

CHAPTER 8  
BUSINESS AND FINANCE

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 settlement of claims in accordance with law and Board policy. Should it be determined, in consultation with the Board, that a contract or settlement is anticipated to have a significant impact on policy, programs or operations, incur potential institutional liability, or have a systemwide impact, the prior approval of the Board shall be required regardless of amount and source of funding. All contracts and settlements included in this chapter which are subject to Board approval, shall state the same therein, and provide for appropriate signature by the Board. Such contracts and settlements must be signed and executed by the Secretary of the Board on behalf of the Board unless otherwise stipulated by the Board. The President may delegate his/her authority for the signing and execution of contracts and settlements to other University officials. (Jan. 13, 1966; Dec. 11, 1968; Oct. 20, 1978; Apr. 22, 1983; am: Oct. 18, 2002)

b. Construction Contracts:

The State Comptroller may be authorized to act as the Contracting Officer of the University of Hawaii on construction projects, including projects financed in whole or in part from Federal and other grants. Construction contracts, including repair and maintenance projects, in excess of and/or totaling more than \$500,000, shall require the Board's prior approval. This requirement may not be circumvented through parceling. Should it be determined, in consultation with the Board, that a construction contract is anticipated to have a significant impact on policy, programs or operations, or have a systemwide impact, prior Board approval is required regardless of amount or source of funding. (Sept. 16, 1965; am: Oct. 18, 2002)

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 purpose of recommending courses of action which are anticipated to require changes in Board policies and/or have significant impact on policy, programs or operations, or have a systemwide impact, shall require the prior approval of the Board regardless of amount or source of funding. Consultant services shall include but are not limited to architects, engineers, designers, financial analysis, audit providers, and planners. Consultant contracts which are estimated to be \$100,000 or less, consultant expenses included, and not expected to result

in changes in Board policies and/or have a significant impact on programs, operations and contingencies as stated in this section, shall be approved by the President or the President's designees. All consultant contracts in excess of \$100,000, expenses included, shall require the prior approval of the Board of Regents. This requirement may not be circumvented by parceling the amount of the contract or by engaging the services of consultants through entities or organizations other than the University of Hawai'i. No State general funds may be utilized to engage consultants for the purpose of seeking external funds for the enhancement of University programs and facilities. (April 22, 1983; Dec. 16, 1988; am: Jan. 18, 2002; am: Oct. 18, 2002)

d. Settlement Agreements:

All settlement agreements recommended by the University General Counsel involving payments of \$100,000 or less, or involving workers' compensation claims in any amount and which do not contravene Board of Regents' policy and do not have a significant impact on programs and/or operations shall be approved by the President or the President's designee. Such agreements which are anticipated to require changes in Board of Regents' policies, have a significant impact on policy, programs or operations, or have a systemwide impact, and/or where the Board is named as a party to a suit shall require the prior approval of the Board of Regents regardless of amount. All settlement agreements exceeding \$100,000, except for settlement of workers' compensation claims, shall require the approval of the Board of Regents. 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. A report shall be submitted to the Board of Regents on all settlements semi-annually. (ad: July 22, 1994; am: April, 23, 1999; am: Jan. 18, 2002; am: Oct. 18, 2002)

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. Except as otherwise provided herein, the procurement of goods or services exceeding \$500,000 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 policy, programs or operations, or have a systemwide impact, in which cases, prior Board approval is required regardless of amount and funding source. The specified threshold may not be circumvented by parceling. (Ad: Jan. 18, 2002; am: Oct. 18, 2002)

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

- a. The Board shall from time to time, upon recommendation of the President, assign authority and responsibility for designating

depositories for University funds and for the signing of checks and vouchers disbursing any and all such funds. (Jan. 13, 1966; Oct. 20, 1978)

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

The Vice President for Administration and CFO is hereby authorized to approve, sign, and draw upon letters of credit and other negotiable instruments, and establish bank or federally insured savings and loan depositories which he/she considers necessary in accordance with requirements of 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 branches on the island of Oahu.

Checks and savings withdrawals drawn against letters of credit, and other accounts on such depository institutions shall be signed by the Vice President for Administration or by other University staff members to whom he may delegate his/her responsibility from time to time.

The Vice President for Administration 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 the Vice President may delegate the authority to approve the use of his/her own facsimile signature plate for such groups.

The Secretary of the Board of Regents shall execute and deliver to said depository institutions a sworn signed statement advising said institutions of the official appointment and signature of the Vice President for Administration. The Vice President 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 Administration 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.

The Vice President for Administration 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 Administration 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 to sign such checks, said designation to be made to the institution concerned, in writing.
- (4) The Vice President 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 of the Board of Regents shall execute and deliver to the selected institution 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 Administration.

It is further resolved that the Vice President for Administration or other staff members to whom the Vice President 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 resolution of the Board of Regents on the 19th day of October 1973, are hereby revoked. (June 17, 1976; Oct. 20, 1978; June 19, 1987;am: Oct. 18, 2002)

Section 8-3 Biennial 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 biennial budget shall be characterized as much as possible by openness and collaboration among students, faculty, administrators and policymakers.

b. The Budget Preparation Process

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

(1) Preparation of Budget Policy Paper

Using input from state, university system and campus planning documents, the President shall prepare a recommended budget policy paper each biennium 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. The President's recommendations shall be made after input from Vice Presidents, Chancellors, and other University executives.

(2) Preparation of Agenda for Action

Upon Board approval of the budget policy paper, the President shall prepare an agenda for action for the upcoming biennium. The agenda shall be a two-year plan that identifies specific actions relating to existing and proposed new programs which are designed to accomplish long-range University goals and objectives and shall reflect the priorities set forth in the budget policy paper. An agenda shall be prepared for each major university unit (UHM, UHH, UH-WO, Community Colleges and System offices) and shall be consolidated into a systemwide agenda.

(3) Preparation and Issuance of Budget Instructions

Also upon Board approval of the budget policy paper, the

President shall issue formal instructions and pertinent policy statements for the preparation of the biennial budget. The policy statements shall include, as a minimum, the budget objectives included in the Board approved budget policy paper. The biennial budget shall reflect the necessary costs during the budget period of implementing the agenda for action.

(4) Preparation of Budget

Budget requests shall be prepared for University programs as structured in the program structure for the State. The cost centers for which budget estimates are to be prepared shall be at program structure level V or lower for UH at Manoa and program structure level IV or lower for all other University units. Input to the preparation of the budget shall include that of Deans, Provosts, department chairs, faculty and students.

(5) Administrative and Executive Approval of Budgets

The President serves as the chief executive officer of the University. As chief executive officer of the University, the President shall review and approve for submittal to the Board, the recommended budget requests for UH at Manoa, UH at Hilo, the Community College System, UH-West Oahu and universitywide support programs. The Chancellors of UH at Manoa, UH at Hilo, UH-West O'ahu and the Community Colleges shall review and approve for submittal to the President the budget requests for the programs for their respective units.

(6) Board Approval

The Board shall review and act on the budget recommended by the President at least two months prior to it being submitted to the Governor. Upon Board approval, the budget shall be referred to as the Board of Regents' Budget and shall be transmitted to the Governor in the form as prescribed by the Governor.

c. Content of the Budget

The budget request for each cost center shall consist of program and planning information, operating requirements, repairs and maintenance requirements and capital improvement requirements. Operating, repairs and maintenance and capital improvement requirements shall be displayed in the format required under HRS 37-66 relating to the State Budget and the Governor's budget preparation instructions. The program and planning information shall consist of at a minimum:

- (1) A clear statement of the program's objective.
- (2) An identification of the major subprograms under that program.

- (3) Descriptions of the major activities of the program.
- (4) Descriptions of the clientele served by the program including how many are being served in the existing biennium and how many are projected in the budget biennium.
- (5) A narrative discussion of the effectiveness of current programs.
- (6) A narrative discussion of the efficiency of current operations.
- (7) Emerging trends and conditions which impact the program; ie, its clientele, its effectiveness, its efficiency.
- (8) Significant accomplishments planned for the next biennium and their relationship to the budget request.

d. The Budget Calendar

The calendar, listed according to ideal completion dates, for the biennial budget preparation process is as follows. In consultation with the Board, appropriate modifications to this calendar may be made due to external constraints:

October of the first fiscal year of the fiscal biennium preceding the budget biennium: The President initiates preparation of the proposed budget policy paper and agenda for action.

November of the first fiscal year of the fiscal biennium preceding the budget biennium: The President submits a recommended budget policy paper to the Board.

December of the first fiscal year of the fiscal biennium preceding the budget biennium: The Board acts on the Budget Policy Paper.

January of the first fiscal year of the fiscal biennium preceding the budget period: The President issues instructions for the preparation of the biennial budget.

May of the first fiscal year of the fiscal biennium preceding the budget period: Major units (UHM, UHH, UH-WO, CC System, etc.) submit budget recommendations to the President.

June of the first fiscal year of the fiscal biennium preceding the budget period: The President submits recommendations to the Board.

July of the second fiscal year of the fiscal biennium preceding the budget period: The Board acts on the biennial budget.

August of the second fiscal year of the fiscal biennium preceding the budget period: The President submits the Board of Regents' Budget to the Governor.

e. Budget Implementation

Upon legislative and executive approval of the University's budget in any fiscal year, the President shall submit to the Board from time to time, reports on the status of the implementation of the approved budget. The reports shall include significant changes, if any, in budgetary requirements for the fiscal year in progress.

If the Governor does not allot the full appropriation in any fiscal year, resulting in a need to restrict budgetary items, the President shall recommend to the Board for approval all planned budgetary restrictions. In addition, any shift in funding from the approved budget or anticipated unbudgeted expenditures in excess of \$100,000 shall require a reallocation plan approved by the Board. (Jan 13, 1966; June 10, 1967; Aug. 19, 1969; Oct. 14, 1977; Oct. 20, 1978; Dec. 15, 1989; am: Jan. 18, 2002; am: Oct. 18, 2002)

Section 8-4 University Projects.

- a. Revenue Bond Resolution. The sale of bonds to finance revenue producing projects or facilities shall be subject to the provisions of "A Resolution Creating and Establishing a University System Consisting of Revenue Producing University Projects 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 Solely to the Revenues of Said University System; Providing for the Issuance, Exchange and Delivery of Three Series of Said Bonds; Providing for the Issuance, Sale and Delivery of Fourth Series of Said Bonds; Fixing the Form and Details of the Foregoing Series of Said 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." (The Resolution is part of the BOR Minutes of Jan. 18, 1973; also supplement adopted Oct. 14, 1977)
- b. University Revenue Undertaking 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. (May 12, 1977)

Section 8-5 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 may be exceeded by parceling. (ad: Jan. 13, 1966; Oct. 20, 1978; am: Oct. 18, 2002)
- b. Senior Vice Presidents, Vice Presidents, and Chancellors shall have the authority to make purchases in amounts less than \$25,000 per transaction. (ad: June 18, 1999; am: Oct. 18, 2002)
- c. Senior Vice Presidents, Vice Presidents, and Chancellors may authorize the issuance of purchasing cards to be used in lieu of purchase orders for purchases not exceeding \$2,500 provided the unit first establishes appropriate transaction guidelines. (ad: June 18, 1999; am: Oct. 18, 2002)
- d. Equipment Capitalization
  - (1) 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.
  - (2) Exception to the \$5,000 threshold will be made for property easily converted to personal use by establishing a new asset category called controlled property.
  - (3) Control of theft sensitive items shall be accomplished by including controlled property in the University's equipment inventory system and requiring controlled property to be physically counted and inspected annually.  
(ad: Oct. 9, 1998)

Section 8-6 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 of Regents 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 of Hawaii. (Jan. 13, 1966; Oct. 20, 1978; June 17, 1988; am: May 16, 1997)
- b. The Board will adopt investment goals and comprehensive guidelines to insure the preservation of capital and adequate growth and income. (Oct. 20, 1978)
  - (1) University of Hawaii Endowment Fund Investment Goals and Guidelines.

(a) Goals

The investment goal of the University of Hawaii Endowment Fund is to seek the highest expected total return<sup>1</sup> within reasonable levels of annual volatility to insure the long-term growth of the Fund and the continued annual payout<sup>2</sup> of not more than 6% of market value which will be determined by the Board of Regents. The Board shall be provided an annual report on payouts from the Fund.

Upon approval by the Board of Regents, the University shall provide each 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 by the investment managers.

The Board of Regents also requires that actual investment results by each investment manager 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 of Regents expects this goal to be fulfilled within the levels of risk that a prudent person would take under various economic conditions. (June 22, 1978; Oct. 17, 1980; Sept. 30, 1983; August 23, 1996)

(b) Guidelines

1. The "prudent man rule" shall be followed in the investment of the University's Endowment Fund.

This rule was developed in the 1830 case of Harvard College v Amory and states that a trustee shall "observe how men of prudence, discretion and intelligence manage their own affairs, not in regard to speculation, but in regard to the permanent disposition

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

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The payout rate shall be 5%-reduced by the negative real growth rate, if any; provided that the payout rate shall be no less than 3% and no more than 6% in meeting donor/Board commitments. (Real growth rate is the total return rate less the payout rate and the inflation rate)

of their funds, considering the probable income, as well as the probable safety of the capital to be invested." Under this rule courts have upheld investments in common stock or preferred shares of stock and even in unsecured loans, where such investments are under the circumstances prudent. An investment is prudent if under the circumstances it seemed prudent to professional investment managers that the investment be made. It is improper to purchase securities for the purpose of speculation, securities "on margin," nor speculative shares of stocks or bonds selling at large discount because of uncertainty as to whether they will be paid at maturity.

Securities in new and untried enterprises cannot be purchased. This basically applies to companies with no public ownership of 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. A trustee cannot properly use trust funds in the purchase of land for the purpose of resale unless authorized to do so by the terms of the trust. However, where a mortgage is properly held and the mortgagor defaults, it is proper the trustee to purchase the mortgaged property for the fund if he cannot find a third person who is willing to purchase it at a reasonable price. It is proper to invest in first mortgages; it is not proper to invest in second or other junior mortgages. In summary, 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 will 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. Bond Investments.

Investment in nonconvertible bonds should be managed to take advantage of the changes in the interest rate curves rather than to be purchased and allowed to mature. All nonconvertible bonds should have at least an "A" rating and be readily marketable.

4. 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.

5. A balanced portfolio will be maintained with a minimum of 30% and a maximum of 70% in either equity or fixed income investments; an appropriate diversification will be maintained in both equity and fixed income investments.

This guideline is intended to insure that the portfolio will not be too 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.)

6. 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.

7. Liquidity.

The Board of Regents 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.

8. Types of Investments.

The use of the following investment vehicles is permitted:<sup>3</sup>

- Common Stocks
- Preferred Stock
- U.S. Government Securities
- Commercial Paper
- Savings Account
- Bankers Acceptance
- Convertible Securities

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Existing mortgage may be retained in the portfolio until paid up; however, no new mortgage investment will be made.

Corporate Nonconvertible Bonds with "A" Rating  
Covered Options  
Money Market Funds and Other Mutual Funds  
Certificates of Deposits  
Foreign Securities with Ready Markets  
Common Stock of Foreign Companies Listed on the  
New York, American, Over-the-Counter, or  
Other Principal Regional Exchanges

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

The following types of investment vehicles are expressly prohibited:

Selling Short,  
Commodities,  
Letter Stock,  
Private Placements,  
Warrants,  
Purchasing on margin,  
Derivatives, or any investments that derive their value from, or are limited to, changes in interest rates, currency rates, commodity prices, or stock prices,  
Any other investment vehicle not expressly permitted above. (am: Apr. 21, 1995; am: Oct. 18, 2002)

9. Diversification of Equity Securities.

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. In addition, no more than 10% of any class of the outstanding securities of any one company shall be permitted in the portfolio at any one time.

10. Investment Markets for Equities.

The investment manager is authorized to invest in equity securities listed on the New York Stock Exchange, the American Stock Exchange, principal regional exchanges, and over-the-counter securities for which there is a strong market providing ready saleability of the specific security.

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. (am: May 16, 1997)

11. Monitoring and Evaluation.

The evaluation and monitoring of the Endowment Fund will be accomplished as follows:

- a. Semi-annual meetings of the Board's committee responsible for the governance of University financial matters with each of the investment managers 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 Regents 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 Regents recognize 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 managers to review the performance of the portfolios, the performance of each investment manager, 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 Endowment Fund results and a universe comprised of other endowment funds nationwide to make certain the Endowment Fund results are in the top 50% as required by the guideline goals.
- e. The Board's third party monitor shall be relied on and expected to provide advice whenever appropriate on the composition, performance, and governance (eg: policies) of the Endowment Fund.

- f. Guidelines for probation/termination of an investment manager (Note: These guidelines are also applicable to the ASUH investment managers).
- (1) 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.
  - (2) The investment manager must immediately notify the Regents 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.
  - (3) Upon hiring of the investment manager, a list of key personnel will be provided by the manager to the Regents. 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.
  - (4) The investment manager must immediately notify the Regents 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.
  - (5) While the Board reserve 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:
    - (a) Equity/Balanced Managers: Annualized return no lower than 30% below the return of the Policy Index, gross of fees; ranking no lower than the 65<sup>th</sup> percentile of a universe of peers.

- (b) Fixed Income Managers: Annualized return no lower than 10% below the return of the Policy Index, gross of fees; ranking no lower than the 65<sup>th</sup> percentile of a universe of peers.
- (6) If the managers fails both 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 50<sup>th</sup> 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.
  - (7) After the second 6 month period, the manager's trailing 12 months performance is expected to rank at the 50<sup>th</sup> percentile or better, or equal or better the Policy Index.
    - (a) If the 12 month objective is not attained, the manager may be terminated
    - (b) If the 12 month objective is achieved and the fund's trailing 3 year performance has been met, probationary status may be removed.
    - (c) 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 50<sup>th</sup> 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.
  - (8) 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 Sector II.A. within a 6 year period after a 1 year probation is considered reason for termination.
  - (9) 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. (June 22, 1978; Oct. 17, 1980; Sept. 30, 1983; am: Oct. 18, 2002)

- (2) Associated Students of the University of Hawai'i at Manoa, ASUH Stadium Stock and Investment Policy Objectives and Guidelines.

(a) Purpose of the Investment Policy Statement

1. The purpose of this policy as recommended by the Associated Students of the University of Hawai'i at Manoa (ASUH) and adopted by the Board of Regents is to establish goals and guidelines for the investment of the ASUH Stadium Stock Fund (hereafter referred to as the 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 Stadium Stock Fund which is attached and incorporated herein.

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.

2. The funds shall at all times, be managed in accordance with the "Prudent Man" standard which states "a Fiduciary must exercise a high level of care, skill, prudence, and diligence (i.e., that a prudent man acting in a like capacity and familiarity with such matters would). A Fiduciary's lack of professional skill will be no defense to a breach of Fiduciary obligation which requires professional skill."

The investment of the Fund's asset shall be for the exclusive purpose of providing benefits to ASUH and defraying reasonable expenses of administering the Fund.

3. Investment Philosophy of the Board of Regents and the ASUH.

The Board of Regents 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 Fund.

The Board of Regents and the ASUH believe that the Fund's assets should be managed in a way which reflects the following statement:

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

The Board of Regents and the ASUH believe that risks in individual securities, particularly in stocks, are acceptable but that the overall fund should be managed in a well diversified manner so that significant impairment of capital is avoided. (June 14, 1979; Oct. 17, 1980; July 22, 1983)

(b) Responsibilities of the Board of Regents and the ASUH

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

1. Acting and taking the action of a "prudent man" as defined in Section (a)2 of this document;
2. Determining the Fund's projected financial needs and communicating it to the investment manager on a timely basis;
3. Expressing the Fund's risk tolerance level;
4. Developing sound and consistent investment policy objectives and guidelines, which the investment manager can use in formulating corresponding investment decisions;
5. Monitoring and evaluating performance results 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. (June 14, 1979; Oct. 17, 1980; July 22, 1983)

(c) Responsibilities of the Investment Manager

1. Adherence to Investment Policy Objectives and Guidelines

2. Discretionary Authority

The investment manager will be responsible for making all investment decisions on a discretionary basis regarding all assets placed under his 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 Fund's investment guidelines.

3. Assets Excluded from Investment Manager's Responsibility

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

4. Compliance with "Prudent Man" Rule and Appropriate Legislation

a. The investment managers are responsible for compliance with the "Prudent Man" Rule, e.g., Harvard vs. Amory, 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.

5. Communication and Reporting

The investment manager shall communicate on a timely basis with the Board of Regents and the ASUH Investment 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 should be amended or deleted;
- d. Notices of transaction activity and quarterly performance reports;
- e. Information requested by the Regents, the ASUH, or the third-party monitor in the conduct of their own evaluation of portfolio management.

All documents, exhibits, written materials, etc., which will be used during the periodic conferences between the Board of Regents and the ASUH Investment Committee and the investment manager should be submitted or mailed to the Committee and the Regents at least ten (10) business days in advance of their conference. (June 14, 1979; Oct. 17, 1980; July 22, 1983)

(d) 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.

1. Absolute Performance Objectives

The Fund primarily seeks consistency of investment return through a growth and income objective with a balanced emphasis on capital appreciation and income.

The Fund seeks to achieve a minimum time weighted total return of 9% (income and capital appreciation).

2. Relative Performance Guidelines

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

- a. The Fund hopes that the plan's equity

portion of the portfolio will outperform the Standard and Poors 500 over the market cycle.

- b. The Fund would expect the portfolio's fixed income portion will perform in line with the Solomon High Grade Bond Index.

(e) General Investment Guidelines

1. 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.

2. Liquidity Needs

The investment manager shall arrange to have sufficient funds on hand in the form of cash equivalents to meet anticipated disbursements from the Fund. A minimum of \$50,000 should be retained in cash equivalents at all times to meet the operational needs of the ASUH.

3. Funding Policy

The ASUH Investment Committee shall have the responsibility for:

- a. 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.
- b. Establishing the desired net payout from the portfolio and providing the investment manager with an estimate of cash flows and cash withdrawal needs for the coming year.
- c. Establishing the maximum payout which should not exceed 5% of the total portfolio.

4. 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 are among those approved for investment:

Savings Account

Common Stocks  
Preferred Stocks  
U.S. Government Securities  
Commercial Paper with A-1 or P-1 Rating  
Convertible Securities including Debentures rated  
BBB or better by Standard and Poors  
Corporate Bonds with an A or better rating  
Certificates of Deposit  
Money Market Funds/Common Trust Cash Equivalent  
Funds  
Common Stocks of Foreign Companies--listed on the  
New York, American, Over-the-Counter, or  
other principal regional exchanges  
The writing (selling) of covered call options  
Foreign Securities with ready markets

The following types of assets or transactions are expressly prohibited:

Options - the purchase and sale of put and call options, except the writing of covered call options  
Commodities  
Unregistered Letter Stock  
Private Placements  
Real Estate Mortgages  
Warrants  
Purchase of Equity Securities on Margin  
Selling Short

5. Investment Transactions

The investment manager shall direct all equity transactions through the brokerage firm selected to provide professional third-party monitoring services provided that rates and ability to execute are competitive with those of other brokerage firms. (June 14, 1979; Oct. 17, 1980; July 22, 1983)

(f) Investment Guidelines on Managing Risk

The Board of Regents and the ASUH best describe risk as the potential for loss of capital.

1. Risk Management Guidelines

The Board of Regents 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 Fund can decline in the account values. In this desire to limit risk, the following general guidelines are desired:

a. During any 12-month period the maximum declines (on a total return basis) in the market value of

the total portfolio should not exceed 15%. This level is a critical point which should suggest to the manager that if a 15% decline is approached, a significant change in investment strategy (emphasizing asset allocation) may be warranted.

- b. The maximum decline in the value of an individual stock should generally not exceed 25% from original cost. Defensive measures should be considered when this level is approached or else the manager should have strong justification in taking no action.
- c. Foreign securities and securities in new and untried enterprises cannot be purchased except 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. New and untried enterprises basically apply to companies with no public ownership of its stocks or those that have only recently have gone public.

2. Minimum Criteria for the Selection of Stocks

The Board of Regents and the ASUH would like to set the following requirements for the selection of stocks:

- a. The portfolio's overall rating shall be B+ or better. The Board of Regents and the ASUH believe that the majority of the stocks should have an A or A- rating and that small portions of lower ranked stocks could be bought (i.e., stocks listed on the American Exchange, Over-the-Counter exchanges).
- b. In view of the income requirement, a minimum portfolio yield of 5% on cost is desirable (including fixed income securities).

3. Diversification: Equities

The following guidelines on diversification should be strictly adhered to when fully invested:

Re: Diversification Criteria for Stock Portfolio

- a. Equity investments need not represent a cross-section of the economy. However, investments should be diversified in eight (8) industries or more.
- b. No more than 25% of the funds should be invested in any one industry at cost.

- c. No more than 8% of the funds should be invested in any one company at cost.

4. Asset Distribution

The Board of Regents 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 Equivalents ....Maximum 60% - Minimum 5%  
(June 14, 1979; Oct. 17, 1980; July 22, 1983)

(g) Evaluation and Review

- 1. 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:

- a. The time weighted return of the total portfolio vs. the Fund's stated investment objectives.
  - b. The relative performance of the equities vs. the Standard and Poors 500.
  - c. The relative performance of the fixed income investments vs. the Solomon High Grade Bond Index.
  - d. The manager's adherence to the Investment Policies and Guidelines of this Fund.
  - e. The manager's initiation of communication expressing his view and recommendations regarding the Investment Philosophy.
  - f. The fundamental and risk characteristics of the securities in the portfolio and their relative appropriateness for this Fund.
  - g. The manager's consistency in the application of his own investment philosophy, such as his criteria of security selection and investment strategy.
  - h. The manager's risk control management vs. the Fund's risk management guidelines.
- 2. Any large deviation from expected results or performance guidelines may require the consideration to alter and amend the investment policies of the Fund.

3. While the Board of Regents and the ASUH intend 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:
  - a. Inconsistency of approach--having no visible philosophy or not adhering to a stated investment strategy.
  - b. Poor supervision of individual stock investments.

(h) Reporting Requirements

1. It is the Board of Regents' desire to meet with the investment manager at least semi-annually and the ASUH's desire to meet with the investment manager at least quarterly on the following:
  - a. To discuss current portfolio structure and asset allocation policy.
  - b. To review specific investments and their appropriateness to the portfolio.
  - c. To gain insight into the manager's investment strategy as it relates to their outlook on the economy and stock market.
  - d. To evaluate comparative performance figures.
  - e. To review long-range philosophy/strategy vis-a-vis the Fund's ongoing needs or objectives.
2. The Board of Regents and the ASUH would desire the following information from their monitor to assist in their evaluation of the Fund's performance and management on a quarterly basis.
  - a. Account Information
    - o Summary of Investment Portfolio
    - o Common Stock Summary
    - o Portfolio Holdings - By industry Diversification
    - o Schedule of Additions and Disbursements
    - o Schedule of Interest and Dividends Received
    - o Schedule of Purchases
    - o Schedule of Sales
    - o Schedule of Realized Gains and Losses
  - b. Performance Evaluation

The third-party monitor shall provide an evaluation of the investment managers' performance based on the investment policy objectives and guidelines.

c. Communications

The Board of Regents and the ASUH would like their third-party monitor to make recommendations in writing as to changes he believes will be prudently beneficial to the Fund, such as changes in the Fund's investment guidelines when appropriate. (June 14, 1979; Oct. 17, 1980; July 22, 1983)

c. The Board may delegate limited investment authority to professional investment managers who possess the necessary experience, competence and skill in institutional money management. (Oct. 20, 1978)

d. The Board, through an appropriate Standing Committee or Subcommittee will monitor and evaluate the performance of the endowment fund and the investment managers, and may use professional outside monitoring services.

e. Name. All securities held by the University shall be registered in the name "University of Hawaii." (Sept. 23, 1960; Jan. 11, 1962; May 12, 1966)

f. Investment Responsibility.

(1) Statement. The primary fiduciary responsibility of the Regents of the University of Hawaii 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 of Regents 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 of Regents 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. (Dec. 13, 1985)

- g. Short-term investments. It is the policy of the Board of Regents 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. (am: Nov. 19, 1999)
- (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 of Hawaii 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 of Hawaii and Insured by the FDIC or FSLIC: The amount invested will be on the basis of the highest interest rates available at the time the investment is placed.
  - c. 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.
- (3) Investments with local depositories are to be made at bank branches which service University checking accounts or the main branch of banks and savings and loan associations or at branches designated by the main branch.
  - (4) Collateralization of short-term investments is required under this policy for all deposits exceeding the maximum amount of federal deposit insurance.
  - (5) 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. (April 22, 1983; Dec. 12, 1986; Nov. 18, 1988; am: Nov. 19, 1999)

Section 8-7 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 a monthly travel report to the Board including total expenses of each trip and funding source(s). 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. All travel on official University business financed by University funds, regardless of their source, shall be by the lowest possible air fare available. Exceptions to the requirement of travel by the lowest possible air fare may be authorized by the President or his/her designees who shall include information on all exceptions, regardless of funding source, in the monthly travel report to the Board. (Oct. 17, 1956; Sept. 13, 1962; June 22, 1984; am: Oct. 18, 2002)

Section 8-8 Gifts.

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 valued at less than \$50,000 without conditions may be accepted by the President on behalf of the Board. Gifts in excess of \$50,000 shall be considered for acceptance by the Board as well as those with conditions, regardless of value. (Aug. 25, 1960; am: Oct. 18, 2002)

Section 8-9 Fund Raising

- a. Fund raising campaigns conducted for the benefit of, and in the name of, the University of Hawaii, or any of its affiliate branches, 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 of Regents for approval. (am: June 20, 1997; am: Oct. 18, 2002)
- 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 the President would inform the foundations that these applications are not to take the place of the ones submitted by the administration. (Apr. 18, 1956)
- c. The University of Hawai'i Foundation is a not for profit corporation established to raise funds for the University of Hawai'i. The President is authorized to serve on the Board of Trustees of the Foundation if requested to do so by the University of Hawai'i Foundation. (ad: June 20, 1997)

Section 8-10 Resolution on Use of New Income, Principal, and Investment of ASUH-Manoa Stadium Stock Fund.

WHEREAS, 1,481 shares of stock of Honolulu Stadium, Ltd., were held in the name of the Associated Students of the University of Hawaii-Manoa (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" (hereinafter referred to as the "Fund"); and

WHEREAS, the Board of Regents of the University of Hawaii (hereinafter 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.

The Board, upon the recommendation of the ASUH Senate, shall establish investment goals and guidelines which shall govern the investment of the Fund. (See Policy 8-6b(2) for the investment goals and guidelines.)

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. Third Party Monitoring Service.

The Board, upon the recommendation of the ASUH Senate, shall select a third party monitoring service 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 Hawaii 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 Hawaii at Manoa.

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

Upon receipt of the University of Hawaii 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. (Jan. 18, 1979)

Section 8-11 Guidelines on Use of Income from the University of Hawaii Stadium Endowment Fund, Proceeds of the Sale of the Kaimuki Observatory Lot and from the Rental of University Property

The payout of income earned from (a) the University of Hawaii Stadium Endowment 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 Fund shall be allocated as follows:

- (1) A maximum of fifty percent of the potential payout from the 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 Hawaii at Manoa. (am: Jan. 21, 2000)
  - (2) A maximum of fifteen percent of the potential payout from the 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 Hawaii at Hilo. (am: Jan. 21, 2000)
  - (3) A maximum of \$50,000 from the balance of the 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 noted above require specific Board of Regents' approval. (Feb. 17, 1995)
  - (4) A maximum of \$25,000 from the balance of the Fund for cash awards authorized by the Board of Regents 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. (Sept. 22, 1995; am: Oct. 18, 2002)
- b. The balance of annual payout from the Fund, or so much thereof as may be required, may be allocated annually by the Board of Regents 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 Fund to support the Regents' and Presidential Scholarships Program.
- d. The President will provide an annual report to the Board of Regents regarding the payout of income from the Stadium Endowment Fund and from the proceeds of the Sale of the Kaimuki Observatory Lot. (Oct. 12, 1979; May 21, 1982; June 17, 1983; June 20, 1986)

Section 8-12 Agricultural Diagnostic Services User Fees (See Administrative Rules, Title 20, University of Hawaii, Chapter 15.)

Section 8-13 Library External Services User Fee (See Administrative Rules, Title 20, University of Hawaii, Chapter 21.)

Section 8-14 Admission Fees and Charges to Athletic Events

- a. Under provisions of Act 115, Session Laws of 1998, the Board of Regents is authorized to establish fees and charges for admission to athletic events. The setting of such fees and charges is exempt from the public notice, public hearing and gubernatorial approval requirements of Chapter 91, HRS. However, regardless of control of tickets to University athletic events, the Board must establish these fees and charges at an open meeting subject to Chapter 92, HRS, and at least three months before they are implemented.
- b. The Board's establishment of these admission fees and charges to athletic events and any increase or decrease to those fees and charges shall be preceded by public meetings conducted by the respective athletic department only after adequate prior notice of the meetings is published in a statewide newspaper with a clear explanation of the proposed increases, decreases, and changes. Information on the proposed changes should be appropriately disseminated to ensure input from members of the University community and the public.
- c. Admission fees and charges to athletic events should be based on the following principles:
  - (1) That intercollegiate athletics can be an important avenue to higher education for individuals who may otherwise not be able to obtain such an education;
  - (2) That ultimately, all athletic programs at the University of Hawaii are expected to be largely self-sufficient;
  - (3) That in order to meet the rising costs associated with running a nationally competitive multi-sport program required to address gender equity concerns, admission fees to events will continue to serve as a primary source of revenue to address such costs; and
  - (4) That athletics provides one of the major venues for interaction between the University and its external constituencies and therefore, admission fees and charges shall not be so prohibitive as to preclude accessibility by members of this community.
- d. Admission fees and charges to University of Hawaii athletic events are made a part of this section and located at the end of this chapter. (ad: May 21, 1999; am: Feb. 18, 2000; am: Jan. 19, 2001; am: June 21, 2002)

TICKET PRICES FOR UH-MANOA FOOTBALL EVENTS

<u>Opponents</u>	<u>Sideline</u>	<u>Endzone</u>	<u>Youth/Sr. Citizens*</u>	<u>Students**</u>
Washington	\$28	\$21	\$16	\$3
Cincinnati				
San Diego	\$23	\$17	\$12	\$3
WAC Games	\$21	\$16	\$12	\$3
Eastern Ill	\$19	\$15	\$11	\$0
Season ticket package for 2000(including discounting)	\$140	\$122	\$77	N/A

\* Youth, Senior Citizen, and UH Student tickets are located in the North Endzone.  
 \*\* Student tickets available in orange sections PP, QQ.

Additional Premium Adjustments

- Sideline sections: MM, LL, KK, JJ, M, L, K, J: \$25
  - Sideline sections: QQ, PP, NN, HH, GG, FF, Q, P, N, H, G, F, South Endzone brown level only: \$12 (orange, blue, brown levels only)
- (Ad: May 21, 1999; am: Feb. 18, 2000; am: Jan. 19, 2001; am: June 21, 2002)

TICKET PRICE RANGES FOR UH-MANOA MEN'S BASKETBALL EVENTS

Lower Level      \$10 - \$25 per ticket  
 Upper Level      \$3 - \$15 per ticket

The lower level at the Stan Sheriff Center is defined as the 16 sections below the concourse (Sections A-G and AA-JJ). The upper level is defined as the 32 sections above the concourse (Sections A-Q and AA-SS).  
 (Ad: July 16, 1999)

TICKET PRICES FOR WAHINE VOLLEYBALL 2002

	<u>Adult/Lower</u>	<u>Adult/Upper</u>	<u>Senior/Upper</u>	<u>Students</u>	<u>Rooster</u>
<u>Tier I</u>	<u>\$14</u>	<u>\$11</u>	<u>\$9</u>	<u>\$6</u>	<u>\$6</u>
<u>Tier II</u>	<u>\$13</u>	<u>\$10</u>	<u>\$8</u>	<u>\$6</u>	<u>\$6</u>
<u>Tier III</u>	<u>\$12</u>	<u>\$9</u>	<u>\$8</u>	<u>\$5</u>	<u>\$5</u>

Tier prices will be determined in accordance with the success and marketability of an opponent.

Prior to implementation of any new prices within the ranges indicated above, the Athletic Department will forward the established prices to the Board of Regents for informational purposes. In addition, if the Athletic Department finds it necessary to charge less than the established ranges, it will

forward the reduced prices to the Board of Regents for informational purposes along with its justification for deviating from the established ranges. The reasons for charging less than the established ranges shall be limited to occasional special discounts and promotional offers. This procedure would also apply when the Athletic Department has limited control over setting ticket prices such as during NCAA and conference sponsored events when deviations from the range may become necessary. (ad: July 16, 1999; am: June 21, 2002)