SECTION 8-1 Contracts and Official Documents.

a. General:
   Except as otherwise provided herein, the President is authorized to approve, sign, and execute contracts and settlements of claims in accordance with law and Board policy. In addition, the President is authorized to approve or accept all gifts, grants, and contracts involving the University’s receipt of extramural funds. Should it be determined, in consultation with the Board, that a contract or settlement is anticipated to have a significant impact on policies, programs, or operations; or result in potential institutional liability the prior approval of the Board shall be required regardless of amount and source of funding. The President may delegate authority for the approval, acceptance, signing, and execution of contracts and settlements to other University officials.

b. Construction Projects:
   The President is authorized to act as the Contracting Officer of the University on construction projects, including projects financed in whole or in part from Federal and other grants. Construction projects, including repair and maintenance projects, in excess of and/or totaling more than $5,000,000 shall require the Board’s prior approval. This requirement will not be circumvented through parceling. The President shall provide advanced notice, to the extent practical, of potentially controversial decisions or actions that are within authority delegated to the President. Should it be determined, in consultation with the Board, that a construction project is anticipated to have a significant impact on policies, programs, operations, or generates controversy prior Board approval is required regardless of amount or source of funding.

c. Consultant Contracts:
   Contracts to engage consultant services, including but not limited to consultants to study or review University programs and/or operations for the purposes of recommending courses of action, which are anticipated to require changes in Board policies and/or have significant impact on policies, programs, or operations, shall require the prior approval of the Board regardless of amount or source of funding. Consultant contracts which are estimated to be $1,000,000 or less, consultant expenses included, and are not expected to result in changes in Board policies and/or have a significant impact on policies, programs or operations, shall be approved by the President or the President’s designees¹. All consultant contracts in excess of $1,000,000, expenses included, shall require the prior approval of the Board.

¹ See By Laws, Article II, Section D.g.(6) function of the Standing Committee on University Audits as it relates to an independent auditor.
This requirement will not be circumvented by parceling the amount of the contract.

d. Settlement Agreements:

All settlement agreements recommended by the University’s General Counsel involving payments of $500,000 or less, or involving workers’ compensation claims in any amount and which do not contravene Board policy and do not have a significant impact on policies, programs or operations, shall be approved by the President or the President’s designee. Agreements which are anticipated to require changes in Board policies and/or have significant impact on policy, programs, or operations and/or where the Board is named as a party to a suit, shall require the prior approval of the Board regardless of amount. All settlement agreements exceeding $500,000, except for settlement of workers’ compensation claims, shall require the approval of the Board. This requirement may not be circumvented by subdivision of the total amount of the settlement claim. All settlements requiring Board approval shall include a signature line for the Board.

e. Procurement Procedures:

Subject to the provisions set forth herein, the President is authorized to develop internal policies and procedures for the procurement of goods, services and construction in accordance with law and Board policy, provided such procedures are approved by the Board prior to implementation in accordance with Chapter 304A-105, HRS. Except as otherwise provided herein, the procurement of goods or services exceeding $5,000,000 shall require the prior approval of the Board unless, in consultation with the Board, it is anticipated that such procurement will have a significant impact on policies, programs, or operations, in which case prior Board approval is required regardless of amount and funding source. The specified threshold will not be circumvented by parceling.

Section 8-2 Designation of Depositories, Checks and Vouchers.

a. The Board shall from time to time, upon recommendation of the Vice President for Budget and Finance/Chief Financial Officer, assign authority and responsibility for designating depositories for University funds and for the signing of checks and vouchers disbursing any and all such funds.

b. Resolution for Designation of Depositories, Checks, and Vouchers.

The Vice President for Budget and Finance/Chief Financial Officer is hereby authorized to approve, sign, and draw upon letters of credit and other negotiable instruments, and establish federally-insured bank and savings and loan depositories which he/she considers necessary in accordance with requirements or federal contracts and other funding arrangements.

Accounts to serve as depositories for revenues and other receipts including letters of credit and other negotiable instruments shall be established with institutions having main offices on the island of O‘ahu.
Checks and savings withdrawals drawn against letters of credit, and other accounts on such depository institutions shall be signed by the Vice President for Budget and Finance/Chief Financial Officer or by other University staff members to whom he/she may delegate his/her authority from time to time.

The Vice President for Budget and Finance/Chief Financial Officer or his/her delegate may manually sign such checks and withdrawal authorizations. In addition, the Vice President or delegate may authorize, in writing, the use of facsimile signature plate for each group of checks to be signed, and he/she may delegate the authority to approve the use of his/her own facsimile signature plate for such groups.

The Secretary shall execute and deliver to said depository institutions a sworn signed statement advising said institutions of the office appointment and signature of the Vice President for Budget and Finance/Chief Financial Officer. He/she shall then advise said institutions in writing of any delegation of his/her signing authority, together with the signatures thereof.

Where required by contractual relationships with other governmental or private agencies, the Vice President for Budget and Finance/Chief Financial Officer may designate an official of such agency as a second signatory on checks which disburse funds from pool accounts established pursuant to said contractual relationships. He/she shall advise the institution concerned in writing of said second signatory.

Vice President for Budget and Finance/Chief Financial Officer is hereby authorized to establish imprest checking accounts and to delegate the necessary check signing authority under the following conditions:

(1) No such checking account shall exceed $60,000 in deposits at one time. The Vice President for Budget and Finance/Chief Financial Officer or his/her delegate may make temporary increases to imprest accounts in excess of $60,000 to provide for short term requirements.

(2) Each such imprest checking account shall be operated on an imprest basis wherein all deposits to said account shall be made only by replenishment checks from the University or State, which checks shall be in the amount of properly submitted vouchers of disbursement submitted by the custodian of the fund.

(3) Checks drawn on such accounts shall be by single signature of persons designated by the Vice President for Budget and Finance/Chief Financial Officer to sign such checks, said designation to be made to the institution concerned, in writing.

(4) The Vice President for Budget and Finance/Chief Financial Officer shall exercise authority over such checking accounts to meet operating needs and maintain proper controls.

In the case of such imprest checking accounts, the Secretary shall execute and deliver to the selected institutions an agreement setting forth the above facts and containing a sworn statement advising said institutions of the official
appointment and signature of the Vice President for Budget and Finance/Chief Financial Officer.

It is further resolved that the Vice President for Budget and Finance/Chief Financial Officer or other staff members to whom the he/she may delegate this authority from time to time, may sign vouchers and payrolls for transmittal to the State Comptroller for the disbursement of the State funds allocated and allotted to the University.

All previous authorizations, inconsistent herewith, including the resolutions of the Board on the 19th day of October 1973 and the 18th day of October 2002, are hereby revoked.

Section 8-3 Operating Reserves; Non-General Funds.
The University shall maintain adequate levels of operating reserves from non-general fund revenues. The amount of operating reserves shall take into consideration such factors as adequate financial ratios to preserve positive bond ratings, compliance with accreditation requirements, if any, and other financial management considerations as deemed prudent by the President and the Chief Financial Officer, in consultation with the Board.

The Board finds that, as a guideline, operating reserves should be sufficient to provide for continued operations of the University for a minimum of two months. Understanding that each campus and unit of the university system operates under different circumstances and conditions, which may change over time, the Board assigns the responsibility for the execution and implementation of this policy to the President, in consultation with the Chief Financial Officer. Operating reserves in unrestricted non-general funds shall be monitored and reported quarterly to the Board of Regents.

The University shall also maintain adequate levels of operating reserves for restricted non-general funds within the statutory authority of the respective funds. Such operating reserves shall be monitored on a quarterly basis by the respective campus responsible for such funds and reported annually to the Board of Regents.

Section 8-4 Biennium Budget (Operating and Capital Improvements).
a. Policy and Governing Principles,

(1) The President, upon approval by the Board, shall submit to the Governor, the University's proposed biennial budget which shall be designated the "Board of Regents' Budget."

(2) The proposed biennium budget shall be one component of a comprehensive system of planning, programming and financing the programs of the University. The system shall consist of:
(a) The articulation of overall University and campus missions; the development, coordination and review of long-range goals, objectives and directions to achieve these missions; and the development of programs and intermediate plans to implement these goals, objectives and directions.

(b) An integrated, orderly system for the continuous review and evaluation of programs which result in the establishment, modification and termination of programs as appropriate. This review shall include the evaluation of alternatives to existing objectives, policies, plans and procedures that offer more efficient and effective use of University resources and the regular appraisal and reporting of program performance.

(c) The preparation and implementation of a budget organized to focus on the resources required in the succeeding biennium to undertake programs and program changes necessary to implement the long-range goals and objectives of the University.

(3) The preparation of the biennium budget shall be characterized as much as possible by openness and collaboration among students, faculty, administrators and policymakers.

(4) The development of the University’s biennium budget shall include consideration of non-general fund operating reserves.

b. The Biennium Budget Preparation Process.

The major activities of the biennium budget preparation process shall consist of the following:

(1) **Preparation of Biennium Budget Policy Paper.**

Using input from state, university system and campus planning documents, the President shall direct the preparation of a biennium budget policy paper each biennium and approve its submittal for review and approval by the Board. The paper shall set forth the environmental context for budget building and general program, policy and management objectives, and institutional priorities to guide the preparation of the biennial budget.

(2) **Preparation and Issuance of Budget Instructions.**

Upon Board approval of the biennium budget policy paper, the President shall issue formal instructions and pertinent policy statements for the preparation of the biennium budget. The policy statements shall include, as a minimum, the budget objectives included in the Board approved biennium budget policy paper.

(3) **Administrative and Executive Approval of Budgets.**
The President shall review and approve for submittal to the Board, the recommended budget requests for UH at Mānoa, UH at Hilo, the Community College System, UH-West O'ahu and university-wide support programs. The chancellors of UH at Mānoa, UH at Hilo, UH-West O'ahu and the vice president for Community Colleges shall review and approve for submittal to the President the budget requests for the programs for their respective units.

(4) Board Approval.

The Board shall review and act on the biennium budget recommended by the President prior to it being submitted to the Governor. Upon Board approval, the biennium budget shall be referred to as the “Board of Regents’ Budget” and shall be transmitted to the Governor and the Legislature in accordance with applicable statute.

Section 8-5 University Projects.

a. Revenue Bond Resolution. The sale of bonds to finance revenue producing projects or facilities shall be subject, as applicable, to the provisions of “A Resolution Creating and Establishing a Network Consisting of a University System, Including Certain University Projects, and University Purposes, of the Board of Regents, University of Hawaii; Creating and Establishing an Issue of Revenue Bonds of the Board of Regents, University of Hawaii, and Providing for the Security for and Payment of Said Bonds and Limiting Such Payment to the Revenues of Said Network; Setting Forth the Terms and Conditions for the Issuance of Bonds; Setting Forth the Terms and Conditions for the Issuance of Additional Series of Said Bonds; Providing for the Rights of the Holders of Said Bonds; and Making Certain Other Covenants and Agreements in Connection with the Foregoing”, adopted November 16, 2001, as amended and supplemented from time to time, or to the provisions of “A Resolution Creating and Establishing an Issue of Revenue Bonds of the Board of Regents of the University of Hawaii, and Providing for the Security for and Payment of Said Bonds and Limiting Such Payment to Moneys Derived from the Ownership and Operation of the University of Hawaii and Certain Other Moneys Made Available to the University Other Than Moneys Heretofore Pledged to Other Obligations of the Board; Setting Forth the Terms and Conditions for the Issuance of Said Bonds; Providing for the Rights of the Holders of Said Bonds; and Making Certain Other Covenants and Agreements in Connection with the Foregoing”, adopted May 17, 2006, as amended and supplemented from time to time.

b. University Revenue Undertakings Fund (URUF). The President shall recommend the use of reserve or surplus revenues involving the transfer of funds between projects which are all within the University Revenue Undertakings Fund.
Section 8-6  Purchases and Equipment Capitalization.

a. Purchases shall be made in the name of the University and according to law and Board policy. No amounts stipulated in this section will be exceeded by parceling.

b. Vice presidents and chancellors shall have the authority to make purchases in amounts less than $25,000 per transaction, which authority may be further delegated.

c. Vice presidents, and chancellors may authorize the issuance of purchasing cards to be used in lieu of purchase orders for transactions not exceeding $2,500 provided the unit first establishes appropriate transaction guidelines.

d. Equipment shall be defined as tangible, non-expendable personal property having a useful life of more than one year and an acquisition cost of $5,000 or more per unit.

Section 8-7  Investments.

a. General:

The investment of funds and the purchases and sales of bonds, stocks, and other securities and properties from trust or investment funds shall be made with the approval or on the direction of the Board. The President or President’s designee is authorized to take any action and to execute and deliver on behalf of the Board such documents and certificates as may be necessary or desirable in connection with the acceptance, sale or transfer of investment securities issued to the University. This policy sets forth procedures and guidelines for the day-to-day administration of all University endowment investment activities.

b. Investment Management.

(1) The Board has the basic responsibility of preserving institutional resources, including the endowment in perpetuity. The Board oversee the policies and processes concerning investments and asset management and are subject to certain legal duties including acting prudently and in the interest of the participants and beneficiaries, and the duty to correct or report improprieties of other fiduciaries.

(2) The Board’s Committee on Budget and Finance (herein: “Committee”) is charged with the responsibility to review matters related to endowment funds. The Committee shall recommend to the Board for approval the engagement, evaluation, and termination of investment consultants, managers, custodial firms, and other investment professionals; policies and guidelines concerning the management of the endowment fund including but not limited to performance objectives, investment guideline,
and performance goals for investment managers; and changes and rebalancing of asset allocations.

(3) The Vice President for Budget and Finance/Chief Financial Officer ("VP/CFO") is charged with carrying out the University's investment policy and coordinates investment monitoring. The VP/CFO shall also serve as the administrative representative on investment subcommittees of the Board, and provides staffing to the Committee and subcommittees on matters concerning the endowment fund.

(4) The investment manager assists the Board in achieving optimal long-term returns consistent with the endowment’s acceptable level of risk. The investment manager shall be selected through a formal competitive process coordinated by the VP/CFO in consultation with the Committee. The responsibilities of the consultant shall include:

(a) Assist in defining the investment objectives of the fund and in establishing investment policy guidelines;

(b) Assist in the selection of the appropriate asset classes and percentages to invest in each class based on return expectations and risk;

(c) Implement short-term asset allocation shifts;

(d) Selection, appointment, and replacement of fund of managers;

(e) Provide the evaluation of fund managers with quarterly reports on performance implemented; and

(f) Provide other services as specified by the Board and/or Committee.

c. Investment Goals and Guidelines:

The Board shall adopt investment goals and comprehensive guidelines to insure the preservation of capital and adequate growth and income. The long-range investment objective of the University is to achieve an optimal rate of return on assets based on the asset allocation policy to produce current income to meet spending needs of 6% while preserving the real value of the endowment principal.

(1) University of Hawai‘i Endowment Fund Investment Goals and Guidelines

(a) Goals,

The investment goal of the University of Hawai‘i Endowment Fund ("Fund") is to seek the highest expected total return\(^1\) within reasonable levels of annual volatility to insure the long-term growth of the Fund and the continued annual payout\(^2\) of not more than 5% of market value.

The University shall provide the investment manager with a schedule of payouts to be made during the year. The payouts will
be scheduled as close to the actual expenditures as practicable to maximize the amounts retained and invested.

The Board also requires that actual investment results be placed in the median bracket or higher of a universe comprised of endowment funds nationwide. This yardstick shall apply to at least a three-year period in order to avoid Short-term fluctuations that may reflect temporary out-of-phase investment philosophies of the money managers. The Board expects this goal to be fulfilled within the levels of risk that a prudent person would take under various economic conditions.

(b) Guidelines.

1. The “prudent man rule” shall be followed in the investment of the Fund.

   Securities in new and untried enterprises should not be purchased. This basically applies to companies with no public ownership if its stock or those that have only recently gone public. An exception to this rule would be where prudence has been exercised through the use of investment vehicles that dramatically reduce the risk factors involved or where special expertise warrants the risk be taken. Therefore, if the investment manager, as a professionally informed and prudent person, recommends purchase of specific securities within an atmosphere of discretion and intelligence, and without speculative intent, then the standard of prudence is upheld.

2. Equity Investments.

   Equity investments shall be made in quality common stocks, convertible preferred stocks and convertible bonds, with an emphasis on total return. Investment managers should invest for the longer term; however, this should not preclude the investment manager from making interim changes to meet the investment goal of the fund.

3. Cash and Cash Equivalent Investments.

   All cash, wherever and whenever possible, should be invested in savings accounts or liquid interest bearing securities, including shares of money market funds.

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1 Resulting from income from dividends, interest and option writing, and from realized and unrealized appreciation in securities and other investments.

2 The payout rate shall not exceed 5% based on a five-year moving average of market values at fiscal year end without prior approval by the Board.
(c) Asset-allocation.

A balanced portfolio will be maintained with a minimum of 30% and a maximum of 70% in either the equity or fixed income investments and a maximum of 40% in cash and equivalents.

This guideline is intended to insure that the portfolio will not be heavily skewed towards one type of investment. The principle of prudence requires that the portfolio be well balanced with respect to fixed income investments such as intermediate and long-term corporate and utility bonds, short-term instruments such as treasury bills and notes, commercial paper, certificates of deposit and savings accounts on one hand and equity investments represented primarily by common stocks on the other. (Existing mortgages may be retained in the portfolio until paid up; however, no new mortgage investments will be made.)

Asset Allocation Table

<table>
<thead>
<tr>
<th></th>
<th>Minimum</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equities</td>
<td>30%</td>
<td>70%</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>30%</td>
<td>70%</td>
</tr>
<tr>
<td>Floating Rate Securities</td>
<td>0%</td>
<td>20%</td>
</tr>
<tr>
<td>Municipal Bonds</td>
<td>0%</td>
<td>10%</td>
</tr>
<tr>
<td>High Yield Bonds</td>
<td>0%</td>
<td>20%</td>
</tr>
<tr>
<td>Cash</td>
<td>0%</td>
<td>40%</td>
</tr>
</tbody>
</table>

While the foregoing establishes minimum and maximum allocation for different asset classes, an investment manager is not precluded from establishing lower invested levels while raising cash during adverse market conditions if such action is prudent and protects the principal of the fund. Within the minimum and maximum asset allocation guidelines the Board authorizes the Committee to implement short-term tactical asset allocation changes to address the changing market outlook.

The Committee will review the Fund’s asset allocation and investment manager performance at least annually and shall determine whether the amounts invested with managers should be rebalanced toward the policy allocation targets.

1. Preservation of Principal.

   The investment managers shall make reasonable efforts to preserve the principal of funds provided them, but preservation
of the principal shall not be imposed on each individual investment.

2. Liquidity.

The Board will be responsible for providing the investment manager with as much advance notice as possible or practical in the event that changes in income payout or principal withdrawals are required.

3. Diversification.

To avoid the risk of concentration of assets, individual bond positions, other than obligations of the U.S. government, should not comprise more than 5% of the total fixed income portion of the portfolio. Individual equities should comprise no more than 5% of the total market value of the stock portfolio. In addition, investments in any one stock are not to exceed 5% of the corporation’s outstanding common stock.

The investment manager will not be required to invest in equity securities representing a cross section of the economy. However, the investment manager will be allowed to choose the degree of concentration in any industry up to a maximum limit of 15% of total equities in any one industry at market value and a maximum limit of 10% in any one company.

4. Permitted Investments.

The use of the following investment vehicles is permitted:

- Savings accounts
- Commercial paper with A-1 or P-1 rating
- Certificate of deposit
- Floating Rate Securities
- High Yield Bonds
- Municipal Bonds
- Money market funds/common trust cash equivalent funds
- U.S. government, its agencies, or its instrumentalities
- Securities guaranteed by or collateralized by securities guaranteed by the U.S. government, its agencies, or its instrumentalities
- Debt securities and convertible securities of U.S. corporations and supranational organizations
- Preferred stocks
- Common stocks
- Publicly-trade foreign securities
- Mutual funds, exchange traded funds and common trust or commingled funds
- American depository receipts/shares
- Global depository receipts/shares
The writing (selling) of covered call options
Real estate, real estate investment trusts, and real estate mortgages
Forward foreign exchange contracts, and bond/currency options and futures may be used for the defensive hedging of foreign currency exposure
Limited partnerships

All investment vehicles selected for the portfolio must have a readily ascertainable market value.

5. Prohibited Investments/Transactions.

Investments in companies which, including predecessors, have a record of less than three years of continuous operation
Commodities
Lettered stock and private placements
Selling “naked” puts and/or calls
Derivative securities not covered under permitted investments
Adjustable rate issues with coupons which move inversely to an index

Investment in mutual funds, limited partnerships or pooled funds may be done so on an exception basis to fully comply with policies established for the Fund. However should the University choose to make such investments, the guidelines established by the mutual fund’s prospectus or the pooled fund’s guidelines will take precedence, and may not fully comply with policies established for the Fund. The University, through its monitor, shall periodically review the guidelines of any mutual fund or pooled fund investment in order to determine if they remain appropriate for the Fund.

Securities issued by the managers, their parents or subsidiaries
Assets of the fund in their own interest or for their own account
Transactions involving fund assets on behalf of a party whose interests are adverse to the interests of the fund or its beneficiaries.
Transactions involving third party compensation for their own account from any party in connection with a transaction involving fund assets.


The investment manager is authorized to invest in equity securities listed on the New York Stock Exchange, principal
regional exchanges, and over-the-counter securities for which there is a strong market providing ready saleability of the specific security. All securities shall be held by a custodian registered and licensed by appropriate bodies such as the Securities and Exchange Commission and the Federal Reserve Board. The terms and conditions of this custodial relationship shall be detailed in a written agreement with the custodian.

The investment manager is also authorized to invest in equity securities traded on foreign exchanges for which there are readily ascertainable market prices and ample trading liquidity.

d. Monitoring and Evaluation.

1. Performance Measurement.

Investment performance and management of the Fund and the separately managed portfolios will be evaluated over a three year investment horizon. Evaluation will be conducted based on the quantitative and qualitative standards which are applicable to the Fund and the separately managed portfolios.

(a) Quantitative standards.

(1) The extent to which the compounded annual rate of return of the total fund equals or exceeds the fund’s performance objective.

(2) The extent to which the compounded annual rate of return of the separately managed portfolio equals or exceeds the portfolio’s performance objectives.

(3) Performance will be measured on a time-weighted basis which recognizes the changes in market value, as well as income received; any appreciation or depreciation that occurs during the period examined, whether realized through the sale of securities or left unrealized by holding the securities; and eliminates the influence of cash flow or asset transfers that are essentially beyond the control of the investment manager.

(b) Qualitative standards.

(1) The investment manager’s adherence to the investment policies and guidelines of the Fund.

(2) The investment manager’s consistency in the application of their own investment philosophy.

2. The evaluation and monitoring of the Fund will be accomplished as follows:
(a) Semi-annual meetings of the Board’s Committee responsible for the governance of the University financial matters with the investment manager to review the following:

1. Review the past investment policy and examine the current investment policy.
2. Develop an understanding of the strategy being used by the investment manager to carry out the current investment policy.
3. Review the present and prospective economic climate.
4. Permit the Board to understand the risk levels of securities represented in the portfolio.
5. Review the performance of the portfolios with respect to the investment objectives at least annually, and possibly more often. While the Board recognizes that performance for an interval as short as one year or less normally is not a fair basis for evaluation of the performance of the investment manager, they do reserve the right to change the investment manager.

(b) An annual review meeting of the entire Board with the investment manager to review the performance of the portfolios, and the goals and objectives of the Fund.

(c) Quarterly reviews based on reports prepared by the Board’s selected third-party monitoring service.

(d) Comparisons of Fund results and a universe comprised of other endowment funds nationwide to make certain the Fund results are in the top 50% as required by the guideline goals.

(e) The investment manager shall be relied on and expected to provide advice whenever appropriate on the composition, performance, and governance (e.g.: policies) of the Fund.

3. Guidelines for probation/termination of an investment manager (Note: These guidelines are also applicable to the Associated Students of the University of Hawai‘i at Mānoa (“ASUH”) investment managers). The Committee may recommend the termination of any manager and/or consultant(s) at any time if it determines that the manager is no longer appropriate for the Fund.

(a) When the investment manager is in violation of the Fund’s investment guidelines, the violations should be reviewed with the manager. Consideration may be given to re-establish appropriate guidelines. The manager may be placed on probation for one year. If further violations occur, the manager may be terminated.

(b) The investment manager must immediately notify the Board of any pending changes in ownership. This notification places the investment manager on probation. If the change is expected to
have a detrimental effect on performance, the manager may be terminated.

(c) Upon hiring of the investment manager, a list of key personnel will be provided by the manager to the Board. This will be ordered according to authority. The manager is responsible for updating the list on an as needed basis. If 60% of the key personnel or two of the three top personnel listed have departed from the firm, the manager may be terminated.

(d) The investment manager must immediately notify the Board of any pending litigation. Based on the gravity of the suit the possible impact on the investment process, the manager may be placed on probation or terminated.

(e) The investment manager may be terminated should it fail to adhere to stated investment philosophy and style, or when that style is no longer compatible with the endowment fund’s investment approach.

(f) While the Board reserves the right to terminate a manager at any time, it intends to evaluate the manager’s investment performance on a trailing 3-year basis. The specific performance tests to determine whether a manager should be placed on probation or terminated will be based on a comparison of the annualized time-weighted total rate of return of the manager’s total portfolio on a trailing 3-year basis against the following standards:

(1) Equity/Balanced Managers: Annualized return no lower than 30% below the return of the Policy Index, gross of fees or ranking no lower than the 65th percentile of a universe of peers.

(2) Fixed Income Managers: Annualized return no lower than 10% below the return of the Policy Index, gross of fees or ranking no lower than the 65th percentile of a universe of peers.

(g) If a manager fails either of the applicable performance tests described above, the manager may be placed on probation for 6 months. For this 6-month period, the manager’s performance is expected to rank at the 50th percentile or better, or be equal or better than the Policy Index. If this objective is not met, the manager may be terminated. If this objective is achieved, the manager’s probationary period may be extended for an additional 6 months. After the second 6-month period, the manager’s trailing 12 months performance is expected to rank at the 50th percentile or better, or equal or better than the Policy Index.

(1) If the 12-month objective is not attained, the manager may be terminated.
(2) If the 12-month objective is achieved and the fund’s trailing 3 year performance has been met, probationary status may be removed.

(3) If the 12-month objective is achieved, but the fund’s investment objective over 3 years has not been met, the manager’s probationary period may be extended for an additional 12 months. After this 12-month extension, the fund’s last 24-month performance is expected to rank at the 50th percentile or better, or be equal or better than the Policy Index. If these objectives are met, the probationary status will be removed. If it is not attained, the manager may be terminated.

(h) The manager is allowed only one 12-month probationary period over any 6-year period. Any subsequent failure of the specific performance tests stated in Section II.A. within a 6-year period after a 1-year probation is considered reason for termination.

(i) Four quarters of consecutive under-performance relative to any or all of the above referenced benchmarks will trigger a review with the offending investment managers. All of the qualitative criteria should be reviewed along with an explanation of the underperformance from the manager.

e. Associated Students of the University of Hawai‘i at Mānoa, ASUH Stadium Stock and Investment Policy Objectives and Guidelines.


(a) The purpose of this policy as recommended by the Associated Students of the University of Hawai‘i at Mānoa (“ASUH”) and adopted by the Board is to establish goals and guidelines for the investment of the ASUH Stadium Stock Fund (hereinafter referred to as the “ASUH Mānoa Stadium Stock Fund”). This policy is promulgated pursuant to and in accordance with the Resolution on the Use of New Income, Principal and Investment of the ASUH Mānoa Stadium Stock Fund which is attached and incorporated herein as Section 8-10.

It is the intent of this document to state general attitudes, guidelines, and a philosophy which will guide the investment manager toward the performance desired. It is intended that the investment policies be sufficiently specific to be meaningful, but adequately flexible to be practical.

(b) The ASUH Mānoa Stadium Stock Fund shall be managed at all times in accordance with all applicable laws and regulations, including the Hawaii Uniform Prudent Management of Institutional Funds Act (UPMIFA), Chapter 517E, Hawaii Revised Statutes.
The investment of the ASUH Mānoa Stadium Stock Fund's asset shall be for the exclusive purpose of providing benefits to ASUH and defraying reasonable expenses of administering the ASUH Mānoa Stadium Stock Fund.

(c) Investment Philosophy of the Board and the ASUH.

The Board and the ASUH recognize that risk (i.e., the uncertainty of future events), volatility (i.e., the potential for variability of asset values) and the possibility of loss in purchasing power (due to inflation are present to some degree with all types of investment vehicles). While high levels of risk are to be avoided, the assumption of a moderate level of risk is warranted and encouraged in order to allow the professional investment manager the opportunity to achieve satisfactory long-term results consistent with the objectives and the fiduciary character of the ASUH Mānoa Stadium Stock Fund.

The Board and the ASUH believe that the ASUH Mānoa Stadium Stock Fund’s assets should be managed in a way which reflects the following statement:

The Board and the ASUH feel that bonds and other fixed income securities should be actively managed.

Risks in individual securities, particularly in stocks, shall be acceptable, but the overall fund should be managed in a well-diversified manner so that significant impairment of capital is avoided.

2. Responsibilities of the Board and the ASUH.

The specific responsibilities of the ASUH and the Board in the investment process include and are limited to:

(a) Acting in accordance with the guidelines under all applicable laws and regulations, including UPMIFA, Chapter 517E, Hawaii Revised Statutes;

(b) Determining the ASUH Mānoa Stadium Stock Fund’s projected financial needs and communicating it to the investment consultant/financial advisor on a timely basis;

(c) Expressing the ASUH Mānoa Stadium Stock Fund's risk tolerance level;

(d) Developing sound and consistent investment policy objectives and guidelines, which the investment consultant/financial advisor can use in formulating corresponding investment decisions;
(e) Monitoring and evaluating performance results through the investment consultant/financial advisor to assure that policy guidelines are being adhered to, that objectives are being met, and taking appropriate action to replace an investment manager for failure to perform as mutually expected.

3. Responsibilities of the Investment Manager or Fund Manager and the Investment Consultant/Financial Advisor.

(a) Adherence to Investment Policy Objectives and Guidelines,

(b) Discretionary Authority,

(c) The investment manager will be responsible for making all investment decisions on a discretionary basis regarding all assets placed under its jurisdiction and will be held accountable for achieving the investment objectives indicated herein. Such “discretion” includes decisions to buy, hold and sell securities (including cash equivalents) in amounts and proportions that are reflective of the manager’s current investment strategy and compatible with the ASUH Mānoa Stadium Stock Fund’s investment guidelines.

(d) The Investment Consultant/Financial Advisor will assist the ASUH Mānoa Senate in achieving optimal long-term returns consistent with the endowment’s acceptable level of risk and shall perform responsibilities generally comparable to those of the investment consultant for the Board as described herein Section 8-6b(4).


Any securities of the ASUH Mānoa Stadium Stock Fund not constituting a part of the ASUH Mānoa Stadium Stock Fund or any other securities or assets which are not entrusted to the investment manager’s "discretionary" investment authority will not be deemed managed by the investment managers and, therefore, such assets will not be its responsibility.

5. Compliance with UPMIFA Rules and Appropriate Legislation.

(a) The investment managers are responsible for compliance with the UPMIFA rules, as it pertains to their duties and responsibilities as fiduciaries.

(b) The investment manager(s) shall:
(1) Acknowledge in writing his recognition and acceptance of full responsibility as fiduciary in accordance with applicable federal and state legislation; and
(2) Be registered under the Investment Advisory Act of 1940 or be exempt from the 1940 Act.

6. Communication and Reporting.

The investment consultant/financial advisor shall communicate on a timely basis with the Board and the ASUH Investments Committee:

(a) Major changes of investment strategy, asset allocation and other investment philosophy related matters;

(b) Significant changes in the ownership, organizational structure, financial conditions or senior personnel staffing;

(c) Recommendations that any particular guideline be amended;

(d) Notices of transaction activity and quarterly performance reports;

(e) Information requested by the Board and/or the ASUH in the conduct of their own evaluation of portfolio management.

7. Performance Objectives and Guidelines.

The performance objectives stated herein will be sought over a three-year moving average which will be construed as a market cycle, ending three years following the appointment of the investment manager.

(a) Absolute Performance Objectives.

The ASUH Mānoa Stadium Stock Fund primarily seeks consistency of investment return through a growth and income objective with emphasis on total return.

(b) Relative Performance Guidelines.

Relative performance guidelines are stated only as an indication of the investment climate within which this ASUH Mānoa Stadium Stock Fund is managed and a guide in evaluating how the manager is performing relative to the investment climate.

(1) The ASUH Mānoa Stadium Stock Fund hopes that the plan’s equity portion of the portfolio will outperform the Standard and Poor’s 500 over the market cycle.

(2) The ASUH Mānoa Stadium Stock Fund would expect the portfolio’s fixed income portion will perform in line with the Barclays Aggregate Bond Index.

(a) Safety of Principal.
The criterion of safety of principal should not be imposed on each commitment. However, the portfolio taken as a whole, must be structured primarily to protect it against long-term erosion of capital.

(b) Liquidity Needs.
The investment consultant/financial advisor shall arrange to have sufficient funds on hand in the form of cash equivalents to meet anticipated disbursements from the ASUH Mānoa Stadium Stock Fund. A minimum of $50,000 should be retained in cash equivalents at all times to meet the operation needs of the ASUH.

(c) Funding Policy.
The ASUH Investments Committee shall have the responsibility for:

(1) Recommending and carrying out a funding policy and method which is consistent with the objectives of the plan and the operating fund requirements of the ASUH. Consideration should be given to the plan’s short-term and long-term needs.

(2) Establishing the desired net payout from the portfolio and providing the investment consultant/financial advisor with an estimate of cash flows and cash withdrawal needs for the coming year.

(3) Establishing the maximum payout which should not exceed 5% of the total portfolio.

(d) Types of Assets.
All assets selected for the portfolio must have a readily ascertainable market value and must be readily marketable. In order to provide the investment manager with freedom to invest in various types of assets, the following list of types of assets is among those approved for investment:²

² Investment in mutual funds, limited partnerships or pooled funds may be done so on an exception basis to fully comply with policies established for the ASUH Mānoa Stadium Stock Fund. However, should the ASUH choose to make such investments, the guidelines established by the mutual fund’s
Savings Accounts  
Commercial Paper with A-1 or P-1 rating  
Certificate of Deposit  
Money Market Funds/Common Trust Cash Equivalent Funds  
U.S. Government or its Agencies  
Securities guaranteed by or collateralized by Securities guaranteed by the  
U.S. Government or its Agencies  
Debt securities and convertible securities of U.S. Corporations and  
supranational organizations  
Preferred stocks  
Common stocks  
Publicly trade foreign securities  
Mutual funds and common trust or commingled funds  
American depository receipts/shares  
Global depository receipts/shares  
The writing (selling) of covered call options  
Real estate, real estate investment trusts, and real estate mortgages  
Forward foreign exchange contracts, and bond/currency options and futures  
may be used for the defensive hedging of foreign currency exposure  
Limited partnerships  
Securities on margin, short sale of securities, and short positions

The following types of assets or transactions are expressly prohibited:

- Investments in companies which, including predecessors, have a record of  
  less than three years of continuous operation  
- Commodities  
- Lettered stock and private placements  
- Selling “naked” puts and/or calls  
- The use of adjustable rate issues with coupons which move inversely to an  
  index  
- Tax exempt securities  
- Securities issued by the managers, their parents or subsidiaries  
- Assets of the fund in their own interest or for their own account  
- Transactions involving fund assets on behalf of a party whose interests are  
  adverse to the interests of the fund or its beneficiaries.  
- Transactions involving third party compensation for their own account from  
  any party in connection with a transaction involving fund assets

(e) Risk Management Guidelines.

The prospectus or the pooled fund’s guidelines will take precedence, and may not fully comply with  
policies established for the ASUH Mānoa Stadium Stock Fund. The ASUH, through its investment  
consultant/financial advisor, shall periodically review the guidelines of any mutual fund or pooled  
fund investment in order to determine if they remain appropriate for the ASUH Mānoa Stadium  
Stock Fund.
The Board and the ASUH recognize that the capital markets can be unpredictable at times and that any investment posture could result in periods whereby the market values of the ASUH Mānoa Stadium Stock Fund can decline in the account values. In this desire to limit risk, adherence to the asset allocation guidelines is paramount.

(f) Minimum Criteria for Selection.

(1) Equities

Equity investments will be made primarily in quality common stocks, convertible preferred stocks and convertible bonds, with an emphasis on total return. Investments managers should invest for longer term; however, this should not preclude the investment manager from making interim changes to meet the investment goal of the fund.

(2) Fixed Income.

Fixed income will be made up primarily of investment grade securities with the objective of total return.

(g) Diversification.

(1) Equities.

The investment manager will not be required to invest in equity securities representing a cross section of the economy. However, the investment manager will be allowed to choose the degree of concentration in any industry up to a maximum limit of 15% of total equities in any one industry at cost and a maximum limit of 10% in any one company.

(2) Fixed Income.

To avoid the risk of concentration of assets, individual bond positions other than obligations of the U.S. Government should not comprise more than 5% of the total fixed income portion of the portfolio. In addition, no more than 15% of the fixed income investment may be lower than investment grade.


The Board and the ASUH wish to set the following asset mix guidelines which should be rigidly observed.
Equities .................. Maximum 70% - Minimum 20%
Bonds ..................... Maximum 70% - Minimum 20%
Cash or Cash Equivalents ... Maximum 60% - Minimum 5%

10. Evaluation and Review.

(a) Portfolio management performance will be measured on a year-to-year basis and will be evaluated over a three-year moving average. The following factors will be evaluated:

1. The time weighted return of the total portfolio vs. the ASUH Mānoa Stadium Stock Fund’s stated investment objectives.

2. The relative performance of the equities vs. the Standard and Poor's 500 Index.

3. The relative performance of the fixed income investments vs. the Barclays Aggregate Bond Index.

4. The manager's initiation of communication expressing its view and recommendations regarding the Investment Philosophy.

5. The manager’s consistency in the application of its own investment philosophy, such as its criteria of security selection and investment strategy.

(b) Any large deviation from expected results or performance guidelines may require the consideration to alter and amend the investment policies of the ASUH Mānoa Stadium Stock Fund.

(c) While the ASUH intends to fairly evaluate the portfolio performance over the agreed upon period of evaluation, they reserve the right to change the investment manager if there is unacceptable justification for poor results. The two most serious threats to the confidence regarding any investment manager are:

1. Inconsistency of approach—having no visible philosophy or not adhering to a stated investment strategy.

2. Poor supervision of individual stock investments.

(d) Fund and/or Manager Selection Process.

1. Classification.
Classification of a fund into the proper asset class type (i.e. U.S. large-cap value) should be used when analyzing the funds/manager by peer group. Consider the consistency of return. Understand and compare the risk a fund or manager has taken in order to generate its returns. The quantitative process should be initiated by screening for all funds/managers in the same classification.

(2) Peer Performance.

The second step in the process is looking for the top performers over a 3-, 5- and 10-year period. A top performing fund/manager would have its historical performance ranked in the top 33% percentile relative to its peer group or fund classification for each period of time (3, 5 and 10 years).

(3) Consistency of Performance.

The third step is determining the consistency of the returns. The same manager(s) should be in place during the performance period being evaluated.

(4) Risk.

The fourth step is determining the risk a manager has taken in order to achieve the returns.

(e) Guidelines for probation/termination of an investment manager will follow Regents policy, Section 8-6d(3).

11. Reporting Requirements.

(a) ASUH shall meet with the investment consultant/financial advisor at least quarterly, unless otherwise mutually agreed upon, but no less than four times a year, on the following:

(1) To discuss current portfolio structure and asset allocation policy.

(2) To review specific investments and their appropriateness to the portfolio.

(3) To gain insight into the manager’s investment strategy as it relates to their outlook on the economy and stock market.

(4) To evaluate comparative performance figures.
(5) To review long-range philosophy/strategy vis-à-vis the Fund’s ongoing needs or objectives.

(b) The ASUH shall obtain the following information from their investment consultant/financial advisor to assist in their evaluation of the ASUH Mānoa Stadium Stock Fund’s performance and management on a quarterly basis.

(1) Account Information.

Summary of Investment Portfolio
Common Stock Summary
Portfolio Holdings—By industry diversification
Schedule of Additions and Disbursements
Schedule of Interest and Dividends Received
Schedule of Purchases
Schedule of Sales
Schedule of Realized Gains and Losses

(2) Performance Evaluation.

The investment consultant/financial advisor shall provide an evaluation of the investment managers’ performance based on the investment policy objectives and guidelines.

(3) Communications.

The investment consultant/financial advisor shall make recommendations in writing as to changes the investment consultant/financial advisor believes will be prudently beneficial to the ASUH Mānoa Stadium Stock Fund, such as changes in the ASUH Mānoa Stadium Stock Fund’s investment guidelines when appropriate.

f. Name.

All securities held by the University shall be registered in the name “University of Hawai‘i.”

g. Investment Responsibility.

1. Statement. The primary fiduciary responsibility of the Board in managing the University’s endowment funds is to attain an adequate financial return on those resources, taking into account the amount of risk appropriate for University investment policy.
However, when the Board adjudges that corporate policies or practices cause substantial social injury, the Board, as a responsible and ethical investor, shall give independent weight to this factor in its investment policies and in voting proxies on corporate securities.

2. Policy Guidelines. The Board shall normally not vote on any shareholder resolution involving social issues unless they conclude that a company’s activities cause substantial social injury and such activities are the subject of a shareholder proposal which would eliminate or materially reduce the substantial social injury. The Board will vote on the proposal, provided such action is not inconsistent with the Board’s fiduciary obligations. In cases where the proposed remedy is deemed unreasonable, the Board may abstain.

Where the Board concludes that a company’s activities or policies cause substantial social injury, and the Board concludes that: (a) a desired change in the company’s activities would have a direct and material effect in alleviating such injury; (b) the Board has exhausted its practicable shareholder rights in seeking to modify the company’s activities to eliminate or reduce the substantial social injury thereby caused; (c) the company has been afforded the maximum reasonable opportunity to alter its activities; and (d) no alleviation of the substantial social injury by the company is likely within a reasonable time, the Board will consider the alternative of not continuing to exercise its shareholder rights under the previous paragraph, and may instead, when such an action is consistent with its fiduciary obligations, direct its investment managers to sell the securities in question within a reasonable period of time and in a prudent manner. Failure to meet the above guidelines presumes that no new investments will be made in such companies provided such action is consistent with the fiduciary duties of the Board.

If the Board concludes that a specific Board action otherwise indicated under these Guidelines is likely to impair the capacity of the University to carry out its educational mission and/or meet its financial obligations, then the Board need not take such action.

h. Short-term investments.

It is the policy of the Board to invest its funds in excess of immediate requirements in investments permitted under section 36-21, short-term investment of state moneys, Hawai‘i Revised Statutes.

1. The objectives of the University’s short-term investment policy are:

   (a) Safety—To safeguard University funds by minimizing risk through collateralization, diversification and by depositing funds into federally-insured banks and savings and loan associations.

   (b) Liquidity—To insure the availability of funds to meet University payments by the timely forecasting of cash requirements and the
selection of securities that can be promptly converted into cash with a minimum risk of loss in principal.

(c) Yield—To maximize interest earnings on University investments by investing idle funds to the maximum extent possible.

2. The guidelines for short-term investments are:

(a) Banks and savings and loan associations without collateral agreements with the University and insured by the Federal Deposit Insurance Corporation “FDIC” or the Federal Savings and Loan Insurance Corporation “FSLIC”: The maximum amount of the investment is not to exceed the maximum insurance coverage provided by the FDIC or FSLIC.

(b) Banks and savings and loan associations with collateral agreements with the University and insured by the FDIC and FSLIC: The amount invested will be on the basis of the highest interest rate available for such maturity at the time the investment is placed.

3. Other investments shall observe the objectives of safety, liquidity and yield. Prudent risk control shall be of paramount importance in investment decisions with emphasis placed on the probable safety of capital rather than the probable income to be derived.

4. Investments with local depositories are to be made at bank branches which service University checking accounts or the main office of banks and savings and loan associations or at branches designated by the main office.

5. Collateralization of short-term investments is required under this policy for all deposits exceeding the maximum amount of federal deposit insurance.

6. The President or his/her designees are authorized to manage the University’s short-term investment program. The Board will review the performance of the short-term investment program at least annually.

Section 8-8 Travel.

The President or his/her designees are delegated the authority to approve on behalf of the Board all travel requests. The President shall establish policies and procedures in implementing this delegation and conditions and criteria for the approval of travel. The President shall provide such travel reports as may be requested by the Board. The President or his/her designees are to insure that all State and Federal laws, rules, regulations and policies are adhered to and that adequate records are maintained for all travel.

Section 8-9 Gifts.

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The Board, by statute, shall be the official recipient of all gifts to the University. Gifts or bequests to the University with inappropriate conditions attached to them shall be refused. Gifts without conditions may be accepted by the President on behalf of the Board. Gifts with conditions, regardless of value, shall be considered for acceptance by the Board.

Section 8-10 Fund Raising.

a. Fund raising campaigns conducted for the benefit of, and in the name of, the University, or any of its affiliate units, for whatever purpose, must be given prior approval in writing by the President. When Board policy appears to be involved, or should the campaign require University funds or have a goal in excess of $50 million, the matter will be taken to the Board for approval.

b. The President may process applications from faculty members to local foundations for funds for various purposes if, in the opinion of the administration, the applications are worthy of support from foundations, with the understanding that these applications are not to take the place of the ones submitted by the administration.

c. The University of Hawai'i Foundation (“Foundation”) is a not-for-profit corporation established to raise funds for the University. The President is authorized to serve on the Board of Trustees of the Foundation if requested to do so by the Foundation.

d. The Board wishes to acknowledge the service of volunteer groups and nonprofit organizations and to encourage their support on behalf of the University. These entities provide valuable assistance in fundraising, public outreach, and other support for the University's mission. The most common forms of such organizations are support groups and alumni chapters.

At the same time, as a public trust and the beneficiary of the funds raised, the University is obligated to require that the funds raised by such entities be adequately controlled and properly expended. The President shall promulgate such necessary policies and procedures that provide for the official recognition of groups and includes provisions that promote the fulfillment of the envisioned support of the University by the group and compliance with usual and common business and regulatory practices.

Section 8-11 Resolution on Use of New Income, Principal, and Investment of ASUH-Mānoa Stadium Stock Fund dated January 18, 1979.

WHEREAS, 1,481 shares of stock of Honolulu Stadium, Ltd., were held in the name of the Associated Students of the University of Hawai‘i-Mānoa (herein after referred to as the "ASUH"); and

WHEREAS, upon liquidation of said Honolulu Stadium, Ltd., proceeds of $839,258.77 was paid in respect of said 1,481 shares; and
WHEREAS, said proceeds of the redemption of said 1,481 shares shall be used to constitute the "ASUH Stadium Stock Fund" (herein after referred to as the "Fund"); and

WHEREAS, the Board of Regents of the University of Hawai‘i (herein after referred to as the "Board") and the ASUH have agreed upon procedures set forth herein below for the use of the net income, principal, and investment of the Fund;

NOW, THEREFORE, be it resolved that the following procedures shall govern with respect to the Fund:

1. **Annual Payout.**
   Annual payout, as defined and established in the below-mentioned “Investment Goals and Guidelines,” shall be included as revenues in the annual ASUH budget for the exclusive use of the ASUH.

2. **Principal.**
   The Board, only upon the recommendation of the ASUH Senate, may authorize the invasion of the principal, or any portion thereof, of the Fund for capital projects or other specific activities for the benefit of the ASUH.

3. **Establishment of Investment Goals and Guidelines.** (Amended April 12, 2012)
   The Board, upon the recommendation of the ASUH Senate, shall establish investment goals and guidelines which shall govern the investment of the Fund.

4. **Selection of Investment Managers.**
   The Board, upon the recommendation of the ASUH Senate, shall select an investment manager(s) who shall be responsible for the management of the Fund and shall be delegated limited (buy-sell decisions) investment authority.

5. **Investment Consultant/Financial Advisor.**
   The Board, upon the recommendation of the ASUH Senate, shall select an investment consultant/financial advisor to monitor the performance of the investment manager(s).

6. **Action of the Board of Regents.**
   (a) All matters in connection with the Fund shall be referred to the appropriate committee of the Board. Except when such committee meets in executive meetings, as provided by law, a duly appointed representative of the
ASUH Senate shall be entitled to participate in such committee meetings when the committee considers any matter in connection with the Fund and shall be notified of all such committee meetings.

(b) All recommendations of the ASUH Senate with respect to the Fund shall be submitted to the University of Hawai‘i administration which shall have 45 calendar days upon receipt of such recommendations to accept, modify or reject such recommendations and submit its recommendations to the Secretary of the Board of Regents. The 45-day period shall commence upon receipt of the ASUH recommendations by the Chancellor of the University of Hawai‘i at Mānoa.

Upon mutual agreement in writing between the ASUH Senate and the University of Hawai‘i administration, the deadline of 45 calendar days may be extended.

Upon receipt of the University of Hawai‘i administration's recommendation by the Secretary of the Board, the Board shall have 45 calendar days to approve, modify or reject the administration's recommendation, which deadline may be extended by the Secretary of the Board for periods of 15 calendar days for reasonable cause upon notice of such extension(s) to the ASUH Senate.

7. Responsibility of the Board of Regents.
The Board of Regents shall have the authority and responsibility for the Fund as set forth herein and may take whatever action it deems appropriate and prudent with respect to said Fund.

The Board shall, however, consult with and solicit the recommendations of the ASUH Senate prior to acting on any Board initiated proposal with respect to the Fund except in emergency situations.

Section 8-12 Guidelines on Use of Income from the University of Hawai‘i Mānoa Stadium Stock Fund, Proceeds from the Sale of the Kaimuki Observatory Lot and from the Rental of University Property.

The payout of income earned from (a) the Mānoa Stadium Stock Fund, (b) the proceeds of the sale of the Kaimuki Observatory Lot, and (c) the rental of University property herein called the Fund, shall not exceed 6% of the market value of the Fund on June 30 of the preceding year and shall be allocated in accordance with the following guidelines:

a. The annual payout from the investment of proceeds from the liquidation of donated shares of the Honolulu Stadium, Ltd., supplemented as needed by the payout from the balance of the Mānoa Stadium Stock Fund shall be allocated as follows:
(1) A maximum of fifty percent of the potential payout from the Mānoa Stadium Stock Fund, as calculated above, on an annual basis, or so much thereof as may be needed as determined by the President, for scholarships for student athletes and student support services at the University of Hawai‘i at Mānoa.

(2) A maximum of fifteen percent of the potential payout from the Mānoa Stadium Stock Fund, as calculated above, on an annual basis, or so much thereof as may be needed as determined by the President, for scholarships for student athletes and student support services at the University of Hawai‘i at Hilo.

(3) A maximum of $50,000 from the balance of the Mānoa Stadium Stock Fund for projects authorized by the President in consultation with the Board that would assist the University in meeting its different obligations and opportunities and such other projects that would further the interest of the University. Grants for individual projects are limited to $15,000. Requirements in excess of the maximum limitations notes above require specific Board approval.

(4) A maximum of $25,000 from the balance of the Mānoa Stadium Stock Fund for cash awards authorized by the Board or by the President in consultation with the Board, including the Board of Regents' Medal for Excellence in Teaching, Board of Regents' Medal for Excellence in Research, Willard Wilson Distinguished Service Award, and Excellence in Building and Grounds Maintenance Award.

b. The balance of annual payout from the Mānoa Stadium Stock Fund, or so much thereof as may be required, may be allocated annually by the Board based on proposals submitted by the President for the following purposes:

(1) Student financial aid programs available to students on all campuses, including scholarships, grants-in-aid, loans and student employment.

(2) Other student-related needs not normally provided by legislative appropriations. Such allocations shall be on a "one-shot" basis, and shall not be provided for continuing programs other than for initial development and "start-up" purposes, with future funding to come from other sources.

c. The President may set aside any unused balance of the Mānoa Stadium Stock Fund to support the Regents’ and Presidential Scholarships Programs.

d. The President shall provide an annual report to the Board regarding the payout of income from the Mānoa Stadium Stock Fund and from the proceeds of the Sale of the Kaimuki Observatory Lot.