MINUTES

BOARD OF REGENTS MEETING

MARCH 22, 2018

I. CALL TO ORDER

Chair Jan Sullivan called the meeting to order at 9:36 a.m. on Thursday, March 22, 2018, at Kapiʻolani Community College, Ka 'Ikena Room, 'Ōhelo Building, 4303 Diamond Head Road, Honolulu, Hawai'i 96816.

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 Michael McEnerney; Regent Jeffrey Portnoy; Regent Lee Putnam; Regent Douglas Shinsato; Regent Michelle Tagorda; Regent Ernest Wilson Jr.; and Regent Stanford Yuen.

Others in attendance: President/Interim UH-Mānoa (UHM) Chancellor David Lassner; 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 Academic Planning & Policy Donald Straney; Vice President for Information Technology/Chief Information Officer Garret Yoshimi; Vice President for Budget & Finance/Chief Financial Officer Kalbert Young; UH-West Oʻahu (UHWO) Chancellor Maenette Benham; UHM Vice Chancellor for Research/Interim Vice Chancellor for Academic Affairs Michael Bruno; Honolulu Community College (HonCC) Chancellor Erika Lacro; Interim Kapiʻolani Community College (KapCC) Chancellor Louise Pagotto; Executive Administrator and Secretary to the Board of Regents Kendra Oishi; and others as noted.

Chair Sullivan thanked KapCC for hosting the meeting and recognized Regent Higaki, who had shared that he was one of the first students at KapCC 40 years ago.

II. PUBLIC COMMENT PERIOD

Executive Administrator and Secretary to the Board Kendra Oishi announced that the Board Office received written testimony from Jannah Lyn Dela Cruz, Chair of UH Student Caucus (UHSC) and Christine Sorensen Irvine, Chair of UHM Faculty Senate Executive Committee (UHMFSEC) offering comments related to Item IVD, Resolution Authorizing the President to Prepare a Reorganization Plan that May Re-Consolidate the Positions of Chancellor, University of Hawaiʻi at Mānoa, and President, University of Hawaiʻi.

The following provided oral testimony:

1. Christine Sorensen Irvine, Chair of UHMFSEC, provided oral testimony summarizing her late written testimony in support of the resolution authorizing the president to prepare a reorganization plan that may re-consolidate the positions of Chancellor, UHM, and President, UH; summary of the external team exit report
generated from the General Education curriculum review; an update on SEC participation in discussions on classroom renovations and the UHM campus master planning process; and recognition of the passing of Astronomy Professor Paul Coleman and Emeritus English Professor George Simson.

Questions and comments were raised regarding the reason for the UHM Faculty Senate’s change in position regarding possibly re-consolidating the positions of UHM Chancellor and UH President; whether the issues experienced with the chancellor position were structural or due to the wrong people being in the positions; and whether the impact of the Integrated Academic and Facilities Plan (IAFP) on the System and UHM was taken into consideration.

Ms. Irvine explained that the UHM Faculty Senate was previously in favor of separate chancellor and president positions, but after a historical review of the UHM chancellor position, taking into consideration the impact of the IAFP, and given how involved the board and System are in what is going on at UHM, it does not appear a separate chancellor position would be successful. Consolidating academics and research under one provost, and with the functions that have been reorganized to the System level (e.g., communications, facilities, human resources), there were not many responsibilities left for a chancellor. Faculty is interested in seeing a proposal utilizing a provost or provost/vice president model to provide much needed stability in leadership. This does not mean the proposal that comes forward would be approved by the UHMFSEC, but the faculty is open and willing to consider a proposal.

2. Ismael Salameh, KapCC Student Congress President, summarized the written testimony submitted by UHSC Chair Jannah Lyn Dela Cruz on behalf of the UHSC in unanimous opposition to the resolution authorizing the president to prepare a reorganization plan that may re-consolidate the positions of Chancellor, UHM, and President, UH.

The following individual signed up to give oral testimony but did not testify because they had to attend class: Raiyan Rafid.

III. REPORT OF THE PRESIDENT

President Lassner started by thanking Chancellor Pagotto for hosting the board meeting and then provided a report highlighting the following:

Hawai‘i Innovation Initiative (HII)

- A new revenue sharing agreement was executed with the UH managed Pacific Disaster Center (PDC), a program on Maui that provides support for domestic and international disaster managers, and company called Kaazing. The PDC has licensed its DisasterAWARE software to Kaazing on a non-exclusive basis in exchange for a portion of revenue. This is an example of how the university is working to commercialize its intellectual property, and about getting the university's good work into the hands of others, which in this case will literally save lives.
21st Century Facilities (21CF)

- UH Maui College will be among the first 100-percent renewable campuses in the nation, and other community college campuses will see a reduction in fossil fuel use under energy performance contracts with Johnson Controls. Associate Vice President for Community Colleges Michael Unebasami was recognized as the moving force for performance contracting across the community college system.

- UH has granted a sewer easement to developer D.R. Horton, which has a sewer line that needs to cross university property for a development in West O'ahu. UH has required D.R. Horton to size the sewer line to accommodate full development of UH West O'ahu lands, which has tremendous value for UH's development efforts.

President Lassner noted that the U.S. House of Representatives passed the $1.3 trillion omnibus budget bill this morning, which does not support the DACA program or accommodate current “DREAMers” in any way. There is some good news for UH and Hawai'i, as the budget bill includes a small increase in the maximum Pell grant, an increase for the TRiO programs and the Gaining Early Awareness & Readiness for Undergraduate Programs (GEAR UP), some pilot programs for the education department, and a new program for community colleges to advance cybersecurity facilities. The president also described a small competitive grant program to encourage colleges and universities to move into free online textbooks, an increase in support for career & technical education (CTE), support for UH flagship programs such as Sea Grant, Pacific Islands Ocean Observing System (PacIOOS), support for the NASA Near Earth Objects Program which includes the Pan-STARRS1 telescope, strong support for Native Hawaiian education programs, and increases for nearly all agencies and programs that fund sciences and training opportunities for which UH competes. There was also a substantial increase in military spending.

The president ended his report by announcing that after 14 years as president and CEO of the UH Foundation, Donna Vuchinich had announced her retirement and intent to ensure a smooth transition. President Lasser noted her achievements, including an increase in annual fundraising from $20 million to $70 million, an increase in the endowment from $78 million to more than $300 million, and two successful campaigns of $250 million and $500 million.

Report of the Host Campus

Interim KapCC Chancellor Pagotto welcomed everyone to campus and provided a progress update on strategic directions, including updates on enrollment and enrollment management initiatives to reach students and promote their success. Dr. Candy Branson, Chair of the KapCC Faculty Senate shared the innovative directions that faculty are taking to make curriculum relevant, and keep students engaged, particularly in the area of sustainability. Dr. Herve Collin, Pre-Engineering Education Collaborative (PEEC)/'Ike Grant Coordinator, shared information about the Associate in Science in Natural Science (ASNS) degree program, which is meeting all of its strategic and performance targets. Alan Tupou, an engineering student, shared his experiences as a
The board congratulated KapCC on their success and the interesting and inspiring presentation. Questions were raised regarding the number of credits students earned for one semester of the MIM program, and why a student would enroll at UHM instead of KapCC given the significant difference in tuition. KapCC administration clarified a total of 9 credits are earned in one semester in the MIM program. There are many reasons a student would choose to enroll at UHM that tend to be more personal than economic or academic (e.g., facilities, more clubs & activities, dorms, the experience of a bigger campus, etc.).

IV. COMMITTEE & AFFILIATE REPORTS

A. Report from the Committee on Academic and Student Affairs
   Committee Chair Tagorda summarized the committee report. No additional comments or questions from the board were raised.

B. Report from the Committee on Budget and Finance
   Committee Chair Higaki summarized the committee report. Regent Acoba requested the statement attributed to him in the report regarding the UBS contract revision be amended to delete “….being over and above…” and replace with “…as expressing the board’s obligation to be prudent managers of the university’s assets.” No additional comments or questions from the board were raised.

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

D. Report from the Committee on Planning and Facilities
   Committee Chair Yuen summarized the committee report. No additional comments or questions from the board were raised.

E. Affiliate Reports
   University Health Partners of Hawai’i (UHPH): Regent Acoba gave a verbal report that the Hyperbaric Treatment Center, which provides decompression treatment for recreational divers, UH research divers, and professional divers at the National Oceanic & Atmospheric Administration (NOAA) and the military, reopened in January. A new team of physicians is in place and trained, equipment was upgraded, a new business plan is in place, and a grant-in-aid request made to the Legislature. There is a need for obstetrician-gynecologist (OB-GYN) services in Hilo, and UHPH has recruited two doctors to practice at
the Bay Clinic and the Hilo Medical Center. A contract is being negotiated with Hilo Medical Center to provide OB service, which will enable UHPH to improve access to services for Hilo residents, provide training for medical school residents, and encourage doctors to remain in Hilo to practice.

Research Corporation of the University of Hawai‘i (RCUH): Regent Bal gave a verbal report that RCUH will be holding its second forum “Cybersecurity: Protect, Detect, Respond” on April 6, 2018 at the UHM IT Center and broadcast via Live Stream. Invited speakers include the Senior Director of Security at Microsoft, the Supervisory Special Agent – Cyber at FBI Honolulu, and VP Yoshimi.

University of Hawai‘i –UH Foundation Task Group (UH-UHF): Board Vice Chair Moore provided a memo containing a status update on the UH-UH Foundation (UHF) task group efforts on facilitating the development of a new contract between UH and UHF to replace the current contract for services that expires June 30, 2018. He clarified that statutes cap the amount of tuition & fee special funds that can be paid to UHF for services at $3 million.

Public-Private Partnership Task Group (P3): Board Chair Sullivan gave a verbal report on the efforts undertaken to date regarding potential P3 projects by administration and the task group. The Naval Facilities Engineering Command (NAVFAC) shared information with administration and the task group regarding its experiences in doing P3 projects. Administration has set the following goal for a strategic initiatives and partnerships program: to develop 21st century facilities for UH and generate revenue through the use of innovative and mixed approaches, including but not limited to revenue bonds, philanthropy, leveraging of real estate assets, and P3 partnerships. A number of potential P3 projects have been identified, but not all fit a true, traditional definition of P3.

No additional affiliate reports were made and no additional comments or questions from the board were raised.

V. ITEMS FOR DISCUSSION & APPROVAL

A. Consent Agenda

1. Minutes of the January 25, 2018 Meeting
2. Minutes of the February 22, 2018 Meeting
3. Minutes of the February 22, 2018 Special Meeting
4. UBS Contract Revision – Institutional Consulting Services
5. Approval of Procurement Contract to Provide Credit Card Services for the University of Hawai‘i, RFP No. 18-0148

Vice Chair Moore moved to approve the consent agenda, seconded by Regent Wilson. There was a request to separate out Item V.A.4 and there were no objections. Vice Chair Moore amended the motion to approval the consent agenda except for Item V.A.4, Regent Wilson seconded, and the amended motion carried unanimously.
4. **UBS Contract Revision – Institutional Consulting Services**

Vice Chair Moore moved to approve the UBS contract revision – institutional consulting services, seconded by Regent Wilson.

Concerns and questions were raised regarding the prudent determination clause in the major term sheet as expressing the board’s obligation to be prudent managers of the university’s assets and the fees paid to individual fund managers; the inclusion of gross negligence and intentional misconduct in the indemnification provision and whether the standard should be reduced to negligence, and whether UH solicited competitive bids from other firms that might be willing to include negligence, instead of gross negligence, in the indemnification provision; the rationale for requiring board approval of individual fund managers; and the possibility of including a net weighted average range in the contract to ensure the average of all fees would not exceed a certain amount.

VP Young explained that under the current contract, UBS’s fee is 20 basis points, and UBS procures fund managers who charge a fee that is based on basis points of the amount invested in each individual account. There is currently no limit on the amount of fees that the individual fund managers charge; however, UH worked with UBS to manage the weighted fee that gets charged, which historically have averaged 53 basis points, inclusive of the 20 basis points paid to UBS. Under the proposed new contract, UH is working on providing UBS with a range that is weighted to the amount of investments across the entire portfolio, but individual fund managers may fall outside the range depending on the nature and type of investments. The board will be asked to approve the selection of the individual fund managers at that time. It was emphasized that even though the board will be provided with the fee structures, the board is not being asked to approve individual components of the contract. The next time this item is presented to the board, regents will be able to see the new portfolio structure, the individually selected fund managers and base fees for each, and the estimated weighted aggregate fee for the entire portfolio.

Administration has reviewed industry standards for higher education endowments to confirm that given the size of our portfolio the rates being charged from UBS are in alignment with other equally sized endowments, and some indication that the fees are slightly better. Similarly, the fees being charged for the type of investments UH has are in alignment with industry standards. The previous portfolio structure with managers and the types of fees negotiated have been very good for the university, the intent is to be equally as vigorous going forward to manage the portfolio relative to fees and performance. Administration explained that the portfolio is currently 60% equities and 40% fixed income. Equity managers charge significantly more than fixed income managers, and if the range set in the contract is too low, it may negatively impact the ability to maintain the current levels of funding. Including this in the contract would require negotiation with UBS to see if it could provide a portfolio within that range. UH will be moving funds between managers throughout the year to optimize investment performance, and therefore, managing investment positions to a gross fee is not in the best interest of UH.
Administration indicated that competitive bids were not solicited. VP Okinaga clarified that this is UBS' standard indemnification language, and they will not budge from this standard. Board policy indicates that regents need to approve individual fund managers, and administration recommends revising this policy to provide more flexibility.

It was pointed out that the contract with UBS has a 30 day cancellation clause, and UH can terminate the contract for any reason if it is unhappy with UBS.

There having been a motion that was moved and seconded, the motion was put to vote and passed with Regent Acoba and Regent Portnoy voting against.

Regent Acoba stated for the record he was voting against the motion due to concerns regarding the board’s obligation to manage university funds prudently and a net fee range not being included in the contract, which leaves no controls in place besides the board approving the individual fund managers and essentially absolves UBS of any responsibility.

Chair Sullivan called for a break at 11:19 a.m. and the board reconvened at 11:29 a.m.

B. **Approval of authorization to the University of Hawai‘i (UH) President to negotiate, finalize, and execute the transfer in fee simple of the following UH properties maintained by the UH Mānoa College of Tropical Agriculture and Human Resources (CTAHR):**

(i) **Waialee Research Station Property** situated at Waialee, Koolauloa, O‘ahu, City and County of Honolulu, and designated as tax map key nos. (1) 5-8-001:013, (1) 5-8-001:055, (1) 5-8-001:007, and (1) 5-8-001:006 to the State Agribusiness Development Corporation (ADC)

(ii) **Kaua‘i Tropical Fruit Disinfestation Facility Property** situated at Hanamalu, District of Līhu‘e, Island and County of Kaua‘i, and designated as tax map key no. (4) 3-7-02-16 (por.) to the State Department of Transportation

Vice Chair Moore disclosed a potential conflict of interest related to unresolved issues with the Kaua‘i property when Līhu‘e Plantation Company (LPC) conveyed the land to UH. LPC was subsequently purchased by Visionary LLC, and he is a director of the Visionary LLC board. As a matter of public perception and optics, he will recuse himself from discussions having to do with the Kaua‘i property.

VP Young and VP Gouveia provided a presentation on UH land ownership in fee statewide, locations of CTAHR extension offices and experiment stations, history and background on Waialee Research Station and Kaua‘i Disinfestation Facility, justification for transfer of the properties, alternatives considered, and recommendations.

Questions and comments were raised regarding whether there were any federal tax implications with the transfers, and when the $6 million legislative budget proviso expires.

Administration does not believe there are tax implications because the transactions involve transferring public property to other public agencies. It was reiterated that discussions to transfer the properties had been under discussion for years preceding
the $6 million legislative appropriation. The appropriation needs to be encumbered by June 30, 2020.

It was noted that at the March 8, 2018 Committee on Planning & Facilities meeting, the committee had recommended the board authorize administration to commence discussions with ADC regarding a long-term lease for the Waialee property so that ADC can take over the property or sublease to others, and meanwhile the university administration will work with proper law enforcement officers to handle security issues on the property. The possibility of leasing (instead of fee transfer) was subsequently discussed with ADC, and ADC notified administration that it will not take transfer of this property via a lease.

At 12:00 p.m., Vice Chair Moore recused himself from the meeting.

Questions and comments were raised about why the Kaua‘i property was not subdivided; and whether UH is going to get a contractual agreement that UH will have no further responsibility for implementation of the extensive conditions the Land Use Commission placed onto the entire rezoned area.

Administration explained that there had been an option on the initial transfer of the 2.7 acres for UH to acquire the remaining parcel, but when the business terms were deemed not advantageous for the university, the decision was made to not acquire the remaining parcel, and the property was never subdivided. If the CTAHR property was “sold” to a private entity, the parcel would have to be subdivided; there are costs associated with doing so, and title clearance issues makes selling the property complicated. It was further explained that the intent of administration is to execute a quitclaim deed, with provisions clarifying that UH has no further responsibility for Land Use Commission conditions.

At 12:05 p.m., Vice Chair Moore rejoined the meeting.

1. Executive Session

Upon motion by Regent Higaki, seconded by Regent Wilson, the board unanimously approved convening in executive session, pursuant to Section 92-5(a)(2), HRS, to consult with the board’s attorneys on questions and issues pertaining to the board’s powers, duties, privileges, immunities, and liabilities, pursuant to Section 92-5(a)(4), Hawaii Revised Statutes (HRS); and to deliberate concerning the authority of persons designated by the board to conduct labor negotiations or to negotiate the acquisition of public property, or during the conduct of such negotiations, pursuant to Section 92-5(a)(3), HRS. The board convened in executive session at 12:06 p.m. Following a motion to come out of executive session by Regent Wilson, seconded by Regent Higaki, and the motion carried unanimously, executive session was adjourned at 1:14 p.m.

After a brief recess, the meeting reconvened at 1:22 p.m. Chair Sullivan stated that the board went into executive session to consult with attorneys and discuss matters as indicated on the agenda.
Vice Chair Moore moved to approve authorization of the UH President to negotiate, finalize, and execute the transfer in fee simple of the Waialee Research Station Property to ADC, seconded by Regent Wilson.

Regent Acoba indicated that he would be abstaining from voting because he thought it would be important to get a third person’s point of view on land value before transferring the properties instead of utilizing the property tax assessed value (land and building) in order to meet the board’s fiduciary responsibility.

There being no further discussions and a motion having been moved and seconded, the motion was put to a vote and passed with Regent Acoba abstaining, and Vice Chair Kudo excused.

At 1:23 p.m., Vice Chair Moore recused himself from the meeting.

Regent Wilson moved to approve authorization of the UH President to negotiate, finalize, and execute the transfer in fee simple of the Kaua‘i Tropical Fruit Disinfestation Facility to the Department of Transportation, seconded by Regent Bal, and motion passed with Regent Acoba and Vice Chair Moore abstaining, and Vice Chair Kudo excused.

At 1:27 p.m., Vice Chair Moore rejoined the meeting.

C. Approval of Resolution Requesting the Development of a Comprehensive Real Property Asset Management Plan

Chair Sullivan explained that she drafted this resolution with assistance from the Board Secretary, and felt it was timely given the discussion regarding the Waialee Research Station and Kaua‘i Tropical Fruit Disinfestation properties.

Regent Putnam indicated that she agreed with the intent and purpose of the resolution, but would not be voting in favor of the resolution. She noted that Board of Regents Policy (RP) 10.202, Planning & Management of Real Property, requires UH maintain information on its major real property assets and interests, and suggested that when this policy is reviewed that it be amended to require a report on this information be provided to the board. She also noted the guiding principles and priorities in the IAFP and inquired whether administration had developed and would be presenting the implementation plan to the board in the near future that addresses a more comprehensive discussion of all of UH’s land assets in the context of RP 10.202. She also brought up reconstituting something similar to the real estate task group given the activities identified in the resolution, because the workload might be too much for the P3 task group to handle alone. She inquired how System administration was set up to handle questions related to land management to ensure the regents are responsible stewards of UH’s current land assets and visionary stewards for what the land assets may be leveraged into. Lastly, she noted that the resolution should include a timeline on when activities would be brought before the board.
Administration explained that the IAFP implementation update was not envisioned to include a detailed assessment of real estate assets, but would provide information on where things were with real estate planning, specific projects, and management of the overall portfolio.

Chair Sullivan indicated concerns that UH did not have a board approved long-range real property asset management plan, and moving this forward will take effort. Forming another task group is an option, and it was convenient to involve the P3 task group because it related to some of the decisions being made. The task group will need to work with administration to bring a detailed plan to the board that included milestones, scope of work, and schedule to the board, which is why no arbitrary deadline was included in the resolution. President Lassner added that this resolution lays out work administration has an obligation to do and they are comfortable proceeding. It was clarified that the plan brought to the board would be comprehensive, and it would not be brought to the board on a project-by-project basis.

Regent Yuen moved to approve the resolution requesting the development of a comprehensive real property asset management plan, seconded by Vice Chair Moore, and the motion passed with Regent Putnam voting against, and Regent Kudo excused.

D. Approval of Resolution Authorizing the President to Prepare a Reorganization Plan that May Re-Consolidate the Positions of Chancellor, University of Hawai‘i at Mānoa, and President, University of Hawai‘i

President Lassner shared his reasoning for why his position regarding re-consolidating the positions of chancellor, UHM and president, UH had changed from when this item was last addressed by the board. He noted that during the course of reorganizing the offices of the UHM chancellor and vice chancellors, the idea of establishing a provost position at UHM came about and garnered support from faculty. The working group that was reviewing the structure of the UHM administrative offices did not feel there were enough responsibilities to justify a separate chancellor position. The historical data shows that a chancellor has never lasted more than 4 years as a separate position, or 7 years as a combined position. This matter has been discussed with UHM vice chancellors, System vice presidents, UHMFS, UHSC, Kualii Council, the Pūko’a Council, the ACCFSC, and Council of Chancellors, with the UHSC being the only group opposed. Discussions will be held with the UHWO Faculty Senate soon. He clarified that he is not requesting the position be combined, but is requesting the board give consideration to a reorganization plan where these two positions may be re-consolidated.

Questions and comments were raised regarding whether the concerns of the Western Association of Schools & Colleges (WASC) would be addressed in the reorganization plan, and President Lassner confirmed that he has been in discussions with WASC on this, and WASC will be looking at other models as UH does not match any of the 3 public system models in the WASC accreditation system. It was noted that there was a statement in UHSC testimony that the positions would be separated after President Lassner’s tenure, and President Lassner clarified that his recollection was he
had indicated that he could not guarantee what any future board might do regarding the positions.

Regents Portnoy, Acoba, and McEnerney expressed concerns regarding having one individual serve two different constituencies, the inability of one individual to focus on and handle systemwide demands, and the inherent conflict of interest in combining these two positions; where the UHM deans stand on a potential re-consolidation; and this resolution being interpreted as a board endorsement of a plan that favors reconsolidation.

President Lassner explained that the UHM deans would not be unanimous in their support of the proposed re-consolidation, but were more concerned about the lack of stable leadership. Some members of the last chancellor search committee had observed that the pool was not as strong as hoped, and some attributed it to the nature of that job in this state. The level of agreement between the president and UHMFS is astonishing, but the challenges of UHM in this state could not be separated from the job of president. It is very difficult for the UHM chancellor to exercise full authority in this state, in this environment, and with the current organization in place.

Additional concern was raised regarding the characterization in the resolution that the board would “view with favor” the reconsolidation of the positions. President Lassner indicated that the original UHMFS resolution passed with a floor amendment that revised the wording to “view with interest.”

Vice Chair Moore moved to approve an amended resolution that would replace “view with favor” with “view with interest,” Regent Putnam seconded.

Discussion ensued regarding resolution being unnecessary because the president could go ahead with this work and present a plan to the board later. A request was made to withdraw the resolution. Chair Sullivan agreed the resolution was not necessary, but understood the president did not want to work on a restructuring plan if the board does not want to consider a new structure.

Additional concern was expressed regarding bringing the actual reorganization plan to the board the “for approval”, and a suggestion was made to remove that phrase.

Vice Chair Moore amended his earlier motion to also remove “for approval” from the last clause in the resolution.

It was clarified that this resolution would supersede the February 2017 resolution adopted by the board in support of the president extending his dual capacity as president and interim UHM chancellor, and the board revisiting the question of how to fill the chancellor position in two years.

There being no further discussions, and an amended motion having been moved and seconded, the amended motion was put to a vote and passed with Regents Acoba, McEnerney, and Portnoy voting against.
E. **Approval of Revisions to Board of Regents Policy 10.207, Parking & Operation of Motor Vehicles**

VP Okinaga explained that this is a housekeeping item to conform this policy to the amendments to Chapter 12 of the Hawai‘i Administrative Rules (HAR) approved by the board on November 16, 2017. At the same time that administration requested approval of amendments to Chapter 12, it presented the board with a draft board policy for regent consideration and comment. At that meeting, regents requested revisions to the draft policy, namely to keep fines in HAR instead of policy, and clarify delegation was from the board to the president and not directly to the chancellors; those requested revisions have been incorporated into the version of the policy now being presented to the board for approval. The current parking rates already in place will be attached to this policy. This policy has gone out for consultation with all unions.

Regent Portnoy moved to approve the revisions to Board Policy 10.207, Parking & Operation of Motor Vehicles, Regent Wilson seconded, and the motion carried unanimously.


VP Gouveia provided background information on HECO’s Request for Information, HECO’s Request for Proposals, the UH process, HECO’s selection of awardee, and Letters of Intent (LOI) and Commitment to Long-Term Agreement. This item was previously discussed in the Committee on Planning & Facilities meeting on February 7, 2018. Administration was seeking approval to authorize the president and/or vp for administration to enter into multiple LOIs for long-term use agreements with multiple photovoltaic (PV) developers to be incorporated into their proposals to HECO.

2. **Executive Session**

Upon motion by Regent Wilson, seconded by Regent Higaki, the board unanimously approved convening in executive session to consult with the board’s attorneys on questions and issues pertaining to the board’s powers, duties, privileges, immunities, and liabilities, pursuant to Section 92-5(a)(4), Hawai‘i Revised Statutes (HRS); and to deliberate concerning the authority of persons designated by the board to conduct labor negotiations or to negotiate the acquisition of public property, or during the conduct of such negotiations, pursuant to Section 92-5(a)(3), HRS. The board convened in executive session at 2:45 p.m. Following a motion to come out of executive session by Vice Chair Moore, seconded by Regent Higaki, which was carried unanimously, the executive session was adjourned at 3:05 p.m.

The meeting reconvened at 3:05 p.m. Chair Sullivan stated that the board went into executive session to consult with the board’s attorneys to discuss matters as indicated on the agenda.
Vice Chair Moore moved to approve the LOI/Option Agreements and a Long-Term Agreement for the use of UH lands relating to HECO RFP for the supply of qualified renewal energy under HECO’s renewable dispatchable generation power purchase agreement, seconded by Regent Wilson, and the motion carried unanimously.

G. Legislative Update

VP Young provided an update on measures and priority issues that UH is following at the Legislature. The House Finance Committee included approximately $1.75 million of operating funds for UH in the budget, compared to the Governor’s request of $6.7 million, and the board’s request of $16.8 million. The budget will now be considered by the Senate. There was no Hawai‘i Promise funding because there are separate appropriation bills moving through the Legislature. The budget included approximately $92.4 million of capital improvement project (CIP) funding, which is significantly less than the $269.7 million UH requested. Approximately $11.1 million was included for UHM athletics, which was not included in the board or Governor’s budget proposals.

March 15, 2018 was the triple committee referral deadline, and a number of bills that UH was following did not make that deadline. March 23, 2018 is second lateral, and there are a number of bills in this presentation that will likely not survive that deadline. The next time the board meets, the Legislature will be in conference on bills and the Senate will have made revisions to the budget bill.

Questions and comments were raised regarding the budget items for alternative medicine at the John A. Burns School of Medicine and the student services centers (general training); the impetus for the UHM athletics appropriation; the Palamanui outdoor learning area & dining area improvements; and UH appearing to be doing worse every year in terms of legislative appropriations.

Administration explained that the House Finance Chair is interested in looking at alternative medicine possibilities to address opioid challenges in the state. The UHM athletics appropriation came as a result of site visits to various campuses that included tours of various facilities. Both the House and Senate Committees on Higher Education held site visits at various campuses, and UH organized site visits that included tours of various facilities. The UHM athletics department had presented a list of desired projects that were not included in the larger budget approved by the regents, and as a result of the site visits, the House Finance staff determined the projects to be significant enough to include in the budget. The legislators representing districts around Palamanui wanted a more permanent structure, and included money for planning of an outdoor learning area. The operating budget in the House draft of the budget is at a very low level of funding. There is concern that the CIP budget contains sources of funding or projects that are not identified anywhere in the budget submitted by UH. The dynamics and fluidity over the budget at the Legislature has been challenging, but UH does not appear worse off in terms of levels of funding than any other state department.
VI. ANNOUNCEMENTS

Chair Sullivan noted that the informal gathering with the Association of Emeritus Regents (AER) that was scheduled immediately after this board meeting was cancelled because the speaker could not make it; however, the AER social event was still being held at College Hill. The next board meeting is April 19, 2018 at Honolulu Community College.

VII. ADJOURNMENT

There being no further business, Regent Wilson moved to adjourn, and Vice Chair Moore seconded, and with unanimous approval, the meeting was adjourned at 3:27 p.m.

Respectfully Submitted,

/S/

Kendra Oishi
Executive Administrator and Secretary to the Board of Regents