MINUTES

BOARD OF REGENTS MEETING

JUNE 1, 2017

I. CALL TO ORDER

Chair Jan Sullivan called the meeting to order at 9:33 a.m. on Thursday, June 1, 2017, at the University of Hawai‘i Cancer Center, Sullivan Conference Center, 701 Ilalo Street, Honolulu, HI 96813.

Quorum (14): Chair Jan Sullivan; Vice Chair Ben Kudo; Vice Chair Randy Moore; Regent Simeon Acoba; Regent Eugene Bal; Regent Brandon Marc Higa; Regent Wayne Higaki; Regent David Iha; Regent Michael McEnerney; Regent Jeffrey Portnoy; Regent Lee Putnam; Regent Michelle Tagorda; Regent Ernest Wilson Jr.; and Regent Stanford Yuen.

Others in attendance: President/UH Mānoa (UHM) Interim Chancellor David Lassner; Vice President for Academic Planning & Policy Risa Dickson; Vice President for Administration Jan Gouveia; Vice President for Community Colleges John Morton; Vice President for Legal Affairs & University General Counsel Carrie Okinaga; Vice President for Research & Innovation Vassilis Syrmos; Vice President for Budget & Finance/Chief Financial Officer Kalbert Young; UH-Hilo (UHH) Chancellor Donald Straney; UH-West O‘ahu (UHWO) Chancellor Maenette Benham; Leeward Community College (LCC) Chancellor Manual Cabral; Honolulu Community College (HonCC) Chancellor Erika Lacro Executive Administrator and Secretary to the Board Cynthia Quinn; and others as noted.

II. PUBLIC COMMENT PERIOD

The following individuals provided written testimony as follows:

Kelli Acopan, VC of UH Student Caucus, requested student consultation on establishing higher tuition rate as a standard for Community College Upper Division Courses, as it relates directly to affordability;

Andres Gonzalez, a law school student, in support of the Proposed Change in the LLM Tuition Rate;

Patricia Halagao, UHM Associate Professor Cameron Miyamoto, Director of UHM LGBTQ+ Center; Angie Solomon, Student Parents At Mānoa (SPAM) Coordinator; and Christopher Yanuaria, UH Prevention Awareness Understanding Program Coordinator & UH Alum, in support of award of Emeritus Title for Dr. Amefil Agbayani;

Madeline Taomia, HawCC Palamanui student and Co-VP for ASUH-HawCC for Palamanui, and Neighbor Island At-Large for UH Student Caucus in support of Repricing & Increasing UHH Housing Rates & Meal Plan Rate; and

Christine Sorenson Irvine, Chair, UH Mānoa Faculty Senate (UHMFS), provided oral testimony, summarizing her written testimony regarding recapping year-end items that were passed by the UHMFS, including a Resolution to Make Recommendations for the Revised UH Procedures for Disclosing & Addressing Conflicts of Interest (AP 12.304), review of the new UHMFS leadership, appreciation of recent administration efforts to improve shared governance, noting faculty involvement in facilities planning and the UHM planning committee, and UHMFS' future plans to engage in shared governance activities the coming academic year related to restructuring, student retention, enrollment management and curriculum review.

III. REPORT OF THE PRESIDENT

President Lassner provided the following updates and announcements regarding spring commencement, efforts on aligning general education core requirements; system initiatives on security and food safety; leadership training; and special guests and awards.

1. He expressed thanks for regent participation in commencement ceremonies. He noted recent conferrals that highlight the strength of the system's distance learning program and improved accessibility for students. UHMC conferred degrees earned at five other UH campuses, including the first graduates from WinCC vet tech program. Similarly, Palamanui conferred degrees earned at four other UH campuses.

2. For approval today is a proposal from UHH and Hawai'i Community College (HawCC) to adopt general education core requirements that align with the rest of the UH System fostering transfers and articulations system-wide; the proposal is an example of how the recently adopted Integrated Academic Facilities Plan (IAFP) is being implemented.

3. Other upcoming agenda items highlight the campuses progress and successes on improving campus safety and well-being with security and Title IX initiatives that garnered UHM has been recognized as 7th in the nation among 113 top large universities with the best campus safety resources. Also, food security initiatives for student well-being are underway, including a UHM research study on food security status and needs, and collaboration among the Council of Chancellors to identify campus programs to model system-wide, including programs done in collaboration with the Hawai'i Foodbank, that is a wholesaler of food distribution whose customers are food service providers.

4. He announced the graduation of the recent cohort of the President Emerging Leaders Program (PELP), noting the project-based learning approach that

engaged teams paired with executive managerial mentors to address current UH challenges in areas of transfer student success, sustainability, education, cultivating student philanthropy, monetization of land assets, and appraisal of effectiveness of the Hawai‘i Papa O Ke Ao program survey. He extended his appreciation to the core senior administrators and executives for their participation in acquainting the cohort on the university's challenges and opportunities.

5. He introduced a special guest in the audience, the new president of the Western Interstate Commission on Higher Education (WICHE), Joe Garcia, former Lieutenant Governor of Colorado, Chair of Colorado Department of Higher Education, and President of Pikes Peak Community College and Colorado State University – Pueblo. President Lassner noted that the university is very active in a number of WICHE programs, including the Western Undergraduate Exchange (WUE) program that brings approximately 2,500 students paying 150% of resident tuition. The university also participates in the WICHE Mental Health Program that assisted state departments of health education and public safety develop a newly accredited psychology internship program, that was recently accredited and is celebrating at a graduation ceremony tomorrow at which President Garcia will participate. WICHE Cooperative for Educational Technologies also assisted UH in leading a statewide distance learning initiative. He circulated a fact sheet "WICHE & Hawai‘i Partnering for Over Five Decades" showcasing Hawai‘i's involvement in WICHE.

President Lassner recognized Luke Flynn as UH's nominee as Employee of the Year for the annual Governor's Award for Distinguished Service. Flynn is a faculty specialist at UHM, School of Ocean & Earth Science Technology, and director of both the Hawai‘i Space Grant Consortium since 2002 and the Hawai‘i Space Flight Laboratory since 2005.

President Lassner provided a report for the UHM campus in his role as interim chancellor. He explained UHM's progress on the five board mandates, utilizing collaborative efforts that integrate into the UHM strategic plan with work groups and incorporate ongoing enrollment management projects, ; identifying alternative financing of repairs; creating a master plan for UHM; internal restructuring for a modern research enterprise to holistically meet the needs of the state; and budgeting and resource planning on dollars, position, and space for campus priorities. He explained that the biggest challenge of improving enrollment management is overcoming a five year downturn of 10% in three years; the two part plan underway to first address urgent actions to eliminate the decline to hold enrollment flat for fall 2017 and then assess initiatives and plan with external assistance to understand and set strategies and tactics for an integrated data-driven enrollment management plan that is more strategic, targeted marketing to specific groups, and coordinated with financial aid. Retention is also an issue; 25% of freshmen do not return. Retention efforts are underway including including exit surveys and improved connection activities upon entry. The long term goal is 20,000 students by 2020, with an immediate goal of recovering a 5 year loss in

three years. Presently, transfer deposits are up 7%, other deposits are up 11%, total deposits are up over 7%, and graduate applications are up and being monitored as typically there is a decrease over the summer period, and transfer numbers tend to be unpredictable. Augmented communication efforts are underway to overcome the slide. A disproportionate amount of declines at UHM occur largely at the graduate master's level than at the undergraduate or PhD levels.

Regarding alternative financing of repairs, he noted an update on energy projects systemwide was on the agenda that will include the status of the recent contract award for photovoltaic system, and a request for proposal (RFP) for an energy savings projects for the UHM campus that is underway.

Regarding the UHM Master planning, he explained that the planning is based on current utilization and the IAFP, informed by the space survey reported at the Committee on Planning and Facilities meeting, with the goal to develop a phased physical improvement plan for the campus. Faculty, administrators and students are engaged in the planning process, including a full day of activities planned in June. He noted that the comprehensiveness of this plan is pioneering, and will have a 20 year vision and include developer opportunities, public private partnerships, and other land monetization strategies.

Regarding internal academic restructuring and redesign of UHM to enable the campus to move forward as a modern research enterprise, President Lassner reported that mini retreats were held involving campus and faculty leadership, with updated data on each department and college, population and space data, to discover what the university could achieve to do better and efficiencies to become part of a more inspiring research and education mission. Smaller schools were identified for possible consolidation, such as Travel Industry Management (TIM) with Shidler College of Business to improve engagement with Hawai‘i's hospitality industry, and noted support by its former dean and Emeritus Regent Chuck Gee. He also noted that the retirement of the current dean of the School of Architecture (SOA) provides the opportunity to have architecture as the cornerstone of a "built environment" in combination with the civil engineering department. Other possible consolidations include merging Language, Linguistics & Literature (LLL) with Arts & Humanities, and possibly the School of Pacific & Asian Studies (SPAS). Permeability of discussions is being encouraged; SPAS could also fit with social sciences, or programs under Vice Chancellors for Student Affairs or Academic Affairs given the international education program aspects. The external research advisory board is expected to comment on the status of Organized Research Units (ORUs), and the tuition distribution model is under review with a goal to achieve integration and encourage and incentivize researcher faculty to engage in teaching. Internal restructuring also includes organization restructuring at the chancellor's level to streamline reporting, and share administration services. Intensive discussions are continuing through the summer, and details and formal proposal is expected to occur when faculty return in the fall to ensure meaningful consultation with faculty. Adoption is targeted for spring to be made effective in July 2018.

Finally, regarding campus resource prioritization, the tuition allocation model was presented at the Committee on Budget and Finance, to be implemented July 1. Phase one does not shift dollars, and incentivizes teaching, attainment of graduates and number of majors. He noted that other budget strategies such as centralization of position control and shared services, and spaces were underway.

IV. UNIVERSITY OF HAWAIʻI FOUNDATION THIRD QUARTER REPORT

UHF President Donna Vuchinich reported that they continue to work with VP Young to provide new trend data and get more campus-based information in their reports. She presented the following reports: UHF Development Operations Report – Fiscal year 2017 Progress (as of March 31, 2017); and UHF Financial Overview as of March 31, 2017. She explained the reports in detail, and noted that they are working hard on wrapping up the last quarter and several large gifts are pending. Net assets continue to grow and have increased 2% or $9.1 million over prior quarter and 5% over the prior year. Some large gifts do not generate a fee, such as research grants. Timing impacts reporting; a 3-year trend versus quarterly or bi-annual reports provide a more accurate financial picture.

Concerns and questions were raised regarding the reason for the increased expenditures by UHH athletics in 2014; the cause of the dramatic decrease in funding at UHM athletics, student aid, alumni relations revenue, investment return, and revenue from the service fee on gifts/non gifts; justification for covering operations with reserves; optimizing the UH relationship with UHF, and how the $2.25 million fee the university pays to UHF is accounted for and shown in the report.

Chancellor Straney indicated that 2014 was a period of transitioning athletic directors at UHH and he would provide the information to the board. Regarding funding at UHM athletics, Ms. Vuchinich explained that the decrease in funding at UHM athletics reflected a change in some of ʻAhahui Koa Ānuenue (AKA) transactions and revenues during separation where activity and revenue decreased. She will provide information regarding the almost $1 million decrease in funding at UHM athletics over the past four years. Student aid decreases are mostly related to funders moving support to other campuses that is anticipated will return next year. The decrease in revenues from alumni relations is because the association no longer solicits annual memberships and dues from its members. UHF is working with the alumni association to align their mission with the institution's, and focus them on student recruitment/retention, legislative advocacy and career services as opposed to raising dues and memberships for their own activities and self perpetuation. In terms of covering operations with reserves, the increase in unexpected costs was because UHF was able to fill a number of staffing vacancies. At the same time, revenues in the first six months of the year decreased which resulted in lower returns even with the increase in service fee. A return on investment of staff is expected, and the UHF board approved utilizing operating reserves to cover the $1 million deficit due to increase in personnel. Early in this campaign UHF increased the percentage of the service fee for UHF because there was no other source of revenue, and also varies depending on whether the grant allows

service fees to be charged (e.g., research grants for equipment and private foundation grants do not). The numbers shown in the reports are separate from the amount the university pays UHF, the report reflects the funds expended by the university in accordance with the wishes of the donor. The fee paid by the university is allocated quarterly. It was noted that the board's concern is to ensure a proper return for the university and noted that trend data is helpful.

V. COMMITTEE REPORTS

A. Report from the Committee on Academic and Student Affairs
Committee Chair Putnam summarized the committee report attached, and noted items on the consent agenda for approval. No additional comments or questions from the board were raised.

B. Report from the Committee on Budget and Finance
Committee Chair Kudo summarized the committee report attached. Regent Acoba noted that the written committee report reflects there were some no votes and abstentions. No additional comments or questions from the board were raised.

C. Report from the Committee on Independent Audit
Committee Chair Moore summarized the committee report attached. No additional comments or questions from the board were raised.

D. Report from the Committee on Intercollegiate Athletics
Committee Chair Portnoy summarized the committee report attached, highlighting a productive year, positive strides being made in the athletic programs, and the expectation for better data and focus on the role of regents regarding intercollegiate athletics. No additional comments or questions from the board were raised.

E. Report from the Committee on Personnel Affairs
Committee Chair Wilson summarized the committee report attached, noting an item on the agenda for approval. No additional comments or questions from the board were raised.

F. Report from the Committee on Planning and Facilities
Committee Chair Yuen summarized the committee report attached, and he extended his appreciation of administration and innovative ideas. No additional comments or questions from the board were raised.

G. Report from the Committee on Research and Innovation
Committee Chair Bal summarized the committee report attached. No additional comments or questions from the board were raised.

At 11:08 a.m. the board went into recess. The board reconvened at 11:19 a.m.

VI. ITEMS FOR DISCUSSION & APPROVAL

A. For Approval by Consent

Items 2, 6, 8 and 10 were taken off the consent agenda under no objections.

1. **Minutes of the April 20, 2017 Meeting**
3. **Change in general education core requirements at UH Hilo**
4. **Change in general education core requirements at Hawai‘i Community College**
5. **Honolulu Community College Mission Statement**
7. **Revisions to RP 6.208 Board Exemptions to Non-Resident Tuition**
9. **Revision to Board of Regents Policy, RP 6.203, Fees, to Provide Consistent Guidance on Authority to Establish Student Housing Room rates**
11. **Amendment to Regents Policy 9.214 regarding Teaching Assignments for Instructional Faculty**
12. **Amendments to Regents Policies 9.201, 9.202, and 9.218, Delegation of Personnel Actions**

Regent Wilson moved to approve the consent agenda, seconded by Regent McEnerney, and the motion carried unanimously.

2. **Provisional to Established Program Status:**
   a. **UH Mānoa**
      1) **BA in Creative Media**
      2) **BS in Psychology**
   b. **UH West – O‘ahu**
      1) **Bachelor of Applied Science (BAS) Degree**
   c. **Maui College**
      1) **BAS in Applied Business and Information Technology (ABIT)**
      2) **BAS in Sustainable Science Management (SSM)**
   d. **UH Community Colleges**
      1) **AA in Hawaiian Studies (AAHS)**

Regent Portnoy commented that he did not believe the regents should be involved in deciding what programs are being offered, it should be done by administration, chancellors, and deans. He noted for the record that he would be deferring on these items as he did at the committee meetings, and suggested administration review this matter.

Regent Tagorda disclosed that as a recipient of the BS in Psychology while it was provisional, and would abstain from voting on that agenda item.

Vice Chair Moore moved for approval, seconded by Regent Wilson.

Regents expressed concerns that the board recently adopted the IAFP in April, but there was no discussion of how these programs meet or comply with the IAFP. They put on record that they would like administration to discuss how new, provisional and permanent programs comply with that policy going forward and asked administration to consider the timing of bringing forth programs until the IAFP has been worked upon and decisions made at the campus level as to focus and priorities. President Lassner appreciated the comments and concerns and indicated the new program planning process includes consideration of the IAFP as a first step before any significant work is done. Other comments noted that board review is appropriate as programs are long-term commitments and involve financing, and it is the responsibility of the board to ensure that resources are utilized efficiently and effectively, by complying with the IAFP that provides the framework.

Chair Sullivan noted that during regent engagement breakfasts with student government on UHMC for the past few years, the regents consistently heard about the difficulty in obtaining a 4 year degree, particularly the ABIT degree. If this program becomes permanent, she urged administration to facilitate articulation, reach out to students to understand their challenges as many are looking at transferring to other schools, and increase efforts to facilitate articulation, such as integrating distance learning.

The motion having been moved and seconded, the motion carried. Vice Chair Moore and Regents Acoba, Bal, Higa, Higaki, Iha, and McEnerney voted to approve. Chair Sullivan, Vice Chair Kudo, and Regents Putnam, Wilson, and Yuen voted to approve with reservations. Regent Portnoy and Tagorda abstained.

6. **Establish Higher Tuition Rate as Standard for Community College Upper Division Courses**

Chair Sullivan noted that late testimony was received from Kelli Acopan, Vice Chair of UH Student caucus requesting consultation.

Regent Acoba indicated he voted no on this proposal because administration provided insufficient justification other than seeking consistency regarding special certificates. Discussion ensued regarding whether or not the proposal is a tuition increase requiring a certain process, or a proposal to align tuition already charged for upper division courses at MauCC and at LeeCC where students have not yet enrolled, and the reconciling the inconsistency of charging different tuition for the same upper division course at the various community college campuses.

Extensive discussions ensued recounting the history of the creation of upper divisions courses at MauCC and the new provisional advanced professional certificate (APC) in Special Education PK-12 at LeeCC proposal recently approved by the board at the rate of $300 per credit. The LeeCC proposal assumed a tuition schedule structure for advanced programs to match upper division rates at UHWO, UHH, and

UHMC. President Lassner explained that the current policy does not allow upper division courses at any other community college campus besides UHMC and administration needs to be given the authority to charge tuition for upper division courses at the other community colleges.

Further concerns were raised regarding impact on current students if the action was deferred to allow time for student consult, address concerns, and return to the board in July. It was explained that the delay would impact current students in the LeeCC APC in Special Education program, that was being reviewed by the Hawai‘i Teacher Standards Board for approval the next day. This particular APC program helps fill a critical need of the state, and all students entering the program already have bachelor degrees.

Vice Chair Moore moved to approve establishing upper division tuition rates as standard for all community college upper division courses except for those courses required as part of an associate degree. Regent McEnerney seconded the motion.

Further discussion ensued regarding amending the motion on the table to establish upper division rates only as to MauCC and LeeCC, and interim lower division rates for upper division courses at all other community college campuses, the importance of shared governance, and that and that administration consult with students on the proposal to extend the upper division rate to all community colleges and return to the board with a more concrete proposal including any exceptions. Administration concurred support for the proposed amendment. Additional discussion ensued on a point of order regarding the action item title providing sufficient notice to take action on the amended motion. There was a concurrence that the amended motion was adequately supported with active and wide ranging discussion germane to the action item title. Vice Chair Moore and Regent McEnerney accepted the amendment.

Chair Sullivan restated the amended motion to establish an interim lower division rate for upper division courses, except for UHMC and LeeCC, and request administration to follow up with consultation with students, and return to the board at a later time with a proposal for upper division rates for the remaining community colleges. The amended motion having been moved and seconded, the motion carried unanimously.

8. **Repricing and Increasing University Housing Rates and meal Plan Rate at the University of Hawai‘i at Hilo**

Regent Acoba noted that he abstained from voting on this matter at the Committee on Budget & Finance meeting and raised concerns regarding (1) the proposal raised rates in one dorm and lowered rates in the other dorms, which could unduly burden one set of students over others; and (2) it was unclear whether the $600,000 repair and replacement (R&R) costs were based on any objective and reasonable standards that could impact rates.

Chancellor Straney explained that the housing rates and R&R costs are based on market rates and actual experience, projecting forward. He explained that the residence halls have more wear and tear than classroom space, and part of the fund is used to replace carpet, appliances and furniture as there is an expectation on the part of students that the facilities be maintained in an appropriate fashion. The plan is based on EP 2.212 that provides the guidelines on what is required and calculations provided by the Facilities Management Office (FMO), and administration will make repairs with revenue generated. The plan also follows the Council for Advancement of Standards in Higher Education (CAS) best practices on amount of repair and maintenance reserves. Part of this proposal allows UHH provide maintenance and repairs that have been delayed for the past two years.

Regent Wilson moved to approve repricing and increasing university housing rates and meal plan rate at UHH, seconded by Regent Higaki, and the motion carried unanimously.

10. Amendment to Bylaws of the Board of Regents Article II.D.2.d. to add Board Governance under the purview of the Committee on Personnel Affairs

Regent Acoba requested the background section of the action memo be corrected to accurately reflect the changes made subsequent to the May 18th committee meeting to the current proposal. Having no further discussion, Regent Wilson moved to approve, seconded by Vice Chair Moore, and the motion carried unanimously.

B. For Approval

1. Proposed Change in the LLM Tuition Rate

Avi Soifer, Dean of the William S. Richardson School of Law (WSRSL) discussed the proposed change the LLM tuition rate and provided an updated Addendum 2 Historical Data Related to LLM Student Enrollment & Tuition Revenue (excluding financial aid) that addressed inadvertent multiplication errors discovered in the original proposal.

Regent McEnerney expressed concern about the rationale for the reduced annual LLM tuition rate of $29,016. Extensive discussion ensued on the methods to determine appropriate tuition reduction, and appropriateness of comparing the three year juris doctor program to the advanced one-year doctor of juridical science programs as the degrees are very different in content and term. It was further confirmed that no state subsidies are provided for the SJD program.

Regent Higa moved to approve the proposed reduction in the LLM tuition rate, seconded by Regent Wilson. Regent Portnoy indicated that he would be teaching at the law school in the fall and would recuse himself from voting. Regent Acoba indicated that he lectured at the law school on a voluntary basis, and did not feel there was a

conflict. The motion having been moved and seconded, the motion carried. Regent McEnerney voted no. Regent Kudo was excused. Regent Portnoy recused himself and did not vote.

2. **Appointment of Task Group to plan for the next UH-UHF Agreement**

Chair Sullivan explained that the university had a multi-year contract with UHF, which is up for renewal next year. The recommendation is to form a task group to focus on the current relationship between the university and UHF, inventory best practices for fundraising, and evaluate what is working and what needs more attention. The committee would comprise of regents with experience in philanthropy, a few members from the UHF board, key fundraisers within UH, and possible external experts in fundraising and philanthropy. Proposed task group members are: Vice Chair Moore, who would chair the task group, Regent Higaki, and the chair of the Board of Regents, who is an ex-officio member on the UHF Board.

Regent Wilson moved to approve the appointment of a task group to plan for the next UH-UHF Agreement, seconded by Vice Chair Moore, and the motion carried unanimously.

3. **Emeritus Title for Dr. Amefil Agbayani**

President Lassner explained that the proposal was considered by the Committee on Personnel Affairs and the Committee on Academic & Student Affairs in executive session. The board has delegated the conferring of emeritus titles to the president. However, the title of associate vice chancellor emeritus is an exception that requires board approval. President Lassner concluded stating that Dr. Agbayani has the credentials, is very worthy of this honor, and requested the board approval.

Regent Putnam moved to approve conferring the title of Assistant Vice Chancellor Emeritus for Student Equity, Excellence and Diversity on Dr. Amefil Agbayani, seconded by Regent Tagorda, and the motion carried unanimously.

4. **Establishment of the Trimillos Visiting Distinguished Professorship in Ethnomusicology in the Music Department at the University of Hawai‘i at Mānoa College of Arts and Humanities**

5. **Establishment of the Endowed Professorship after B.H. Beams and Alice C. Beams at the John A. Burns School of Medicine**

Chair Sullivan suggested Items 4 and 5 of the agenda be taken up together as both are establishment of professorships. There were no objections.

President Lassner explained that both recommendations were consistent with all applicable board policies and standard practices for endowed professorships.

Questions and comments were raised regarding whether the endowed professorship to benefit cancer research at JABSSOM was put in place before the new UH Cancer Center Director was hired.

Jerris Hedges, Dean of JABSOM, explained that it was the wish of the Ling family to have the professorship at JABSOM and the medical school work closely with the Cancer Center. The fund distribution is received by UHF, the principle remains at the bank. The amount can vary annually and only the interest proceeds generated by the fund can be expended. JABSOM would like to apply this scholarship to three professorships to honor the family's wishes.

Regent Wilson moved for approval of the establishment of the Trimillos Visiting Distinguished Professorship in Ethnomusicology in the Music Department at UHM College of Arts and Humanities, and the Endowed Professorship after B.H. Beams and Alice C. Beams at JABSOM, seconded by Vice Chair Moore, and the motion carried unanimously.

6. Resolution in Appreciation and Recognition of Regent Iha

At this time, the board recognized and honored outgoing Regent Iha with the presentation of lei and reading of the resolution. Regent Kudo moved for approval of the resolution, seconded by Regent Moore, and the resolution passed upon unanimous vote. Regent Iha expressed what an honor it was to serve on the board, shared memories of his extensive career at the university, and distributed a copy of a May 1, 1968 *Honolulu Star Bulletin* photo of when he was one of the interim football coaches at UH. Chair Sullivan called for a recess to break for lunch and a motion for executive session, then come back to open session for agenda item C.

VII. EXECUTIVE SESSION

Upon motion by Regent Higaki, seconded by Regent Higa, the Board unanimously approved convening in executive session, pursuant to HRS §92-5(a)(2) to discuss personnel matters. The Board convened in executive session at 1:06 p.m. Following a motion to come out of executive session by Regent Higa, seconded by Regent Tagorda, the motion carried unanimously, and executive session was adjourned at 3:04 p.m.

The meeting reconvened at 3:06 p.m. Chair Sullivan stated that the board went into executive session to discuss personnel matters as indicated on the agenda.

C. For Information/Discussion

1. 2017 Legislative Session Review

VP Young provided a slide presentation on the 2017 Legislative & Budget Update Post-Session. The Legislature approved an operating budget that was significantly less

than the proposal UH submitted, included funding for some new positions counts, and appropriated additional general funds for very specific purposes, not all of which were included as part of the original university budget request. While the Hawai‘i Promise Program bill did not pass, funds for the program were included in the budget that gives the university flexibility to carry out the initiative. The program will be structured as UH originally proposed it, and will be limited to community colleges. Appropriations for capital improvement projects was better than expected, although largely occurring in the first year, and included some lump sum funding for specific legislative projects, and some provisos.

The collective bargaining bills that passed the Legislature and are pending Governor’s approval all involve the Hawai‘i Government Employees Association (HGEA). UHPA is in the midst of ratifying an agreed upon negotiated offer, and if ratified, it will be dependent on the next convening of the Legislature to fund that agreement.

In addition to all the bills, there are resolutions and concurrent resolutions that passed the Legislature. The Legislature is currently sending copies of pertinent resolutions/concurrent resolutions to the board and/or president. Resolutions do not have the force or effect of law, many do directly impact the university, and the university has discretion as to implementation. Finally, recent House and Senate reorganizations were noted, with additional committee leadership changes in the House anticipated, and additional changes to Senate committees.

Concerns were raised regarding lack of legislative funding for the Cancer Center, and possible negative impact on current ongoing efforts to obtain National Cancer Institute (NCI) designation. VP Young was commended for his hard work at the Legislature this year; and successes in effecting repeals of many unfavorable provisos. VP Young credited the focused efforts of the university team in addressing concerns with key legislators that had given rise to many of the provisos to help understand that the university would reach the same objective as the provisos intended. Far less provisos in the current budget is reflective of the trust the university team has reestablished with key legislators.

2. <u>Update on energy savings projects</u>

Chair Sullivan noted that this item was deferred at the Committee on Planning & Facilities meeting due to time constraints. She noted that despite the President of the United States withdrawing from the Paris Climate Accord, the university has set its own goals, has made great progress, and will continue moving forward on achieving those goals.

VP Gouveia provided a slide presentation regarding updates on energy savings projects at the university to achieve the major goal to get to net zero. She noted that the off-site power generation and site-specific PV and storage projects both involve Hawaiian Electric Company (HECO), and issues with interconnection continue to be

problematic. However, the university recently responded to a request for information by HECO to landowners interested in putting up a PV farm that then HECO might be interested in purchasing power from whatever is generated. The university identified approximately 13 sites across the system, and while the process is in the early stages, initial feedback has indicated the UHWO site is very fitting. A summary of the many projects underway also included a 1.76 megawatt solar PV project at UHM awarded to Green Path Technologies, a recently released Energy Performance Saving Contract request for proposal, as well as a recently completed exterior LED lighting upgrade at UHM.

Comments and concerns were raised regarding HECO opposition to UH legislative proposal for a micro-grid, HECO rates impacting the market and ability finance energy projects. Chair Sullivan congratulated administration on the tremendous progress, and expressed hope that some, if not all, of the energy savings from these projects are reinvested into growing sustainability initiatives, and suggested a policy and clarity on using the recapture in the future.

3. Title IX Overview

Due to time constraints and under no objections, the Title IX overview was deferred to the July board meeting.

4. FY17 Q3 Financial Status Reports

VP Young gave a slide presentation regarding the FY18 Q3 Financial Status Report, which was deferred from the Committee on Budget & Finance meeting due to time constraints. He summarized that overall total revenues continue to be lower and expenditures higher than budget projections, until a transfer from tuition & fee special fund (TFSF) in Q4 that will result in expenditures lower than projections. There are no major concerns for FY17, but enrollment/TFSF will impact revenues in the foreseeable future. TFSF revenues across all 10 campuses except for UHWO and System are slightly below the amounts collected through Q3 in the prior fiscal year. Total revenue across all UH Funds are lower than budget projections, but there is a fair amount of variation at the individual campus level. Regarding trends, the increase in general fund revenue collection is attributable to collective bargaining and not additional legislative funding. Similarly, the TFSF increase seen the past few years has plateaued this fiscal year despite this being a year of the tuition rate increase. The rate of increase has been insufficient impacted by enrollment declines. Total expenditures are less although TFSF expenditures are slightly more than forecasted. General Fund expenditures have increased over the past few years due to collective bargaining increases. Declines in TFSF expenditures are reassuring, however expenditures this fiscal year is almost on par with last fiscal year.

The board requested trends be included in the FY18 spending plan.

5. Preview of Operating Budget Priorities and Strategies for FY 17-18

President Lassner indicated this was the first time operating budget priorities and strategies were being presented to the board. Based on feedback today, administration will make modifications during the course of the next few weeks, if any, before bringing the operating budget proposal to the board for approval in August.

VP Young provided a slide presentation previewing the operating budget priorities and strategies under consideration for FY 17-18. Highlights included that the context and priorities are thematic reflected in budget near and long term, rooted in the strategic directions and consistent with the IAFP. System-wide thematic budget priorities near term are enrollment management and distance education, and long term are real estate monetization capacity, commercialization, energy, and philanthropy capacity building. UHM strategies focus on stabilization and points that created fiscal pressures including enrollment decrease, expense and prioritization controls and investment priorities. UHH is in better shape and focusing on utilizing and investing reserves in modernization, housing, and deferred maintenance, along with expenditure controls, and enrollment. UHWO has good enrollment but out of balance budget, and structuring themes for expense control, enrollment, distance learning and workforce investments. UHCC has a stable budget but experiencing declining enrollment; its budget themes focus on success initiatives, enrollment, pathways, addressing deferred maintenance, and reallocating funding for the Hawaiʻi promise program. At the System level, the focus is on performance funding and commercialization, space planning, improved business process and model indigenous serving institution initiatives.

VP Young noted that the capacity for land monetization is one of the challenges for the system, and requires finding resources to meet objectives. Programs that received general fund subsidies will be reviewed to determine opportunities to be self-supporting. Of note is a request for information on UHM Outreach College and administration, and an audit was nearing completion that will be shared with the board.

Questions and comments were raised regarding demographics of UHH transfer students; status of UHWO funding operations with reserves; need for additional information on the strategic research & commercialization initiative for the UH System and sharing status updates with the Legislature.

Chancellor Straney explained that UHH receives 20% of their transfer students from Hawaiʻi Community College, and is taking active steps to recruit from other community colleges in the system and disciplines (e.g., agriculture, etc.) from mainland community colleges such as California. Regarding UHWO reserves, VC for Student Affairs Kevin Ishida indicated that the campus is currently within the reserve policy and expects a surplus for the operating budget going forward. Regarding the strategic research & commercialization initiative, President Lassner explained the extremely high job growth rate within the state, that administration is leading coordination of the varied strengths of all campuses. The university is being proactive with legislators who have expressed interest in how the university plans to address issues of the overall budget, including commercialization,

Regent Higaki left the meeting at 4:33 p.m., quorum was maintained.

Vice Chair Kudo commented that the IAFP was developed with a real sense of students come first, and hopes that enrollment management plans will recognize that the university needs to keep students satisfied with the quality and delivery of the product they are getting. The budget policy impacts revenue. Facing declining enrollment, the university needs to ensure students get the benefit of the money they spend on education and incorporate a student-first policy statement.

Chair Sullivan thanked administration for its work as a good start in moving forward to an operating budget that is intentional, strategic, and includes priorities. The hope is that next fiscal year the board can approve the operating budget before the start of the fiscal year.

VIII. ITEMS FOR APPROVAL (continued)

A. Personnel Actions (A-1 for approval)

Vice Chair Moore moved to approve the personnel actions on Attachment A-1, seconded by Regent Wilson, and the motion carried. Chair Sullivan abstained from voting.

IX. ANNOUNCEMENTS

Chair Sullivan announced that the next board meeting is July 20, 2017 at the University of Hawai‘i at Mānoa ITC Center. Chair Sullivan also announced that there will be a Farewell Reception for Regent David Iha following the adjournment of the meeting, and the Regents and Presidential Scholar Alumni 30th Anniversary Reunion to follow.

X. ADJOURNMENT

There being no further business, Regent Wilson moved to adjourn, seconded by Regent Yuen, and with unanimous approval, the meeting was adjourned at 4:47 p.m.

Respectfully Submitted,

/S/

Cynthia Quinn
Executive Administrator and
Secretary of the Board of Regents