down so eventually it is understood that while a faculty salary may be in the $200K, they should not expect to get more than $75K to $100K from the university. He added that was standard practice at other universities.

Chair Holzman asked if Chancellor Apple could update the Board and the Academic Affairs Committee and Chancellor Apple agreed to do that.

At 10:53 a.m. the Board took a break and reconvened at 11:07 a.m.

V. REPORT OF THE UNIVERSITY OF HAWAI‘I FOUNDATION

University of Hawai‘i Foundation (UHF) President Donna Vuchinich expressed thanks to the Board of Regents, Interim President Lassner, Interim Vice President for Information Technology and Chief Information Officer, Steven Smith and the IT staff who did a superb job in showing off the capacity and educating over 300 people about the ability this new IT facility. They highlighted how the facility provides for students and particularly researchers in computing and so many areas of excellence where there is large data that needs to be maintained, managed and consolidated for security. She indicated this was a great facility and they are very proud and everyone who came out was extremely excited to see this facility and be part of it. She referred to Interim
President Lassner’s comments about the work with IUC and noted that everywhere they went last week they were met by alumni who were working with DLNR or other land conversation groups and were always the first to say how proud they were to be a UH alum. They also shared how much they loved the foundation, how many of them got UHF scholarships, and how they had furthered their education with advanced degrees or been promoted at their work. She said it was inspiring to hear the stories last week about the work that faculty does and the work philanthropy and many other forms of support provide to our community.

President Vuchinich then provided a report on the status of the UHF through the end of December 2013, which closed at $28.3M, on par with normal years. She noted they try to bring about 40% of their revenues in by December, and as of February 19 they were at $32.6M for this campaign year, with a goal of $61M. They are moving towards that goal in steady fashion.

Regent Dean asked how a 5 year gift or pledge is accounted. President Vuchinich responded that generally on gifts and pledges the total 5 year amount would be counted for accounting purposes, but for accounting only the cash would be counted. For this purpose she noted it would be the full amount.

Chair Holzman announced due to time constraints with additional committee reports they asked President Vuchinich to present on a quarterly basis rather every month, which still allow them to catch trends and that would be sufficient. He added that if UHF had anything of importance that the Board needed to know right away they would be glad to make room.

President Vuchinich said that as required by their contract, they would continue to submit monthly reports to the Board with in person reporting done quarterly.

VI. REPORT ON GIFTS, GRANTS, AND CONTRACTS

VP Syrmos said he attended breakfast at Waialae Country Club hosted by Shidler College of Business. Dean Roley also attended, as well as Susan Yamada, the Executive Director of the Pacific Asian Center for Entrepreneurship (PACE) program, which launched a $2.5M fundraising campaign. He said it was a great event and thanked everyone for their support and noted that he brought materials if anyone else was interested in supporting PACE.

He said they were going ahead with recruiting a new director for the Office of Technology Transfer and Economic Development (OTTED), with Dean Roley chairing the search committee and Mr. Barry Weinman serving as co-chair. He asked that everyone help them get the word out and noted that Dean Roley and Mr. Weinman would be reaching out to several Board members.

VP Syrmos summarized the extramural sponsor awards for the closing of the first half of the fiscal year ending December 31, 2013, which shows $241M, down 4% from
$252M last year. He said they did expect this, and also the Federal government was closed for 2 weeks, and expected to catch up over the next six months. He noted the January extramural sponsor awards were down compared to last year, but usually the first quarter revenue is quite small and small fluctuations in grants make all the difference. He said they expect they will catch up in February or March because they are in negotiations for a few large contracts.

Regent Dean said that he and Vice Chair Lee attended the $2.5M PACE fundraising kick-off and it is a good example of the university working together, beyond just the business school. He said Dean Roley and Executive Director Yamada talked about reaching out to other parts of the university to work together. He thinks if the university is going to do well it is critical they work more and more together to make an impact. The more they can take science and technology and then find efforts—SOEST did a great job of presenting—and commercialize that, then the university is really building long term value for all the people of Hawai'i.

Vice Chair Lee added that it was an excellent presentation and is a great example of something that needs to be done going forward to help the economy. He said it was great to see whole university working together. He noted he asked Director Yamada to give a presentation to the full Board when time permits. Regent Dean agreed and thanked VP Symos for the work he was doing.

VP Symos said the next item for agenda is an indemnity clause for a $250K grant from the Michael J. Fox Foundation, which has to do with the study of certain protein enzymes and how they affect Parkinson's Disease. The research is being done by Dr. Nicholas James from the Department of Cell and Molecular Biology at JABSOM and involves data analysis from spectroscopy data.

Regent Moore moved for approval of the indemnity provision, Regent Dean seconded, and the motion was unanimously approved.

VII. COMMITTEE REPORTS

a. Report from the Committee on Academic Affairs

Regent Gee reported that the committee met earlier in the morning to discuss Agenda Items 5 and 6 this morning and said it was a great pleasure to approve the UH Foundation request to establish two new chairs. The chairs will be funded by the single, largest bequest from a single donor of $9.2M. The donor did specify where the money should go and two of these chairs are in strategic areas for the University of Hawai'i at Mānoa, a chair/professorship in the School of Ocean and Earth Science and Technology (SOEST) and director's chair at the Institute for Astronomy (IFA). These are selective areas of excellence for UH Mānoa. Regent Gee mentioned that chairs lend prestige to universities, especially in building up the reputation of those departments, so having each chair funded with $2M worth of endowment, plus $80K of immediately expendable funds to establish those chairs is a very positive thing. He said
the committee was a little concerned about whether these chairs would require requests for additional positions and they do not, as existing positions would be used. The director’s chair in astronomy will be occupied by the director of the IFA himself, and the other chair in SOEST will be occupied by either an existing professor at associate rank or higher or through recruitment.

b. Report from the Committee on Budget and Finance

Regent Sullivan said there were four items on the committee agenda. The first item is the new financial management report that is being worked on that Interim President Lassner mentioned earlier, which will eventually replace the Board’s standard financial report. Although not in the Board materials, it was reviewed in committee. She then gave some highlights. First, several committee members noted a large increase in our expense, primarily from compensation and VP Todo noted it was due to salaries and UHPA and other contract obligations. The second item of note was the unencumbered balances. As of the end of September there was $109M of general obligation bonds that had to be encumbered by the end of June. There was also $34M worth of revenue bonds that have not been encumbered or utilized. She thinks at some point this has to be addressed on a broader basis, in particular the $23M of revenue bonds not being used by the University of Hawai‘i Cancer Center on which we are paying debt service since 2010. The third item is the biennium budget policy. Regent Sullivan said that University Budget Director Laurel Johnston did a draft schedule and noted that for those regents who are new to the Board, it is Board policy to adopt this policy paper, which is supposed to happen at the next Board meeting. The purpose of the paper is to set the blueprint for the biennium budget. The next thing that will happen in May after the legislative session ends is the Board will have to review the final outcomes of the session and the impact on the budget assumptions. In September, the goal is to bring the fiscal year 2015-2017 budget requests to the Budget & Finance Committee and the full Board. She said that to date, the policy discussions have begun and they welcome input from the rest of the Board, and will focus on five ambitious points.

1. To integrate academic programs and priorities for the upcoming year into the budget;
2. Include facility maintenance, operating costs and utility costs into the budget for existing facilities as well as planned facilities;
3. To implement the reserve policy and there are a lot of complexities around how that will happen;
4. To establish metrics that will allow us to measure efficiency, delivery of service, etc.; and
5. To include tuition piece that integrates with Regent Moore’s and other board members on the task group.

She reiterated that they welcome any input the rest of the Board may have on these items they are focusing on.

The last item was the Investment Task Group report the committee reviewed, which
was headed by Regent Dean, and Regent Mizuno participated. She thanked them for their participation.

Chair Holzman asked VP Todo for the status of a reserve policy. VP Todo responded the work continues. It is complicated and part of the plan is to be iterative as they work on the budget and see how that plays into how they develop the budget, which will give them more insight into what kind of policy might work. They need to simultaneously develop a budget and address the reserve issue that will inform them better as to what kind of formal executive policy can be implemented. VP Todo confirmed that there is a Board policy, so the focus is now on how they can implement the policy on a detailed basis.
c. Report from the Committee on Planning & Facilities

Regent Mizuno reported that the committee met on February 5 and addressed some interesting projects came up including two private/public partnerships. The first item was a student housing project at UH West O'ahu. The committee did approve going forward with the call for offers which doesn’t require Board approval since they are only seeking offers. The second was the University Village II at UH Hilo, which is more the commercial end of the new housing facility that came up this past summer and the call for offers was approved to seek a possible developer for that area. He clarified that if there were contracts it would need to come back to the Board for final approval. He added that they also had an executive session and one item would be coming up today which was extending the lease for five years on the Adult Student Housing at UH Hilo. He noted this had come up previously for a one year extension, and the committee is recommending the Board approve granting an additional 5 year extension. The other executive session item was the TMT lease, which is going to be discussed later on today.

Regent Shigemoto asked if there was a difference between call for offers and requests for proposal (RFPs). Regent Mizuno responded there was a difference. Interim President Lassner explained RFP is the term used in the procurement code when something is bought on non low-bid and call for offers is asking someone to come in and build on our lands to serve a specific purpose, no buying or procurement is involved.

Regent Sullivan thanked VP Todo and Chancellor Apple for the meeting with Regent Mizuno and herself with the staff from the Office of Capital Improvement and the Office of Facilities and Grounds. She said they had some good discussions and it drove home the depth of the challenge being faced in executing deferred maintenance. She hopes it does not get lost that everybody is pulling together to promote the request for deferred maintenance funds although, the position counts are needed. This is in UH Mānoa’s request and while she does not think those positions are enough, and are absolutely essential. She does not want that request to get lost in the context of just pushing for revenue bonds because she is afraid if that request cannot be accompanied with staff then they will definitely not be able to execute.

Chair Holzman recollected that there were 17 positions. Chancellor Apple clarified that there are 22 positions at the system level and 17 at Mānoa being requested.

d. Report from the Committee on Personnel Affairs

Regent Matayoshi reported that the committee met on February 6 and had a teleconference with Nancy Stepina-Robinson of MGT of America, Inc. to further discuss the executive/managerial salary survey findings. She noted there will be one more meeting before the committee decides on recommendations to the Board.
Chair Holzman asked for clarification if Interim President Lassner would get back to the committee on executive/managerial salaries in March. Regent Matayoshi said she hoped to, but was not sure the university housing issue would be ready.

Interim President Lassner said that for the executive/managerial issue the Administration agreed to take the final report and come in with a recommendation to the committee. He indicated there were 18 recommendations from the consultant. In terms of the university housing policy, Interim President Lassner said they were actively consulting unions and hoped to get something as soon as possible but noted they are not in total control of that process.

f. Report from the Committee on Community Colleges

Vice Chair Ota reported the committee had nothing to report at this time because she decided to give the committee a well deserved break. She said that next month the committee will be discussing remedial and developmental education, and VP Morton present.

e. Report from the Committee on Student Affairs

Regent Acido reported that the committee met on February 6 to discuss several issues. Jenn Rose provided information on Title IX, VAWA and campus safety and concerns that had been discussed in previous committee meetings. He said they also have a recommendation for the student fees that requires a budget proposal before fees start getting implemented, which is on the agenda for later. He noted that there are discussions with the Pacific Island student community to see if there is anything that can be done to help their tuition circumstances, and help the community gain access and affordability to the University of Hawai’i at Mānoa. He indicated this would probably be discussed at the next committee meeting in April.

g. Report from the Committee on Intercollegiate Athletics

Regent Kudo reported that the committee met on February 5 to discuss as an agenda item Board policies related to coaches salaries. The review showed salaries were not part of the Board approval process because they are not considered executive/managerial type staff. Athletics Director Ben Jay gave an update on the Clarence T.C. Ching Athletics Complex and the good news is that the locker rooms have been opened and the female athletes are very happy to be using them. Some of the coaches’ offices are being completed and according to Athletic Director Jay the facility will be completed within the next few months. The committee also received a status report on the memorandum of understanding (MOU) with UH Foundation, AKA and UH Mānoa. The Board had allowed the parties to go forward with negotiations and if they reached an agreement before this meeting they would present the MOU and other documents to the full Board for approval after a number of meetings. He announced that the parties had recently informed him that they reached agreement yesterday, and the agreement is on the agenda later for approval.
Regent Kudo said the committee also looked at the Mānoa athletic's budget plan and received an update on the financial status of the athletics program. Athletics Director Jay indicated to the committee that because of the times and circumstance anticipates incurring a loss of $2M this year, unless more revenue sources are generated in the upcoming months for the department. He said Chancellor Apple set a guideline for Athletics Director Jay that they incur no more than $1M per year. If that is exceeded then they will need to make some important and difficult decisions relative to meeting that budget limitation. Athletics Director Jay assured the committee that they are working on those plans right now.

Regent Gee said he looked at the contract and noted it was a tremendous improvement over the past and there seems to be very clear line of division of responsibility and overlaps in the areas of cooperation between the UH Foundation, the Athletics Department and AKA. He said in respect to AKA itself, it operates as sort of an independent party with its own president who will be paid for by AKA but noted the importance of at least an ex officio representation from the Athletics Department itself.

Chair Holzman interjected that the MOU is going to be addressed as a separate agenda item but indicated Regent Kudo could answer this question briefly if he wanted too.

Regent Kudo responded that they will reserve answering until they get that point in the agenda.

h. **Report from the Committee on Independent Audit**

Vice Chair Lee reported that the committee met yesterday to review a number of audit reports. External auditor Cory Kubota of Accuity presented the University of Hawai‘i consolidated financial statements and supplemental schedules for the years ended June 30, 2013 and 2012. He said CPA Kubota explained that the supplemental schedules were required under generally accepted accounting principles (GAAP) and under GAAP management’s discussion and analysis and schedules of the funding process are required to be presented to supplement the basic financial statements. The supplemental schedules support the opinion of the auditors that the consolidated financial statements present fairly in all material respects the financial position of the University of Hawai‘i as of June 30, 2013 and 2012. The changes in financial position and cash flows for the years ended were in accordance with GAAP. He said the committee viewed and vetted the report and voted to accept the report.

Vice Chair Lee said Mr. Kubota also presented the University of Hawai‘i at Mānoa Intercollegiate Athletics report on agreed upon procedures for the 2013 football season, which stated that the average attendance for football in 2013 was 24,691 attendees per game. He said the committee voted to accept the report.
Vice Chair Lee said the committee also reviewed the audit reports from the Office of the Internal Auditor. Internal Audit Director Glenn Shizumura presented three internal audit reports: (1) sales reports for Rainbowlique at Ward Centre for the 8-month period ended August 31, 2013; (2) a review of selected Associated Students of the University of Hawai’i (ASUH) operations for the years ended June 30, 2013 and 2012; and (3) an operational review of the University of Hawai’i West O’ahu (UHWO) for the year ended June 30, 2013, which was requested by Chancellor Freitas upon his assuming the chancellorship.

Vice Chair Lee said the sales audit for Rainbowlique was unremarkable. During discussions, it was recommended that the Committee on Intercollegiate Athletics review the Athletics Department’s plan to take over the operations at Rainbowlique. He said the committee voted to accept the report.

Vice Chair Lee said the report of selected ASUH operations pointed out some clerical deficiencies which ASUH President Richard Misuzawa stated were corrected. He said the committee voted to accept the report.

Vice Chair Lee said the operational review of UHWO pointed out three areas of latent concern. First, the food service operations which are contracted out to a company called Hawaiian Grown; second, the failure to properly classify capital improvement costs; and third, the lack of management and oversight during the construction of the UHWO campus.

Vice Chair Lee said with respect to the food service operations, it was noted that concession paid only $3,247 to UHWO for use of the facilities in the period beginning January 2012 and ending December 2013. The operator has not provided any financial statements with respect to food operations. In light of the fact that UHWO pays for all of the utilities associated with the operations and the $3,247 payment over 18 months, it can only be concluded that UHWO has not benefitted financially from the food service operations. Chancellor Freitas stated to the committee that the contract with Hawaiian Grown is currently under review.

Vice Chair Lee said with respect to classifying capital improvement costs it was stated that UHWO is working on the matter and will be consulting the System fiscal office to complete the work before the next audit.

Vice Chair Lee said on the matter of construction management, it was pointed out that there were deficiencies in the management of the construction process and there were many lessons to be learned. The takeaways will be summarized and will be considered by the Business Process Council as it promulgates new procedures and policies for the procurement and management of construction projects. Vice Chair Lee said after vetting the internal audit report on UHWO, the committee voted to accept the report, subject to the inclusion of a statement barring the out of the ordinary circumstances surrounding the construction of the campus and inclusion of a response and corrective action plan from the UHWO Administration.
Finally, Internal Audit Director Glenn Shizumura provided an update on the procurement of an outside contractor to provide a whistleblowing, monitoring service to the University of Hawai‘i. The internal audit office received one proposal from EthicsPoint and a contract is currently being negotiated.

Regent Gee asked if the committee had discussed what should have been the fair rent for the food service facilities agreeing that the payment is very low, and the problems of having to subsidize the operations.

Internal Audit Director Glenn Shizumura responded that the original contract had a set commission amount to be paid monthly, which amounted to $3,247.

Regent Gee clarified that the $3,247 amount was all they received to cover the full 18 months and added that it meant they were operating in great arrears. Assuming there was a contract, he wondered how they would collect the money. Internal Audit Director Glenn Shizumura responded that there was a written contract and that $3,247 was the amount they were paid for the 18 month period, which means that is the amount received by UHWO.

Vice Chair Lee said the contract was not well written so it is being renegotiated. He added that one of the problems is the lack of customers.

Chair Holzman said there was a lack of customers and it is not clear that students who are now attending UHWO will provide an adequate customer base, however, when the facility is built at Tokai University and the students are attending there, it is expected that the customer base will significantly increase. He added that it sounds like the issue is the cafeteria is there before the customers are. Shizumura agreed.

Regent Portnoy asked about the portion of the report relating to lack of oversight on construction and noted that the construction of buildings on a university campus is not a novel issue, and whether there was going to be study on how this occurred and a report. He questioned why these problems were not dealt with at the time and asked if there was an explanation of how these problems were allowed to occur on a very routine construction project.

Vice Chair Lee said the best way to answer was the construction or the development of UHWO was not very routine and the project basically started with a lack of funding. The original deal was that a portion of the property was to be sold to Hunt Development, but the deal fell through during the recession. The campus was under a requirement to be completed by 2012 or the land would revert back to the Campbell Estate. Under that urgency, Chancellor Awakuni, who was the principal investigator in charge of the project, tried to complete the project and in a piecemeal fashion as funding was secured. Vice Chair Lee explained that when the project started, his understanding is that the scope was not stated in the contract and everything had to be done by change orders. He agreed this is not a very good way to run a project and it certainly should not
have been run that way. He added there were many lessons learned and the Board needs to talk about the issue surrounding this as they look at other projects. There is a lot to be gained by studying it and making sure these things did not happen again.

Interim President Lassner said one other element why UHWO was not a routine project was that almost a decade ago the Board approved the project and it was executed through RCUH in 2005 rather than the university’s own Office of Capital Improvement. He said this was not the normal process at all and that practice is something the Board has since made sure will not happen again.

Chair Holzman added that it seems people think this is not that credible, but emphasized that it is always worthwhile to think about alternatives that was being faced. One alternative, and a very likely alternative in 2009 or 2010, was not to have the land and not to have the campus. That was a reality staring the university in the face and had that occurred it would have been a catastrophe. He said he was not defending what occurred and all the things they have to learn from that, but if he had to choose between the two problems, he would choose the problem we have now rather the problem they would have had.

i. **Report from the Committee on Presidential Selection**

Regent Carlson reported that the committee met on January 24 and asked Interim President Lassner to speak about various perspectives of the university. The committee also met the following week on January 30 and at that time the committee heard more testimony on the presidential search process. After much deliberation, the committee took action and voted to conduct the search itself using university Board staff with advice of the university’s Office of Human Resources. He noted the Board may recall that the committee had gone through a very long process of first looking at perhaps employing a search consultant, and then a search firm. They interviewed search firms and negotiated what they thought to be a good contract, but in the end the committee thought that rather than expend those funds they would conduct the search themselves using in-house staff. He said that the entire January 30 meeting was conducted in open session and during that meeting the position description and ad were reconciled with the President’s Agenda and Selection Criteria that were already accepted by this Board and the final result was distributed to the committee members and the full Board. He expressed special appreciation to committee member Walter Niemczura for his input and insight. He said that Mr. Niemczura had spent additional time assisting the committee and noted that those efforts were appreciated.

Regent Carlson said that on February 19, online and print advertisements notices and news releases were disseminated statewide and nationally to inform interested candidates or individuals. He said the committee will begin reviewing applications and nominations on March 12 and applications and nominations will be accepted throughout the process until a final selection is made. He said the committee is targeting to make a recommendation to the full Board by June of this year and cautioned Board members if the committee is successful in that regards they may need to have a special Board
meeting in June. He noted the Board office has met with the Office of Human Resources and the Equal Employment Opportunity/Affirmative Action office on process and a timeline. He said the committee was committed to devote the time necessary to get the job done and a timeline and schedule of meetings is being formulated. A briefing with the university Equal Employment Opportunity/Affirmative Action office is being planned for next week.

Regent Carlson said the community outreach has continued, there was a session on February 12 at the Kalihi Valley Neighborhood Board that Regent Acido and Dean Maenette Benham attended. He mentioned that Regent Acido had said it was a very lively discussion and he appreciated the opportunity to meet with everyone. He said another community outreach took place on February 18 with the Chamber of Commerce of Hawaii Executive Committee, which Chair Holzman and ASUH President Richard Mizusawa, and Paul Lococo attended. At that meeting, Chair Holzman shared the status of the presidential search and a copy of the position description with executive committee members. He noted they were planning other outreach sessions in the future going forward to meet with constituencies, share information and to keep the conversation going on issues and questions important to the constituencies and the university. He said that it was a long process which will continue and he was very appreciative of the hard efforts and time the committee members have expended in doing this.

Regent Acido added that even though the committee did not meet yet in February, many committee members have been going out every week everywhere in the community. He noted that Ms. Christine Neves, who has been coordinating the outreach has driven them to places like Kalihi Valley, Wai'anae, and Māʻili every week and sat through neighborhood meetings that sometimes last for three hours, and waited diligently until their turn. He recognized and thanked Ms. Neves who was seated in the audience. Regent Carlson added that Ms. Neves has been wonderful in this process.

Chair Holzman said that at some point the Board has to ask or tell the Presidential Selection Committee what we expect from them in terms of a list of candidates or one candidate. He said the Board also needs to think about the process and the final stages in the process by which we select a president. For example, if they had a list of candidates, how to deal with that list of candidates as a board and what would we expect of them, or if they had one candidate. He added that he was not exactly sure what the Board wants to do. He indicated he was not sure if this was the right question for the selection committee or the committee chair, but asked if there could be some options presented at the next Board meeting.

Regent Carlson responded that they could certain present some options at the next Board meeting. He noted that as Chair Holzman rightfully pointed out, there is an expectation of the Board itself on what it would like to receive.

Chair Holzman said he wanted to focus the Board's attention on what some of the options might be on this issue.
Chair Holzman thanked everyone for the committee reports and their hard work, and the recent additional work at the Legislature as reported by Interim President Lassner. He said he certainly understands how much work everyone is doing and appreciates it and hopes everyone else does too. He reminded everyone that he promised the students they should come back at 2:00 p.m. or 2:30 p.m. to address the Mauna Kea sublease. The briefing on Title IX and VAWA by Jenn Rose has been moved to 2:00 p.m., which is a very important topic for everyone. Except for Agenda Item 3, he proposed that the Board proceed to Agenda Item 7 before lunch, by 1:00 p.m.

VIII. ITEMS FOR DISCUSSION/BOARD ACTION

Board of Regents

1. Approval of Revisions to Board of Regents’ Policy, Chapter 8 on Investments

VP Todo noted this matter was discussed at the Budget & Finance Committee meeting and the committee voted to recommend to the Board approval of several revisions to the Board policy on investments. He thanked Regent Dean and Regent Moore for their involvement in this effort and extended special thanks to Regent Dean for volunteering the Central Pacific Bank treasurer who was a great resource in getting this done. He said there were several meetings with UBS and before the Board is several additions to permitted investments vehicles that they are recommending at this time. He noted this was an initial step toward a more full recommendation for update and revisions to the Board policy, but this allows UBS to take some of those investments we currently have, especially in our fixed income portfolio, and invest them in alternative or non-traditional investment vehicles. He said they have recommended three new types of permitted investments and limited them to a percentage of the fixed income portfolio.

Regent Dean said a lot of time was spent on this and thanked Regent Moore, who has already given his vote of support and will continue working with them going forward. He said they have gone through it and there is a bit of risk in the portfolio today from looking at where the university is in the richness of the equity markets, and then in terms of the interest rate yield curve. He added that this fixes part of it for us but there is more work to be done. He strongly recommended the Board approve this and noted it was already approved in the Budget & Finance Committee.

Regent Moore asked if either of the proposed limits, for example the 20% in floating rate securities, was for 20% of the whole portfolio or just the bond portfolio. VP Todo responded it was 20% of the total portfolio because 70% is the total in the fixed income.

Regent Sullivan moved to approve, seconded by Regent Dean. The motion carried by unanimous vote.
VP Todo thanked the Board and Regent Dean and Regent Moore and extended the offer to anyone else who wanted to volunteer to continue this effort.

2. Approval of Revisions to Board of Regents’ Policy, Chapter 6 on Student Fees

Interim President Lassner thanked Interim Associate Vice President for Student Affairs Jan Javinar, who testified at the Legislature this morning. He said the proposal involves simple amendments to Board policy to add to the section on student fees that any student fee proposal include a plan for how the fee will be used specifically beginning from the time the fee is assessed. He added that the Student Affairs Committee reviewed and voted to recommend approval.

Chair Holzman asked Regent Acido if he had any additional comments and Regent Acido responded he thought it was a good proposal.

Regent Gee moved to approve, seconded by Regent Dean. The motion carried by unanimous vote.

University of Hawai‘i at Mānoa

4. Approval of Memorandum of Understanding with ‘Aha Koa ‘Ānuenue, University of Hawai‘i Foundation, and University of Hawai‘i – Mānoa

Chair Holzman noted that the MOU had been distributed to everyone.

Athletic Director Ben Jay said this MOU had been a long time in the works with all parties concerned—‘Ahahui Koa ‘Ānuenue (AKA), UH Foundation (UHF), the Athletics Department and the university—in making sure there was a document that reflects what the parties want to do in terms of helping this Athletics Department raise funds and expand the activities of AKA beyond just selling ticket packages and parking. He said everyone worked long and hard to get to this point, right up to yesterday, but they have it worked out. He indicated the documents had been verbally approved right now by the AKA Executive Board as of yesterday afternoon and he moved it forward to the Board today for approval.

Regent Gee asked his earlier question on representation in at least ex-officio capacity, by the Athletics Department on the AKA Board. Athletics Director Ben Jay affirmed that both he and UHF President Donna Vuchinich serve as ex-officio members on the board and attend all their meetings and it was spelled out in the bylaws of AKA.

Regent Portnoy said he would obviously vote for this and noted that a lot of work had gone into it. He indicated his personal belief that it was very important for the athletics director to run the athletics department. He knows there are a lot of other interested people, several that are in this agreement, but his personal view is the athletic director and chancellor be held accountable for the success or failure of the
department. He personally thinks the athletics director should be given the authority deserved to be able to be held accountable and hoped the agreement, which is a tripartite agreement, will reflect that the individuals responsible for the success or failure should be, in his personal view, the athletics director under the authority of the chancellor. He added that he hopes nothing in this or any subsequent agreement that comes before the Board would be designed to minimize or eliminate what he thinks should be appropriate authority.

Regent Sullivan directed her comments to UHF President Donna Vuchinich and asked whether UHF would be assessing the 5% fee on AKA. President Vuchinich responded that any gifts or donations coming in would still have the fee, which is standard practice for all gifts set by their Board. She added that the ticket sales, which is what the revenues are, or other revenue generated that are not gifts that are not would not.

Regent Sullivan asked for clarification of the fee. President Vuchinich answered that the fee is tied to the type of revenue and said that she could chart that for Regent Sullivan to help her understand the process. President Vuchinich indicated she does not have the authority to waive any fees, as that is a UHF Board decision, and offered to show Regent Sullivan the flow chart of how revenues come and go. Regent Sullivan said her only point was if AKA is going to be paying for its own staffing and expenses now she would not want donations taxed twice and hoped that would be addressed at some point because otherwise the net will be less.

Regent Kudo moved to approve, seconded by Regent Matayoshi. The motion carried by unanimous vote.

Chair Holzman recognized the hard work of the Athletic Department, AKA and the UH Foundation to reach this agreement. He thanked everyone and noted this was really needed given the size of the problem that Regent Kudo just described.

5. Approval of the Establishment of the Victor and Peggy Brandstrom Pavel Endowment Chair in Ocean and Earth Science and Technology at the School of Ocean and Earth Science and Technology, University of Hawai‘i at Mānoa

6. Approval of the Establishment of the Victor and Peggy Brandstrom Pavel Director’s Chair in Astronomy at the Institute for Astronomy, University of Hawai‘i at Mānoa

Regent Gee invited President Vuchinich to present on the largest bequest the University of Hawai‘i has ever received from a single donor and he wanted to take a minute or two to understand the background of the donor and how the university received $9.2M.

President Vuchinich began by saying that not all of the estate was liquidated so more would be coming. She said the two academic positions are only part of the gift
that funds 11 different programs including: scholarships at 10 campuses for underrepresented students; support for a program in aging at the medical school; an endangered species program at Lyon Arboretum; and a dining room named at the Culinary Institute of the Pacific restaurant once that is built. She said the two chairs give much flexibility to the chair holder and noted there is a process for the endowed chair for SOEST for how the chair will be appointed. She said that much of the discretion for use is for academic travel related to the research and noted the flexibility was there to expand and bring excellence to the department and the program. She said the directorship at IFA goes to the sitting director Günther Hasinger. According to the standards that were set, she believes David Karl has been asked to serve in the position of the Victor and Peggy Brandstrom Pavel Endowed Chair in Ocean and Earth Science and Technology. She noted that this was an outstanding and very generous gift and it really expands on the excellence that the Pavels saw within our institution and Hawai‘i and the areas of interest that they had. She added that this was generosity from a financial investor and local business man for many years and said it was really a privilege for the foundation to work with them over the past decade.

Regent Gee said one of the more interesting points was that the principal donor himself really did not have much contact with the university except that he was branch manager of the Mānoa campus branch of First Hawaiian Bank and noted the influence came from his wife. He said that sometimes when they go after donors they forget the importance of spouses and the spouse in this case was the greater influence on the size of the gift. He noted that her association with the university was through volunteer work, and he found that very interesting because normally one would think of donors for this magnitude of gift as having long term, close association with the university. He added that the donors really believed, through Peggy’s influence, in the work that was being done at the university.

President Vuchinich said that this is the type of investment that will produce returns for many decades, will bring excellence to the pioneering research in the microorganisms, will provide food for most of the food web, will harvest solar energy, degrade pollutants, maintain half the oxygen people breathe—this gift is going to be working within all of those areas of expertise which many of our faculty hold keys to the future. She added it was a great day to celebrate and they will be doing more press in celebration of this and the generosity being bestowed upon and accepted, depending on the Board vote, and one of the things in making a gift is it has to be accepted and she would certainly commend and ask the Board to support the acceptance of this gift.

Regent Matayoshi moved to accept, seconded by Regent Dean. Chair Holzman asked if it was a motion to accept both gifts and Regent Matayoshi and Regent Dean responded in the affirmative.

Chair Holzman noted the motion was to accept both gifts and asked if there was any further discussion or questions.
Regent Gee said that the question did come up this morning in public testimony regarding the funds allocated for travel in establishing of the chair and said it was very common for such chairs to have travel money that they would normally not get from state or general public resources and private funds can be used to support the travel that supports the purpose of the chair. Regent Gee added this is generally for research and attending conferences but for no other purposes, so he wanted to clarify that.

Chair Holzman said the motions to accept both gifts had been moved and seconded. The motions carried by unanimous vote.

University of Hawai‘i at Hilo

7. Approval to Authorize the UH Hilo to Enter into a 5 year least term extension with the Adult Student Housing, Inc. (ASH) for the Hale Kawili Apartments

UH Hilo Vice Chancellor for Administrative Affairs Marcia Sakai said that Chancellor Straney was en route so she is reporting and asking the Board for approval of a 5 year extension to a land lease with ASH Housing, otherwise known as Hale Kawili Apartments. She said this constitutes about 100 units and serves 200 students and their families and added it was different from their other housing because it accommodates families. She said they were also asking for the Vice President for Budget & Finance and Chief Financial Officer along with Chancellor Straney, be given the authority to negotiate, finalize, and execute this amendment.

Vice Chancellor Sakai noted this fourth amendment is the second extension, the first two resulting from changes in financing arrangements that ASH housing had with the company that was financing the initial construction. She said as part of the five year extension, ASH has tentatively agreed to continue with refurbishments of the units; they have completed 56 so far and are looking at doing an additional 43. They will be redoing kitchen counters and cabinets, replacing appliances and flooring; changing plumbing, interior doors and range hoods, and painting as needed; they also will be redoing the centrally located parking area that serves the structures; as well as replacing three commercial dryers for the benefit of the occupants. She asked that the Board support the recommendation from the Planning & Facilities Committee to approve the proposal.

Regent Mizuno moved to approve, seconded by Regent Dean.

Regent Matayoshi asked what was going to be done with the apartments after the new complex is built and what will happen to the existing facilities.

Vice Chancellor Sakai noted that one of the things Regent Mizuno described as part of his report was the presentation of call for offers for the development of University Village Phase II which is the commercial, mixed-use concept and as part of that development they will be looking for the successful bidder to put in family style or apartment style housing. She said they anticipate it will happen at about the same time
the five year extension expires. She added they will reevaluate their options in two or three years once construction begins.

Vice Chancellor Sakai added that if student enrollment grows there are several options regarding the existing facilities. If UH decides to take back ownership of the facility, there will be a major capital investment required. On the other hand, they may decide to do another short term arrangement to provide housing at no cost to the university. Their intent is to minimize the risk of the loss of housing in the short term at this time.

Regent Portnoy asked for clarification of the "tentative" agreement to renovate. Vice Chancellor Sakai responded that there is an agreement to renovate the remaining units and is tentative until approved and signed.

There being no other questions, Chair Holzman said there was motion that had been moved and seconded. The motion carried by unanimous vote.

IX. EXECUTIVE SESSION

Upon motion by Regent Gee, seconded by Regent Carlson, the Board unanimously approved convening in executive session, pursuant to HRS §92-5(a)(2)-(4), to discuss personnel matters, consult with attorneys on powers, immunities, and liabilities, consider negotiations concerning acquisition of public property, and discuss authority of persons conducting labor negotiations and conducting negotiations. The Board convened in executive session at 12:30 p.m. Following a motion to come out of executive session by Regent Dean, seconded by Regent Gee, which was unanimously approved, executive session was adjourned at 2:35 p.m.

Chair Holzman said that the Regents discussed the following in Executive Session:

- Discussion of Personnel Actions (Attachments B-1 and B-2)
- Discussion of Mauna Kea Sublease and Non-Exclusive Easement Agreement with TMT International Observatory, LLC

Chair Holzman then called the meeting to resume at 2:26 p.m.

University of Hawai’i System

3. Board Briefing: Update on Title IX and VAWA requirements for Higher Education Institutions

Interim President Lassner introduced Jennifer Rose, Gender Equity Specialist for UH Mānoa, who is assisting the whole UH system. He said Ms. Rose will brief the Board on landscape for Title IX, Violence Against Women Act ("VAWA"), the new compliance
requirements the university has, and some past compliance requirements the university had and noted that Chancellor Apple will also report on what the campus is doing. He said all campuses are required to comply with all the requirements that will be discussed today. He added that he will summarize what is being done at the system level.

Ms. Rose greeted everyone and extended particular thanks to Chair Holzman and Regent Acido for making this a priority issue, and to Interim President Lassner who is already taking a number of action items which they are really impressed with and expressed her hope that there would be enough time during question and answer to talk about what she thinks could be some recommended action items for the Board. She noted that Title IX is significant in the national landscape and centered on access to education. She added that listening to the Board meeting this morning gave her an understanding of how to make sense and contextualize where this issue falls in the context of what is happening in our local landscape.

Ms. Rose gave her presentation entitled "Gender Equity in Higher Education: The New Federal Landscape of Compliance & Risk Management" which covered Title IX; the random investigations being conducted by the Office of Civil Rights (OCR) throughout the nation; the new mandates of VAWA 2013; the deadlines for Title IX and VAWA compliance; the policies, interim measures and training requirements for Title IX and VAWA; the challenge of the context of the reporting structure at UH; a high level summary of compliance requirements; the critical role of Board leadership and key concepts for Board messaging; and a suggested organizational structure to ensure accountability and compliance at each campus via a Title IX coordinator.

Interim President Lassner said this issue was brought to his attention by the State Commission on the Status of Women and he assembled a systemwide group of people involved in this for advice as to what the university should be doing. The consensus was to update current policies to ensure the university is compliance with new regulations as laid out in the Dear Colleague Letter from the Office on Violence Against Women in the U.S. Department of Justice and the VAWA law. Mie Watanabe, the Director of the Equal Employment Opportunity/Affirmative Action Office is leading that effort and has a systemwide advisory committee specifically to propose interim executive policies by the end of March. He explained that the term "interim" depends on how far the policies reach that may require consultation with multiple unions especially if any disciplinary procedures are built in. He noted they were going to be careful to put something in place that can be in place quickly, i.e. March, and then will move on with the parts that may require more work.

Interim President Lassner said the policies will drive the roles and responsibilities, and then resource requirements will have to be laid out. They will start with what they have are required by law to do. From a resource perspective, he said that this is not generally what people recognize as a required and important expenditure for education. When looking at staff counts, it is staff who are doing things like this that are absolutely essential not just to be compliant but because they need to have safe environments for
all their students. He said it will look different at every campus, Mānoa has what he thinks of as the big three—sports, alcohol and dorms on campus—other campuses may be different. He said the scope will be customized to each campus, but the requirements are the same. He noted there is a real focus on training now that there is an obligation for everyone to report as a representative of the university. He added that there are over 10,000 employees around the campuses who have to be educated to their responsibility if a reportable event has occurred, which is a lot of training. He said it is and continuous to ensure people are up to date and they get new people as they come in.

Interim President Lassner mentioned that as much as possible they want to leverage the power of the System for best practices. He reiterated that will derive from the policies what has to be done, figure out where it can be done, and share expertise. He indicated he wanted Chancellor Apple to say a few words because he had been contacted by legislators, media, and concerned people on campus—it is a big issue here.

Chancellor Apple said he had been working on this issue for about one year. He noted that when VAWA passed in January, Ms. Rose increased training, currently completing 38 education sessions at Mānoa. He said they have been looking at a lot of best practices and received advice from the Commission on the Status of Women. He indicated that for a campus the size of Mānoa, they should have a full time Title IX person. Their path right now is to set up the gender equity compliance office with a full time Title IX coordinator, a VAWA specialist and a chief investigator. He said as they do more education, they are getting lots more cases and beginning to tax resources. He added that Ms. Rose has become a national expert and is too modest to tell everyone that she is on one of President Obama's commissions to deal with implementation of Title IX on campuses. He said that he is also fortunate to know one of the national experts as well.

They want to have a campus conversation and invite the Hawaii Commission on the Status of Women and each of the involved unions—and they were thinking about March 14, which is a good timeline for the end of March deadline and they would have a framework for various details that involve security. He indicated that policies have to come first but also there are a multitude of procedures as illustrated by the complicated diagram Ms. Rose showed as part of her presentation, and noted there were different incidents that could happen. He said the ideal goal of their education is to make every person on campus a trusted person. They want everyone to know what needs to be done when they become aware of an incident. He added that everyone will know who the Title IX coordinator is and there will be deputy Title IX people in athletics, housing and other various areas around campus.

Chancellor Apple noted they were required under VAWA and on the Cleary Report to also have a list of different remedies and sanctions as well. He said they have a lot to do and are actually now in the process of implementing best practices. He added that when thinking of the legacy of Patsy Mink in Hawai‘i, one ought to feel this as not
only a pressure, but an honor. He said they want to be the best campus and make the
campus safer, which ties into the landscape master plan he has talked about and ties
into other things as well.

Vice Chair Ota asked if Board policies were being updated concurrently. Interim
President Lassner said they will look at that for the Board and make recommendations.

Regent Gee said he had previously asked that safety concerns be addressed in the
policy covering student housing. He noted he came out of a private university, but the
rule of “in loco parentis” abided and there was a very strict guideline of what the
university was responsible for and it was a huge burden. Now that this has become
law, he thinks there needs to be a Board policy that mirrors the executive policy being
drafted by Interim President Lassner. He suggested a task group be assigned, perhaps
through the Student Affairs Committee, to look at this because it is an important issue.
He expressed concern about the uniform application of remedies. One involves how to
maintain discretion and confidentiality at the health center for students who go for help
and the other is the interface with HPD and public authorities. He asked Ms. Rose if
there had been much dialogue with the public authorities to which things get referred
out versus which things are handled internally.

Ms. Rose responded that 3 of the 22 audit questions specifically ask about our
relationship with law enforcement, which is an area many universities were deficient.
She said there were cases in which the university might have inadvertently
compromised the prosecution case, and there were cases where situations were
moving parallel without coordination. She added that she thought it was very important
to have that dialogue. She said when the Dear Colleague Letter was issued, she
reached out to the community to broker a conversation with all of the county police
departments to coordinate protocols even if a formal MOU was not signed. There would
be some informal arrangement for how they would co-refer. This is especially critical for
Mānoa and how they work with Kapi‘olani Hospital and their sex abuse treatment center
that works with the Honolulu Police Department.

Regent Mizuno said the Board recently adopted a whistleblower policy that seems to
overlap. Chair Holzman agreed and said that should be taken into consideration.
Chancellor Apple commented by sharing an experience at his last university where
there was a whistleblower hotline (phone and web) that was set up for financial
reporting and after a month they received about one financial report and about 50
sexual harassment reports. He indicated that whistleblowing was incredibly important.
He added that there were so many complications that they need to provide a method to
report without fear of reprisal, and whistleblowing is a big part of that.

Ms. Rose said that in recognition of that concern, OCR put out the Dear Colleague
Letter specifically on retaliation. She also noted that Regent Gee was absolutely right
about trying to think about what kinds of conversations they need to have with other
systems as things happen during the interim before there is a finding and they still have
to manage due process and equity in access to education during an investigation and
continue to provide support services.

Vice Chair Ota asked Chair Holzman if he could make sure the Board, besides the policy itself, considers the concepts that Ms. Rose suggested at the Board level and whether it is the little task group that implements those ideas to make sure it is at the top of mind.

Chair Holzman suggested that Executive Administrator and Secretary Quinn work in close consultation with the Student Affairs Committee if there needs to be meetings and come up with a policy that makes sense. He asked for clarification that the timeframe for them to come up with a policy is March 30. Interim President Lassner responded that the deadline was for systemwide policies that layout the requirements. He indicated amending Board Policy Section 11-5 on public health, safety and security would be a good place to start with concepts such as zero tolerance. Chair Holzman added that any other regents who wish to join Regent Acido and Regent Gee are welcome to do so.

Regent Shigemoto asked how increasing reporting helps universities. Ms. Rose responded that showing more transparency in reporting is not going to mean lower numbers in terms of registration. Those universities that got caught for low reporting are suffering from lower enrollments. She said the mandates were not just about reporting but it is about handling the incidences. From a risk management standpoint, if they are doing are doing early intervention, they are doing risk reduction and stopping something from becoming worse. The social science data tell us that only a small number of mostly male students, 5%, are committing the majority of rapes on campus. If the university is able to do better risk reduction and primary prevention to be able to recognize some of those behaviors prior to the rape or sexual assault then they are actually preventing it from happening. She thinks they are trying to give everyone a model for handling all of it and have better reporting. It is not necessarily about the numbers. Universities might see some kind of short term effect. However, transparency will benefit the universities in showing the programs in place to make the campus safe.

Regent Shigemoto said that when an audit is done, whoever is doing the audit is going to see how much implementation is needed and to implement these things will take a lot of time and money. He asked if the federal government will support the university from that end. Ms. Rose said the only thing she could think of was that VAWA is a huge piece of legislation and there are only two sections specifically dedicated to create mandates for higher education, Section 303 and Section 304. She noted that Section 303 is the money component so it does include money for grants, but universities have to apply; there is a source within the Department of Justice. She said that determining the regulations for VAWA was a collaboration between the Department of Justice, the Department of Education and the Department of Health and Human Services, and there are money pots from those sources as well that can be brought to the university. It is soft money, but some of those are two to three year grants that give up to $300K for the support services aspect. She was not sure if there would ever be
money for the investigation side.

Interim President Lassner said this was an unfunded mandate of the federal government, but also made the point that this is not just about compliance, it is something the university should do; it is about creating a safe environment for our students so they can learn.

Regent Dean said as a father of two daughters and a granddaughter he applauds that the university is doing; it is critical and we want to be a leader in this.

Regent Gee said he was more concerned when faculty is involved and he was aware of incidences in the past, sometimes going way beyond an incident, and he was not sure if there was an Executive Policy covering such matters where faculty is concerned or whether it now needs to become part of this new Title IX coverage. Ms. Rose responded that the Dear Colleague letter specifically addresses and emphasizes students, but the interpretation is that any case involving a student, whether with faculty, students, or staff. She said where OCR has been silent is issues between employee to employee whether faculty or staff. Universities across the nation have demanded that OCR to provide some kind of guidance in that respect. She added that there are union issues and other employment sort of property right issues, but she agrees that it will be complicated, but they do not have the luxury to wait on that because VAWA applies to everyone. She said once the policies are created at the BOR, system and campus level that prohibit things like domestic violence and stalking, they are going to have to do something about it. She said that Hawai’i already has other protections such as Act 206 that requires employers to create reasonable accommodations for victims of domestic violence, sex assault or stalking who are under their employment as long as they can prove they actually are a victim. She added that there is already some kind of mechanism in place, but it will be a challenge and she thinks they should start having those conversations with the unions now.

Chair Holzman thanked Ms. Rose and noted that this was an important topic and he was glad the Board heard about it and know it is out there and needs to be dealt with.

Chair Holzman indicated that Mauna Kea and B-1 were the only remaining items and the first thing he wanted to address was the personnel actions.

X. PERSONNEL ACTIONS

[Attachments B-1 (For approval), B-2 (Information only)]

Chair Holzman asked for a motion on the next agenda item on personnel actions on Attachments B-1 and B-2. Regent Carl so moved. Vice Chair Lee seconced the motion. The motion carried upon unanimous vote.

8. Approval of Mauna Kea Sublease and Non-Exclusive Easement Agreement with TMT International Observatory, LLC
Chancellor Straney introduced Dr. Henry Yang, chairman of the TMT International Observatory (TIO) Board and Chancellor of UC-Santa Barbara, and Stephanie Nagata, Director of the Office of Mauna Kea Management, who is responsible for implementing the Comprehensive Management Plan (CMP) and managing the science reserve on Mauna Kea. The sublease is for a project that has been in development for quite some time. The thirty meter telescope will be the world’s largest telescope when it is constructed, with a cost in excess of $1.3 billion. The telescope will take ten years to construct before it is usable. Dr. Yang and his colleagues have been working on the technical side of the project for some time. They have also been in Hawai‘i since 2007, holding community meetings and talking with individuals, particularly on Hawai‘i Island, talking about their intentions and the impact that this project will have on Mauna Kea and the surrounding community. They conducted a full Environmental Impact Statement (EIS) on the project, which was approved in 2009 or 2010 by then-Governor Linda Lingle. The approved EIS and the full description of the project (site work that would be required and construction details) were reviewed by two Boards created under the CMP, which was approved by the Board of Regents and the Board of Land and Natural Resources. One of the Boards, Kahu Kū Mauna, composed of Native Hawaiian Hawai‘i Island residents, reviewed the project in its full details and did not object to it. The project was then reviewed by the Mauna Kea Management Board, which is composed of Hawai‘i Island citizens, who are nominated by Chancellor Straney and are approved by the Board of Regents; two regents currently sit on the Board. In May 2010, upon review of the full proposal, the Mauna Kea Management Board approved the proposal and transmitted it to the Board of Regents, recommending the proposal for approval with two conditions: (1) the rents ultimately charged for the project be substantial and be used for the management of the mountain and the implementation of the CMP; and (2) request that the Board approve any sublease in public session. The project description was then approved by the Board in May 2010, and then was taken to the Board of Land and Natural Resources (BLNR) to request a Conservation District Use Permit (CDUP). After hearings and a contested case with more hearings, the permit was granted in April 2013 with substantial conditions including that there be substantial rents charged under the sublease and UHH has negotiated the sublease with TIO.

Chancellor Straney highlighted two aspects of the lease. First, as with many of the elements in the lease that derive from the conditions of the CDUP, there is a decommissioning plan and a financial plan that are both required to demonstrate that the project can be decommissioned at the end of the lease. That is an important component that was required by the CDUP and by the CMP that was approved by the Board for the science reserve, so at the end of the project, UHH will know that it can return it to the conditions that are appropriate when it is decommissioned. The second aspect of the lease is the rent. In 2009, the Legislature passed Act 132, which established a Mauna Kea Land Management special fund that requires that all rents and fees collected by UH relating to activities on Mauna Kea be deposited in that fund, and the contents of the fund could only be used for the management of the mountain and the implementation of the CMP. Therefore, when calculating the rent and
negotiating the rent, UHH established two components to the rent that would be charged under the sublease: (1) 20% of the rent fee would be set aside towards the payment to the Office of Hawaiian Affairs (OHA) as required by law; and (2) the remaining 80% of the rent would be based on TIO’s share of the management costs for implementing the CMP. The CMP costs $2.2 million to implement. For the acreage of the observatories on Mauna Kea, to simply apply a pro-rated share, comes out to $100K per acre to implement the management of the CMP. TMT will occupy 8.7 acres, so 80% of the rent is $870K. The two components added together are a bit over $1M per year; that would be the rent that TIO would be charged when the telescope is fully functional. It is a ten year construction project and UHH is proposing a rent schedule that begins at $300K during the civil engineering phase of surveying, and at specific construction benchmarks, increases to the $1M at full functionality. The rent over this construction period averages out to about half a million dollars a year during the construction phase, as opposed to $1M a year once it is used. He believes that figure represents significant rent as required by the CDUP and as recommended by the Mauna Kea Management Board. As required by Act 132, the proceeds would be divided between funds set aside for OHA and funds deposited in the Mauna Kea Lands Management Special Fund for the implementation of the CMP.

Regent Dean was interested in hearing about the outreach. He heard that there was significant outreach, but he also wants to hear that there was significant outreach towards the Native people of Hawai‘i. Chancellor Straney said that Dr. Yang held several hundred meetings on the Big Island with various community members. During the EIS process, there were formal public meetings and consultation sessions that were involved on the Big Island. There were active discussions with various members of the Native Hawaiian community on the island. The existence of Kahu Kū Mauna, the advisory group of Native Hawaiians from the Big Island, was one result of those discussions and is a demonstration of UHH’s commitment to continuing. Regent Dean said that Chancellor Straney mentioned OHA, and if the group is participating and is benefiting from this, he assumes that OHA is not in opposition of the lease. Chancellor Straney said that he did not hear the testimony this morning. Regent Dean explained that many testified about the price or fairness of the rent, but clarified that he is talking about over the past two years. Chancellor Straney said that he believes that the trustees of OHA did pass a resolution in support of the project.

Vice Chair Lee asked, for clarification that if the lease rent is $1M per year after 10 years and the annual cost of complying with the Office of Mauna Kea Management land is about $2.2M, would the rent would be about 50%. Chancellor Straney answered no, the rent has the two components; 80% of the rent goes to cover the cost of implementing the CMP. On a pro-rated basis on the acreage of the observatory, the other 20% would be set aside into the university’s fund, where it accumulates monies towards the OHA payment.

Vice Chair Lee said that he heard earlier that, from one of the testifiers this morning, that the situation of where the telescope is situated is on the side of Mauna Kea instead being at the top. Chancellor Straney said that is correct. Vice Chair Lee said that he
remembers going up to Mauna Kea one year, and he was told that at the top of Mauna Kea, one cannot really see the top of the dome of the telescope. He asked if that is correct. Chancellor Straney said that he had not personally been on the true summit of Mauna Kea, but had been on summit ridge where the other telescopes are present. Director Nagata added that one cannot see the TMT dome from the true summit, which is Pu'u Wēkiu, but one could see it from certain aspects of the summit ridge, which is west of the true summit.

Regent Gee said that this morning, the regents heard a lot of testimony. The testimony ran 3 or 4:1 in opposition. He saw this as a collision of values. On the one hand, there is the gain to scientific research and progress; on the other hand, the Native Hawaiian values, culture, and heritage. Where students are concerned, to which Regent Gee is a strong advocate, the two questions centered on rents, which was already answered, and the opposition was based on culture and heritage. There was an allusion to environment, but as he can recall, there was a CMP and two versions of the EIS. The environmental questions were already answered. When it comes to a collision of these two values, to make a proper decision, one of which is fiduciary as a regent, and one of which is to act in the best interest of the students being educated at the university, he would have to look at what is the gain for the greater good. He asks what Chancellor Straney sees as the benefit of the 30-meter telescope on Mauna Kea, even for those who do not support the telescope. Chancellor Straney said that he can only speak for himself, as he cannot put himself in other people's lived experiences, but in designing the CMP for the science reserve on Mauna Kea, UH has taken particular care to develop plans for cultural management for the cultural resources on the summit and for cultural access. Sometimes people suggest that a gate should be up on the access road and charge rents to generate revenue that way, but UH has not done that because it would impede access to people who have a traditional right to the mountain. If one goes to the mountain, one would notice that there are no fences and one can access anywhere on the mountain, and there is no restriction for people to go places. UH employs a cadre of rangers who work on the mountain daily, who interact with visitors, who are helpful of visitors who have a flat tire, who manage traffic when it snows, and who are guides, greeters, and observers of what goes on. Their presence makes it tremendously safer to be in what is, physiologically, a very dangerous place to be. Humans were not designed to live at 14,000 feet; it takes time to acclimate to be at that level. Employing the rangers to help create a more safe experience there for visitors is important, whatever the purpose of the visit. Another thing mentioned that is easy to overlook, is the road to Mauna Kea, which was built to construct a telescope. It is maintained by the state in part because of astronomy. The access to Mauna Kea is easily accessible and open because astronomy has been there and because, in this case, from this sublease, the rents that UH has received for their presence there will maintain access for everyone. Regent Gee replied that, Native Hawaiians and the students are not denied access to that mountain and it is correct to assume that cultural practices, such as they are, may also take place, despite the presence of the new telescope. Chancellor Straney said that the cultural practices take place every day; and, in fact, there are two days out of the year when UH suspends operations on the observatories to allow individuals who wish to have cultural practices without others
around to be able to do so. The current mayor of the Big Island has said it best; astronomy is a sacred science and Mauna Kea is a sacred place, and sacred things can go together. That is the idea that Chancellor Straney keeps in mind when thinking about the mountain. Regent Gee thanked Chancellor Straney.

Regent Portnoy said that it sounds as if there is no profit in this for the university. The rents will take care of what has to be given to OHA and to maintain the mountain. There are no additional monies coming from the lease. Chancellor Straney agreed and said that, under Act 132, the university may not use proceeds from Mauna Kea for anything but managing the mountain. Regent Portnoy asked what the benefits are for having telescopes at the top of Mauna Kea, both for the university and for the state, as it is not directly economical. Chancellor Straney said that an example of one benefit is that one of the current Mauna Kea telescopes collects light every night. All telescopes collect photons and filter out the noise and let people see signals in them. At night, it is easier to see because there is less noise in the light. The telescope collecting light that falls every night on Mauna Kea, was able to decode the noise, filter it out, and allow astronomers to make calculations that allow them to conclude that the universe will not end. This was a discovery to which the Nobel Prize was awarded three years ago, and that was a discovery made at Mauna Kea. It has deep philosophical implications and it is almost difficult to figure out what those words mean. But again, remembering the other importance of Mauna Kea as a spiritual place, that discovery and the view that Mauna Kea is where man was born and created, the depth of the importance of those observations, being able to be made in different ways and in different cultures, in the same spot, makes the combination of the two very important.

Regent Acido said that he heard from many UHM students earlier, in large part, were protesting the telescope. He asked about the reactions of the UHH students and the Native Hawaiian Center at UHH, and whether they were in support of the telescope. Chancellor Straney said that the UHH students are in support and do not object. He has not seen the same commentary from the UHH campus, in part which may reflect the types of discussions and on-going outreach that the office of Mauna Kea Management and the TIO project have been making on the island.

Regent Kudo said that the Regents have not made an independent determination of what the rent should or should not be. The Regents are taking that the rent is in compliance with the requirements imposed upon UHH via the conservation issue that the rent be substantial. As he understands it, if the Regents approve the lease, that it will go to the Land Board for their review and decision-making as well, to which Chancellor Straney said yes. If the Land Board approves this, it is because their condition has been met, to which Chancellor Straney said that is correct. Regent Kudo said that the comments made by OHA are recommendations and one of them was to calculate rent based on fair-market value, and as he understands it, the determination of what the rent would be on the sublease is based in compliance with Act 132, in which the money is restricted to be spent on anything other than the management of the mountain and the OHA payment. Chancellor Straney said that is correct, and that there is a consumer price index and dates escalator to the rent value every year, so the rent
does go up with the CPI. Regent Kudo noted that that the comment of OHA does include a provision that, if there is a finding of good cause based on the facts and economic comparisons, that if the rent is for some reason below fair-market value and that there is an explanation provided of how that rent is determined, then that is also sufficient. Regent Kudo said that ACT 132, by law, requiring UHH to only using the money for specific purposes in establishing rent, would be good cause. Chancellor Straney thanked Regent Kudo for his explanation. Regent Kudo said that a lot of the comments this morning were from students who were concerned about the cultural impact of this telescope, and that Chancellor Straney had mentioned that that a cultural group had reviewed the particular project. Chancellor Straney said that Kahu Kū Mauna, which was established by the CMP. Regent Kudo asked if Kahu Kū Mauna had any recommendations. Chancellor Straney answered that, on the sublease, the only recommendation was that it would have been better if the sublease came with the new master lease, but the new master lease will come after an EIS is completed.

Regent Sullivan noted that in the materials there was a scientific cooperation agreement and asked if the intent was to sign that when the sublease was signed. Chancellor Straney responded that observatories generally have a sublease that deals with the legalities of the substation and the scientific cooperation agreement spells out the details of how scientists deal with each other.

Regent Sullivan said one of the things she was glad to see in the agreement was a guaranteed time on the instrument of 7.5% and it occurred to her that dedicated time on a billion dollar instrument was extremely valuable for the university in terms of research. She would like to see the students be able to benefit from use of the telescope. She noted there was a provision in the agreement for a UH-affiliated principal investigator and asked if there was any intent or program to actually tie it into the education of students. Chancellor Straney answered absolutely, observing time is education use, and using the jargon of astronomy, a principal investigator is a senior investigator at the top of their field who has several junior faculty, graduate students and probably more undergraduates working on the project; the days of a single astronomer with a single eye at the end of a telescope are gone and these are very large, collaborative projects. Students are definitely involved in them.

Regent Sullivan asked Chancellor Straney if he anticipated this would be able to assist the university is growing its research funding dollars. Chancellor Straney said absolutely.

Regent Mizuno noted that what was before the Board was the approval of the sublease, but indicated there were new members of the Board that may not familiar with some of the long history and what led up to this. He asked if Director Nagata could provide some of the history that led up to today.

Director Nagata said that in 2000, the Board of Regents had envisioned that there needed to be new management for Mauna Kea and they approved the master plan which created the Mauna Kea Management Board and the Kaha Kū Mauna Council that
advances not only the office, but the chancellor and the university in general about Mauna Kea issues. They also do a review of all projects that come take place on the mountain. She said it was critical at the time to have very dedicated and focused management to protect the resources. She indicated they knew astronomy was one of the resources, but the other resources that were sort of ignored in many years were the cultural and natural resources. She said that was their first mandate and they put most of their efforts towards that and eventually over the course of years they established a range of other programs to kick start the management. Finally in 2005, the office felt there was a need to have a comprehensive plan that integrates both natural and cultural resources so there could be a better management of the mountain. They started this by developing separate cultural and natural resources management plans and they merged into a CMP approved by the BLNR in 2009. In that CMP, it was envisioned to manage impacts, primarily by humans because there are individuals that come up to do recreation. She said another big aspect was project development and the comprehensive management does not cover construction activities. It looks at this to make sure how construction takes place on the mountain does not severely impact the cultural and natural resources. This CMP is very critical for the 30 meter telescope.

She indicated that things have sort of moved in parallel as the 30 meter telescope came and started making inquiries about wanting to come to Mauna Kea, the comprehensive management plan was already in the works so to speak. It is the plan which now governs the 30 meter telescope as it proceeds, including construction. When the CDUP application was done, the CMP's actions, in particular the construction management actions, are incorporated into this permit. She said the CMP and the CDUP are approved by the BLNR, and are the governing documents.

Vice Chair Lee noted that in all the literature he read the 30 meter telescope is a partnership with the University of California, Caltech, Japan, China and India. He sees a lot of work being put in by the University of Hawai'i and asked why the university was not named as a partner. Chancellor Straney responded that membership has its privileges and costs and to be a partner in that very specific meaning of that word in an observatory means to have put in a specific amount of the resources needed to construct the telescope.

Vice Chair Lee recalled speaking about this matter to Dr. Greenwood a couple of years ago and it was his understanding the matter was being worked on. Chancellor Straney responded it had been discussed but as of today there was no resolution.

Vice Chair Lee asked Dr. Yang if that would be something they would consider and Dr. Yang replied that it was a fantastic idea.

Chair Holzman said that one of the points made today is that existing telescopes may rent out time on the telescope to view space and the profits are kept. He asked if that is accurate. Chancellor Straney said that time is not rented and profits are not received. Chair Holzman clarified and asked if people pay to use the telescope. Chancellor Straney answered that people pay for the cost of using the telescope.
Telescopes are incredibly complex machines that require a large staff of trained professionals who work every day to keep the telescopes functioning. He said to allow the telescopes to be pointed to one very specific spot in the sky takes significant money. For example, if someone would like to use the CFHT telescope because one wanted to look at a star, the question would be, is there time to find the star among the times in which the partners are using, and how much would it cost to point the telescope in that direction while doing so. The cost is making the observations. Chair Holzman asked if, in terms of money, organizations that have observatories on the mountain, the net return on the investment is zero or less. Chancellor Straney said that, in terms of money, organizations make no money and are providing the funds to operate the telescopes from their own resources. The return is enormous in intellectual understanding. Chair Holzman said that the point that he is trying to make is that the telescope is used for a certain amount of time for a huge amount of money, and the implication is that the money was some degree of profit. Chancellor Straney said that there was no profit, and the money was required to use the telescope at "no money, no use" because there would not have been a way to work the telescope without paying people to do so.

Regent Matayoshi said that it seems like the university benefits from the use of the telescope without having to pay for it because the university is receiving in-kind ability to use it for research. Chancellor Straney said that is correct.

Regent Gee said that before there was a CMP, there were a lot of concerns regarding the stewardship of the mountain. He asked what the experience has been since the implementation to approve the CMP as it is in practice and in stewardship in recent years. Chancellor Straney said that the result has been tremendously more people are enjoying visiting the mountain safely; the mountain is clean and managed well. Litter and trash are not seen. People have ready access. The road is plowed. The CMP has turned the science reserve into the best example in the world of how science can be done respectfully and within the context of the rest of society.

Regent Dean moved and Vice Chair Lee seconded the motion to approve the Mauna Kea Sublease and Non-Exclusive Easement Agreement with TMT International Observatory, LLC.

Regent Portnoy asked to make a comment that is not directed at Chancellor Straney, as he is not responsible for this. He said that, this morning, despite an unbelievable amount of outreach, which he commends, almost all of it was domiciled on the Big Island. From the testimony of the students this morning, all of whom were from UHM, they felt rightfully wronged that they had not been included in any of the outreach programs. They just learned about the issue in the last couple of days, which resulted in last minute petitions that were presented that morning. There is a lesson that can be learned that there may be island-located matters that are really statewide in significance, particularly Mauna Kea and its relationship to the Hawaiian community, regardless of whether they live on the Big Island or are students at UHM on O'ahu. In the future, when an issue like this can be anticipated, a larger effort can be made to
engage more than just where the issue is domiciled, but a better effort should be made to reach out to additional campuses. Regent Portnoy said it is not a criticism of the phenomenal job done by the Big Island outreach, but a lesson can be learned this morning and, taking it at face value, it just seems like a number of Native Hawaiian students here at Mānoa felt that they were not involved in the process.

With a motion on the table, 13 Regents voted to approve the Mauna Kea Sublease and Non-Exclusive Easement Agreement with TMT International Observatory, LLC. Regent Acido voted against the item.

XI. ANNOUNCEMENTS

Chair Holzman announced that the next meeting is scheduled for March 20, 2014 at the University of Hawai‘i at Hilo.

XII. ADJOURNMENT

Having no further business, upon motion by Regent Carlson and seconded by Vice Chair Ota, and unanimous vote, the meeting adjourned at 4:10 p.m.

Respectfully Submitted,

Cynthia Quinn
Executive Administrator and
Secretary of the Board of Regents