MINUTES OF REGULAR MEETING OF THE
UNIVERSITY OF HAWAI'I BOARD OF REGENTS

July 16, 2004

I. CALL TO ORDER

The monthly meeting of the Board of Regents was called to order by Chairperson Patricia Y. Lee on Friday, July 16, 2004 at 8:47 a.m., in the Campus Center Conference Chamber, Room 220, University of Hawai'i at Mānoa.

Attendance

Present were Regents Andres Albano, Jr., Byron W. Bender, James J. C. Haynes II, John K. Kai, Trent K. Kakuda, Kitty Lagareta, Jane B. Tatibouet, Alvin A. Tanaka, and Myron A. Yamasato; Acting President David McClain; Executive Administrator and Secretary of the Board David Iha; and Executive Assistant Carl H. Makino. Regent Charles K. Kawakami was excused.

Also present were Mr. Walter Kirimitsu, University General Counsel; Mr. Sam Callejo, Chief of Staff; Dr. Doris Ching, Vice President for Student Affairs; Dr. James Gaines, Interim Vice President for Research; Dr. Linda Johnsrud, Interim Associate Vice President for Planning and Policy and Acting Chancellor, University of Hawai'i at West O'ahu; Ms. Carolyn Tanaka, Associate Vice President for External Affairs and University Relations; Ms. Peggy Cha, Chancellor, Kaua'i Community College; Dr. Shirley Daniel, Interim Chancellor, Hawai'i Community College; Dr. Peter Englert, Chancellor, University of Hawai'i at Mānoa; Dr. Angela Meixell, Chancellor, Windward Community College; Dr. John Morton, Chancellor, Kapi'olani Community College; Dr. Clyde Sakamoto, Chancellor, Maui Community College; Dr. Rose Tseng, Chancellor, University of Hawai'i at Hilo; Mr. Presley Pang, Associate General Counsel; Mr. J. N. Musto, Executive Director, University of Hawai'i Professional Assembly; Ms. Lei Desha, Field Services Officer, Hawai'i Government Employees Association; and others.

II. APPROVAL OF MINUTES

Upon motion by Regent Tatibouet and second by Regent Haynes, the Board approved the minutes of the June 16, 2004 meeting, as circulated.
III. RECOMMENDATION FOR ACTION AND GENERAL INFORMATION

Delegation of Authority to Approve Personnel Actions Related to Managerial Positions and Incumbents

Acting President McClain requested that the Board delegate to the President, authority to approve personnel actions related to managerial (M) positions and incumbents in accordance with established Board policies, except that M appointments above the median and salary adjustments above the 60th percentile of the applicable class shall require the Board’s approval.

The purpose of this request is to relieve the Board of certain responsibilities that can be managed by the administration provided it remains within established Board policies. Hopefully, this would facilitate the timely processing of actions and free the Board for matters related to policy.

On October 19, 2001, the Board of Regents delegated to the President authority to approve a variety of personnel actions, including those related to managerial positions and personnel. This delegation superseded previous delegations approved by the Board in 1985 and 1986 and was to be effective for an initial two-year period, through October 18, 2003. In October of 2003, the Board granted a two-year extension of this delegation through October 18, 2005. However, the Board did not renew its delegation of authority to approve personnel actions related to managerial positions and personnel. The administration will provide the Board with annual reports on the delegated authorities and consult the Board when a policy interpretation is required.

Regent Lagareta moved to delegate to the President authority to approve personnel actions related to managerial positions and incumbents consistent with established Board policies provided that: (1) managerial appointments above the median and adjustments above the 60th percentile of the applicable College and University Professional Association for Human Resources (CUPA-HR) comparable class or appropriate equivalent salary survey shall require Board approval; (2) this delegation continue through October 18, 2005, unless otherwise stipulated by the Board; (3) annual reports on the delegated authority shall be submitted to the Board in October; (4) the implementation of the delegated authority shall be within Board policies; and (5) the administration, in accordance with policy, shall consult with the Board when a policy interpretation is required, as presented in Item A-1 of the Board of Regents’ agenda dated July 16, 2004. Regent Kai seconded the motion which was unanimously carried.

Establishment of the New Executive Class, Dean, University of Hawai‘i at Hilo

President McClain requested that the Board approve the establishment of the new executive class, Dean, University of Hawai‘i at Hilo (UH-Hilo), which replaces three existing classes and incorporates the new Dean position for the College of Business and Economics. There is no cost to amend the Executive/Managerial Classification Plan with the establishment of this new Executive class and the salaries of the affected incumbents will not be adjusted as a result of this action. By policy, the inclusion of any new positions in this class would still require Board approval, and the
appointment of any incumbent to a position in this class will require Board approval as separate actions.

The administration has, particularly with the adoption of national indexing in lieu of a salary schedule, been recommending the reduction of similar or identical one-position classes and the establishment of broader classes encompassing multiple positions. Three existing Dean positions and the proposed new Dean position for the College of Business and Economics will all be incorporated into the proposed new class Dean, UH-Hilo.

The Board of Regents, at its October 2003 meeting, approved the establishment of the College of Business and Economics, separate from the College of Arts and Sciences, at the University of Hawai‘i at Hilo. In April 2004, the Board approved the establishment of a new Dean position to lead this new college.

The Dean will be responsible for executive leadership of one of the major academic units at UH-Hilo. The other units have authorized Dean positions. The UH-Hilo has identified a vacant Associate Dean position (#89295) to be redescribed and retitled as Dean, UH-Hilo.

The change from the past practice of having one-position classes to a singular broader class to accommodate multiple authorized Dean positions at UH-Hilo is in keeping with the current effort to reduce the number of Executive/Managerial classes of positions which will eliminate redundancy of class concepts and specifications. Incumbents may continue to attach the specific college to their titles. However, the classification plan will reflect one general class of Dean, UH-Hilo. This is consistent with the Board approved singular class of Dean, UH-M~noa, and singular class of Director of Research Institute, UH-M~noa, for Dean and Director positions at M~noa, respectively.

Regent Lagareta moved to approve the establishment of the new executive class, Dean, at the University of Hawai‘i at Hilo with the understanding that the implementation of this change shall be in accordance with Board policies and as presented in Item A-2 of the Board of Regents’ agenda dated July 16, 2004. Regent Kai seconded the motion which was unanimously carried.

Five-Year Lease of the Atherton YMCA Building by the College of Education, University of Hawai‘i at M~noa

Chairperson Lee announced that Agenda Item A-3 of the Board of Regents’ agenda dated July 16, 2004, “Five-Year Lease of the Atherton YMCA Building by the College of Education, University of Hawai‘i at M~noa” was being deferred at the request of the administration.

Contract Between the University of Hawai‘i and Licensing Resource Group, Inc.

Associate Vice President Tanaka requested that the Board authorize the administration to enter into a contract with Licensing Resource Group, Inc. to provide collegiate licensing services for the University of Hawai‘i effective August 1, 2004.

The University currently has a Collegiate Licensing Program with approximately 125 licenses issued in the University’s name. The intent is to expand the program and
increase the number of licensee and retail participation through a comprehensive management program. The program includes trademark enforcement, an electronic database for license information archival and reporting, and the aggressive pursuit of marketing opportunities in both the Hawai’i tourist markets and the continental United States.

Over the years, the demand for University of Hawai’i emblematic merchandise has grown into a valuable resource generator at the retail level. The licensing program has evolved from being an independently operated program, to being a member of a national consortium and more recently to being agent-represented by BHPC Marketing Inc., a company whose forte was in the area of international marketing.

In early September 2002, BHPC Marketing Inc., served notice that it would terminate its collegiate licensing relationship with the University. Upon termination of the contract, the University examined various options and decided to begin a search for a collegiate licensing agent with the expertise and ability to: 1) provide contract administration and compliance services; 2) provide trademark protection and enforcement services; 3) provide licensing-related education programs; and 4) expand the market and availability of University emblematic merchandise in the State of Hawai’i and in the continental United States.

In September 2003, after extensive research and discussions with peer institutions across the country, a request for proposals (RFP) was issued to solicit proposals to provide licensing services to the University. The two major companies in the collegiate licensing business responded to the RFP. Both companies came to Hawai’i to make presentations and were interviewed extensively by a selection committee made up of representatives of the Office of External Affairs and University Relations, the University’s Collegiate Licensing Office and the UH-Mānoa Athletic Department.

The proposals were independently reviewed based on the contractor’s qualifications, including their years in business, visibility in the industry, experience in contract management and compliance services, their management teams and client references; and the quality of each proposal, including the costs associated with providing the requested services, contract compliance and administration, trademark enforcement and protection programs, and their ability to provide promotional, marketing and customer services. On this basis, Licensing Resource Group, Inc. (LRG) was selected. The net benefit to the University will be to have access to specialized resources and individuals with national collegiate licensing expertise to assist in: 1) developing local, regional and national educational and promotional campaigns; 2) developing and promoting new non-traditional retail markets for collegiate merchandise; 3) increasing licensing-related revenues; 4) and increasing the visibility of the University through emblematic merchandise in retail venues nationwide.

The term of the proposed contract would be for a period of three years. Thereafter, the contract may be renewable from year to year for two additional years. In addition, the University may terminate this contract at any time, upon 30 days prior written notice.

All compensation to LRG is based on a percentage of the royalty fees generated by the program. Based on historical data, it is estimated that the base value of the contract is between $129,000 and $149,000 for the three-year period. The net
revenues generated from this program are used to support the operations of the University’s licensing office. Excess revenues are distributed to the University of Hawai‘i at Mānoa and University of Hawai‘i at Hilo Intercollegiate Athletics Departments for use in supplementing student scholarships, and used by the Vice President for External Affairs and University Relations for branding and licensing-related purposes.

Regent Tatibouet moved to authorize the administration to enter into a contract with Licensing Resource Group, Inc. (LRG) for collegiate licensing services, as presented in Item A-4 of the Board of Regents’ agenda dated July 16, 2004. Regent Kai seconded the motion which was unanimously carried.

Increase in Admission Fees of the Waikīkī Aquarium

Vice Chancellor Sakaguchi reported that the Waikīkī Aquarium had not raised its admission and fee rates for over ten years. During that ten-year span, expenditures for personnel, maintenance, and operations have risen steadily, and it has become necessary to increase revenues in order to meet these higher costs.

Given that 78% of the Waikīkī Aquarium’s annual budget is derived from admissions, facilities rentals, and donations, income from gate receipts and rentals underpin the economic viability of the Aquarium. It is therefore requested that the Board approve proposed increases to the admission and rental prices charged by the Waikīkī Aquarium.

The proposed increases would be timely and appropriate to the current market while remaining true to the University’s commitment to make the Aquarium accessible to the community. By increasing attendance revenues to compensate for increased costs of operations, the proposed fee schedule will permit the Waikīkī Aquarium to meet its objectives of providing excellent exhibits, educational experiences, and research opportunities, while contributing to marine life awareness and conservation.

At the request of the Board’s Committee on Finance and Facilities, the Waikīkī Aquarium re-evaluated its original proposal to assess a charge of $4.00 for teenagers, ages 13-17 and a nominal fee of $1.00 for those between the ages of 5 and 12. For ease of administration, the Aquarium recommended that this entire group between the ages of 5 and 17 be charged a fee of $2.00.

Regent Tatibouet moved to approve the proposed change to the admission rates, as amended, and rental rates charged by the Waikīkī Aquarium, as presented in Item A-5 of the Board of Regents’ agenda dated July 16, 2004. Regent Kakuda seconded the motion which was unanimously carried.

Lease Agreement Between the University of Hawai‘i and the High Technology Development Corporation

Chancellor Tseng requested that the Board approve a lease agreement by and between the University of Hawai‘i (UH) and the High Technology Development Corporation (HTDC) for the recently renovated University of Hawai‘i at Hilo (UH-Hilo) Small Business Incubator project (SBI) located at 117 Keawe Street, Hilo, Hawai‘i.
UH-Hilo will be responsible for the payment of the SBI’s facility operating expenses totaling approximately $67,000 annually. These expenses include: janitorial services, elevator maintenance and repair, air conditioning maintenance and repairs, and utility expenses (electricity, water, and sewer). The UH-Hilo general operating budget will be utilized to cover the SBI’s facility operating expense.

The proposed lease agreement will allow the HTDC to operate and manage the SBI program on behalf of UH-Hilo until such time that the newly established UH-Hilo College of Business and Economics (CoBE) is in a position to operate the SBI program. The CoBE intends to develop a small business and entrepreneurship program, utilizing the SBI facility as a “living laboratory” for its students. In the interim, the HTDC will operate and manage the SBI on behalf of UH-Hilo to service the Hilo and the Big Island community.

UH-Hilo serves a vital role as an economic engine to the Big Island community, providing valuable resources to promote economic development opportunities. The SBI project is the sole business incubator on the Big Island. The purpose of the SBI program is two-fold, 1) to provide “start-up” companies on the Big Island with access to business incubator facilities and business resource support; and 2) to provide UH-Hilo business students with valuable educational experience in a “living laboratory”. The overall objective is to stimulate economic development in Hilo and the Big Island through education, job creation, and technology opportunities.

UH-Hilo selected HTDC to operate and manage the SBI facility based on their proven track-record of successfully managing business incubators statewide. The HTDC will manage the SBI program during the three-year “pilot” period. Initially, incubator tenant rent may not be sufficient to cover facility operating and program expenses. UH-Hilo and HTDC will invest the necessary resources required to operate the facility during the three-year pilot period in lieu of seeking funds from the State legislature. The goal is for the SBI to become self-sufficient at the end of the three-year period.

The Bank of Hawai‘i donated their old bank building to the University of Hawai‘i Foundation (UHF). This building is located on the corner of Kalakaua and Keawe Street in downtown Hilo. The UHF conveyed the property to the UH, who in turn made the building available for UH-Hilo and Hawai‘i Community College’s (HCC) shared use.

UH-Hilo applied for, and received a grant in the amount of $625,000 to renovate the existing bank building into a Small Business Incubator facility. State capital improvement matching funds totaling $1,336,830 was awarded to UH-Hilo to complete this construction renovation project. The construction renovations were completed in December 2003, with construction costs totaling $1,699,857.

The HTDC expressed an interest in managing the SBI program, which would add the only Big Island business incubator to HTDC’s list of successfully managed incubators statewide. HTDC’s experience and expertise in operating business incubators, as well as the SBI incubator tenant’s ability to utilize HTDC resources available from the Maui and Oahu business incubators rendered HTDC the ideal candidate to manage the SBI program on behalf of UH-Hilo. This arrangement is an investment for the benefit of the Big Island community through job creation, technology opportunities, and community growth. No financial profit shall be realized by either UH-Hilo or HTDC.
UH-Hilo and HTDC will use its own funds to cover facility operating expenses, and program expenses, respectively, for the initial three years of the lease, in lieu of seeking operating funds from the legislature. The eventual goal of self-sufficiency through incubator tenant income is desired in three years. The HTDC will be reimbursed for program expenses from the client account (tenant rental income) up to $45,000 per year. All funds remaining in the client account in excess of program expenses will be used to offset the annual facility operating expenses incurred by UH-Hilo.

In lieu of rent, UH-Hilo will receive the following non-monetary benefits from this lease agreement: 1) The HTDC will provide the requisite experience and expertise to successfully manage the day-to-day operation of the SBI on behalf of UH-Hilo; 2) The HTDC will be responsible for the payment of all program-related expenses in excess of funds available in the client account. Program-related expenses include, but are not limited to personnel salaries, telephone and internet fees for the manager and receptionist, telephones for the conference room and training room, office supplies, miscellaneous building related expenses, emergency expenses, and on-going activity expenses; 3) UH-Hilo shall have access to HTDC services provided to the incubator tenants to include the use of conference rooms and classrooms and HTDC training and educational seminars at a reduced rate.

The EDA “Small Business Incubator” project scope consists of providing business incubation services to startup companies to promote and support economic development in downtown Hilo. With HTDC’s management of the SBI program, UH-Hilo will be in a strong position to accomplish EDA’s requirements for this project.

Regent Tatibouet moved to authorize the administration to enter into a lease agreement with the High Technology and Development Corporation for the Small Business Incubator program facility located at 117 Keawe Street, Hilo, subject to legal review and as presented in Item A-6 of the Board of Regents’ agenda dated July 16, 2004. Regent Kakuda seconded the motion which was unanimously carried.

**Termination of the B.B.A. Major in Real Estate, College of Business Administration, University of Hawai’i at Mānoa**

Vice Chancellor Smatresk requested that the Board approve the termination of the B.B.A. major in real estate in the College of Business Administration (CBA), University of Hawai’i at Mānoa.

By 2001, the demand for the real estate major had dropped to below three students a year. The CBA cannot justify staffing courses for a major with so few students; a track in the finance major is available to students with an interest in real estate.

From 1995-2002, only 23 students graduated with a major in real estate, compared to 503 students with a major in finance. In 2001, only three students graduated with a real estate major. In response to this very low demand, during the 2001-2002 academic year, the faculty in the College of Business Administration redesigned the finance major to allow for a real estate track within the major. At the same time, the faculty recommended the elimination of the real estate major.
The original actions and requests came from the faculty in the Department of Financial Economics and Institutions, which houses both the real estate and finance majors. These changes were discussed and approved by the CBA’s curriculum committee and the CBA’s faculty council, and then forwarded to the dean’s office. In October 2002, at the request of CBA Dean McClain, Chancellor Englert approved an admissions stop-out to the real estate major through spring 2004.

This stop-out was designed to delay the termination of the major long enough to allow all existing students majoring in real estate to complete their degree. Since 2002, all the students have completed their real estate degrees. Students with an interest in real estate are receiving an excellent education through a major in finance with a track in real estate. Accordingly, the real estate major can now be terminated without adversely affecting students.

Regent Bender moved to terminate the B.B.A. major in real estate in the College of Business Administration, UH-Mānoa, with the understanding that those in the program will be allowed to complete their academic objective, as presented in Item A-7 of the Board of Regents’ agenda dated July 16, 2004. Regent Tatibouet seconded the motion which was unanimously carried.

**Conceptual Approval of the Initiation of a Request for Qualifications Process for the Development of a Cancer Research Center on the Kakaako Waterfront**

Chief of Staff Callejo requested that the Board approve, in concept, the initiation of a Request for Qualifications (RFQ) process for the development of a Cancer Research Center on the Kakaako waterfront.

A 5.5 acre site on the Kakaako waterfront has been identified as an ideal location for a new Cancer Research Center and the University has been granted the right to enter into exclusive negotiations to lease this site. The land is owned by the State of Hawai`i through the Hawai`i Community Development Authority (HCDA), which is the agency that oversees redevelopment of Kakaako, and the HCDA has conditioned its approval of the exclusive negotiation rights on the approval of the Board of Regents to move forward with the development of the Cancer Research Center, specifically through initiation of a RFQ process.

The University administration has been approached by a number of nationally recognized private developers who have expressed interest in building the Cancer Research Center. While federal and private funding sources are also currently being pursued, this may be an opportunity for the University to leverage the development and financing capabilities of private firms that specialize in the construction of research facilities such as the Cancer Research Center.

To commence this process, it is proposed that the University issue a RFQ and, possibly, a Request for Proposals (RFP) to private developers for the construction of the Cancer Research Center. Approval of this concept would allow the administration to begin developing a RFQ document, which would subsequently be brought to the Board for further approval.

Chief of Staff Callejo recommended that the Board of Regents take action on this request as soon as possible, to allow the University administration to take the next
July 16, 2004 - p. 9

steps toward initiation of the RFQ process. The effective date will be upon approval by the Board.

The Cancer Research Center is a research unit of the University of Hawai‘i that was established by the Board of Regents as a freestanding independent institute in 1981. When originally conceived and organized in 1971, the Center was part of the Pacific Biomedical Research Center (PBRC). In its early development, the Center was supported by National Cancer Institute (NCI) Planning and Support Grants. In 1979, a construction grant from the NCI, together with local matching contributions, supported the development of the current five-story building for the Center, which is located in downtown Honolulu.

On July 1, 1996, the Center became an NCI-designated center and was awarded the Cancer Center Support Grant. For more than a quarter of a century, the Cancer Research Center of Hawai‘i has generated pathbreaking research results by studying the striking variations in cancer incidence and survival among the different ethnic populations of Hawai‘i. Since the incidence rates for different cancers differ across ethnic groups, this offers an opportunity to analyze the multiple causes of cancer: genes, diet, other environmental causes, culture and behavior. The Cancer Research Center attracts over $30 million in research grant funding annually.

The Cancer Research Center has outgrown the facilities the institution currently occupies. The existing building does not meet the standards of modern laboratory planning and, in particular, does not meet the Center’s needs for space flexibility and adaptability. Designed and built in 1979, the facility has outlived its originally intended purpose as a research facility. The organization of the structural grid, floor to floor heights, layout of utilities and services distribution are not organized on a modular scheme. This makes it difficult and expensive to renovate and adapt space in the facility to new laboratory layouts.

There is also an overriding need to expand and upgrade research areas. Laboratories are located in inadequate space and disconnected from other related laboratories. Overcrowding is rampant throughout the facility. The current building is “landlocked” and there is no space available for expansion of the facility. Major upgrades to the existing facilities would likely be more expensive than the new construction of a modern facility, particularly with the need for additional research and office space.

Several sites had been under consideration for a proposed new facility. For a number of reasons, the 5.5 acre site on the Kakaako waterfront is considered to be an ideal location for the development of a new Cancer Research Center.

This site is adjacent to the new University of Hawai‘i John A. Burns School of Medicine campus. The School of Medicine complex will be constructed in two phases and, when completed, will provide 507,561 square feet of educational and research facilities in a setting overlooking the Kakaako Waterfront Park. The first phase will include an Education/Administration Building and a Research Laboratory Building that will house a child care center, a fitness center, and a central mechanical plant. The Education/Administration Building is expected to be completed in April, 2005, with the completion of the Research Building projected for August, 2005.
The proximity to the School of Medicine campus will provide the opportunity to create a positive critical mass of scientists, educators, students and faculty that could stimulate the growth of Hawai‘i’s biomedical and biotechnical industries and help to diversify the State’s economy. It will facilitate the intellectual stimulation and collaborative working relationships found in other centers of excellence in science and research.

The land under both the School of Medicine and the proposed Cancer Research Center is owned by the State of Hawai‘i, through the HCDA, the agency that oversees redevelopment of the Kakaako waterfront and inland areas. In January 2003, the HCDA granted approval to the University of Hawai‘i to enter into exclusive negotiations to lease the site for the development of a comprehensive cancer center for a six-month period. On July 2, 2003, the HCDA granted approval to extend the period of exclusive negotiations for an additional six months and, on January 14, 2004, the HCDA granted a second six-month extension. This extension, which expires on July 28, 2004, was approved with the following conditions of the University: (1) to provide progress updates on the project to the HCDA every two months; and (2) to obtain the approval of the Board of Regents to proceed with a RFQ by the end of the six-month period. The University administration has since provided regular updates on the progress of the project on a monthly or bimonthly basis.

In October 2003, a space programming report was completed for the proposed new facility. The report was the result of a series of meetings conducted by a programming consultant with staff and faculty at the Cancer Research Center.

Based on the space needs identified, a building of approximately 234,000 gross square feet, or 129,000 net square feet, was proposed. About 53,000 net square feet of research and laboratory space and 76,000 net square feet of office and conference spaces and common areas could be housed in this facility.

An initial estimate of the cost of constructing the facility is $100,000,000, with the building cost projected at $80,000,000 and parking and other infrastructure costs at $20,000,000. The building could also house clinical facilities in which medical examinations, clinical trials, and longitudinal and epidemiological studies may be conducted.

The University administration has been approached by a number of nationally recognized private developers who have expressed interest in building the Cancer Research Center. To identify the most suitable candidate for the development of the Cancer Research Center, a RFQ process is proposed.

This process would involve a national or international solicitation of firms in which the following information would be requested at a minimum:

**Development Team**

- Identification of the developer and its project team, including key design consultants.
- Qualifications of the development team, including resumes of key personnel assigned to the project.
C The organization of the development team and the role and responsibility of each team member, including a description of the role the developer will play (i.e., as owner/partner or for a developer’s fee).

Past Project Experience

C Description of the development team’s experience and success with projects similar to that contemplated in the RFQ, especially those that are public/private partnerships. The following information would be requested: brief narrative descriptions of the projects and the developer’s role; photographs, dates of completion, locations, concepts and sizes of projects, total development costs; brief narrative descriptions of any public agency involvement; current financial status of projects and project management/owner contact information; and any other pertinent project information.

C Previous relevant project experience of the developer and its project team in the ongoing management and operation of facilities similar to that contemplated in the RFQ.

Financial Capability

C Description of the financial capability and capital resources of the development team.

C References from banks, other lenders and financial partners.

C Summaries of recent project financing, detailing project type, financing source, amounts, terms and current status.

C Description of the developer’s current real estate portfolio composition, listing project type, size, current occupancy, location and developer’s ownership interest.

C A listing of the developer’s current pipeline projects, including status, timing and developer’s financial commitments.

In the selection process, emphasis will be placed on the relevant qualifications and financial capability of the applicants. Selection of one developer or a short list of developers would be based on information submitted, possible interviews, financial capacity, review of the applicant’s history and performance in similar projects and other pertinent factors.

If the preference is for a short list of developers, rather than selection of a single developer, a Request for Proposals process would be initiated, wherein each candidate would be requested to submit a detailed development proposal.

Ultimately, a single developer would be selected for exclusive negotiations. During this period, the University and developer would work toward a development agreement and ground lease that would define all terms of the partnership.
Approval of the Board of Regents would be requested at several points in the RFQ or RFQ/RFP process.

Regent Tanaka moved to approve in concept, the initiation of a RFQ process for the development of the Cancer Research Center on the Kakaako waterfront, as presented in Item A-8 of the Board of Regents’ agenda dated July 16, 2004. Regent Kakuda seconded the motion which was unanimously carried.

2004 Long-Range Development Plan for University of Hawai‘i - West O‘ahu

Chief of Staff Callejo requested that the Board of Regents approve the Long-Range Development Plan (LRDP) for the University of Hawai‘i–West O‘ahu (UH-West O‘ahu). The LRDP was prepared by planning consultant PBR HAWAI‘I.

The LRDP serves as a guide for the future physical development of the new UH-West O‘ahu campus. To assure an orderly and coordinated growth of the campus, the LRDP includes plans, design guidelines, and estimated costs for an initial 1,520 student campus, 2,750 student campus, and ultimate 7,600 student campus. The LRDP for the UH-West O‘ahu campus was prepared in consultation with the faculty and staff of the UH-West O‘ahu campus and the University of Hawai‘i administration. Preliminary planning studies, along with the mission statement and related University planning policies and documents, served as the foundation for the preparation of this LRDP.

On September 13, 2002, the Board of Regents approved the designation of a 500-acre parcel makai of the H-1 freeway in Kapolei as the site for the permanent UH-West O‘ahu campus. Since September 2002, the University has acquired the 500-acre parcel in fee simple from the State Department of Land and Natural Resources and initiated the preparation of a long-range development plan for the campus. In summary, the following are the updated construction cost estimates for three student population phases at UH-West O‘ahu:

- Phase I – Student population of 1,520 $ 88,800,000
- Phase II – Student population of 2,750 $116,600,000
- Phase III – Student population of 7,600 $172,000,000

Total Development Cost $377,400,000

During its briefing, Regents raised concerns with respect to the limited availability of State funding for construction and directed the University administration to pursue the possibility of a public/private partnership for the development of Phase I of the UH-West O‘ahu campus. On January 15, 2004, the University administration briefed the Regents’ Committees on Budget and Long-Range Planning and Finance and Facilities regarding the potential of such a public/private partnership, in which development rights for the non-campus lands located on the 500-acre University parcel would be exchanged for the construction of the Phase I buildings and infrastructure. While the Board has not yet authorized the University administration to pursue development options with private developers, the UH-West O‘ahu LRDP must first be approved in principle to meet the requirements stipulated in Board Policy Section 4-4.

In summary, Phase I is composed of four buildings and supporting infrastructure for a total of 148,455 gross square feet. The Phase II construction cost includes renovations to Phase I buildings, infrastructure, and eight new buildings, adding 266,490 gross square feet of building space. Phase III, the ultimate build-out phase, includes infrastructure and ten new buildings for an additional 327,900 gross square
feet. Upon completion of Phase III, UH-West O'ahu will have a total of 742,845 gross square feet. The non-campus lands include parks, an elementary school, and a mixed-use "University Village" that will provide University housing and commercial spaces.

The LRDP provides a concept for the development of the physical facilities needed for the academic plan proposed for UH-West O'ahu. The LRDP will accommodate the possibility of modifications; e.g., the point at which the campus expands from an upper division to a four-year campus, or the need for student housing. All modifications to the LRDP would be subject to Board of Regents' approval.

Regent Tanaka moved to approve in principle the 2004 Long-Range Development Plan for University of Hawai‘i-West O‘ahu, as presented, with the understanding that implementation details shall be in accordance with Board policies and statutes as presented in Item A-9 of the Board of Regents' agenda dated July 16, 2004. Regent Kakuda seconded the motion which was unanimously carried.

Legal Settlement

Chairperson Lee announced that Agenda Item A-10, "Legal Settlement", would be taken out of order in executive session.

IV. GIFTS, GRANTS AND CONTRACTS

Interim Vice President Gaines stated that Hawai‘i was designated an EPSCOR state about three years ago. The acronym EPSCOR stands for experimental program to stimulate competitive research. The approximately twenty EPSCOR states have formed a coalition which has successfully negotiated a reduced rate on certain electronic journals; as an example, interim Vice President Gaines said that three University of Hawai‘i subscriptions would have cost approximately $523,000 but through EPSCOR, these subscriptions were purchased for $22,000, a savings of a half a million dollars. Because this has been so successful, a coalition approach to get some cost savings in other areas, such as an electronic research administration system, will be looked into.

Interim Vice President Gaines reported that during the period May 16, 2004 through June 15, 2004, the University of Hawai‘i system received a total of $23,204,488. The University of Hawai‘i at Hilo received a total of $199,837 during the same period.

Regent Tatibouet moved to accept with thanks the gifts and grants and ratify the actions of the administration in executing the necessary contracts as presented in Attachment #1 of the Board of Regents' agenda dated July 16, 2004. Regent Haynes seconded the motion which was unanimously carried.

V. APPOINTMENTS, CHANGES IN APPOINTMENTS, LEAVES OF ABSENCE, PROMOTION, TENURE, WAIVER OF MINIMUM QUALIFICATIONS, EMERITUS TITLES, SHORTENING OF PROBATIONARY PERIOD, SALARY ADJUSTMENTS, POSITION ACTIONS, CLASSIFICATION, PRICING

President McClain recommended the appointments, changes in appointments, leaves of absence, promotion, tenure, waiver of minimum qualifications, emeritus titles,
shortening of probationary period, salary adjustments, position actions, classification, and pricing as follows:

UNIVERSITY OF HAWAI'I SYSTEM

Executive

GAINES, JAMES
Interim Vice President for Research
Office of the VP for Research
Reappointment
August 1, 2004 - July 31, 2005 or until
a Vice President for Research is appointed,
whichever occurs sooner

JOHNSRUD, LINDA
Interim Associate Vice President
Office of the VP for Academic Affairs
Reappointment
August 1, 2004 - July 31, 2005 or until
an Associate Vice President is appointed,
whichever occurs sooner

SLOANE, JAMES R.W.
Vice President for Admin & CFO
Office of the VP for Admin/CFO
Leave with Pay
June 17, 2004 - December 16, 2004

Managerial

BLANCHFIELD, KRISTIN M
Assistant to the President
Office of the President
Leave with Pay
June 16, 2004 - June 17, 2004

STEWART, PRESCOTT D.
Executive Asst to the President
Office of the President
Leave without Pay
June 1, 2004 (partial - 2 hours) - June 16, 2004

UNIVERSITY OF HAWAI'I AT M\{NOA

Managerial

CHISMAR, WILLIAM G.
Acting Associate Dean for Academic Affairs
College of Business Administration
Reappointment
July 31, 2004 - July 30, 2005, or until the return
of the Associate Dean, whichever is sooner
KILONSKY, NANCY R.
Assistant Dean of Student Services
John A. Burns School of Medicine
Professional Improvement Leave at full pay
August 1, 2004 - January 31, 2005

Administrative, Professional and Technical

BOLLA, JR., JAMES D.
UH Women’s Head Basketball Coach
Intercollegiate Athletics
Appointment

UNIVERSITY OF HAWAI‘I AT Hilo

Executive

HORA, STEPHEN C.
Interim Dean
College of Arts & Sciences
Reappointment
March 3, 2004 - March 2, 2005, or until a regular appointment is made, whichever occurs sooner

Associate Professor or equivalent

BINDER, PHILIPPE
Associate Professor
Physics
Promotion
August 1, 2004

COMMUNITY COLLEGES

Executive

DANIEL, SHIRLEY
Interim Chancellor
Hawai‘i Community College
Reappointment
August 1, 2004 - July 31, 2005, or until the position is filled on a regular basis, whichever occurs sooner

FREITAS, ROCKNE
Chancellor
Hawai‘i Community College

Regent Lagareta moved to approve the personnel actions as recommended in Attachment #2 of the Board of Regents’ agenda dated July 16, 2004 with the exception of the University of Hawai‘i Women’s Head Basketball Coach which did not have a
name attached to it on the agenda. Regent Tatibouet seconded the motion which was unanimously carried.

Director Frazier then requested that the name of James D. Bolla, Jr. be added for a three-year appointment as the University of Hawai'i Women's Head Basketball Coach. He informed that Mr. Bolla was previously at the University of Nevada, Las Vegas, and has an outstanding coaching record.

Regent Lagareta moved to appoint James D. Bolla, Jr. as the Women’s Head Basketball Coach, University of Hawai‘i, as recommended by Director Frazier. Regent Haynes seconded the motion which was carried by majority vote. Regent Tatibouet voted against the motion stating that she did not believe it would be appropriate at this time to pay him at the highest end of the range for women’s basketball coaches in the conference.

Resignations and Retirements of Board of Regents’ Appointees

The list of resignations and retirements of Board of Regents’ appointees and retirements of Civil Service employees was presented for information. (The list of resignations and retirements is presented in Attachment #2 of the Board of Regents’ agenda dated July 16, 2004.)

VI. REPORT OF EXECUTIVE OFFICER

President McClain welcomed, on behalf of the administration, Regents Albano and Kai.

Recognition of University of Hawai‘i’s Nominees for the 2004 Governor’s Award for Distinguished Service

President McClain recognized the University of Hawai‘i’s nominees for the 2004 Governor’s Awards for Distinguished State Service. These awards are part of the State’s employee recognition and incentive program administered by the Department of Human Resources Development.

Mr. Richard Chock was selected as the University of Hawai‘i’s nominee for the 2004 Governor’s award for Employee of the Year for his dedication and service to the Kewalo Marine Laboratory where he serves as the Facilities Manager. His skills in repairing both the laboratory structure and inventing and developing research equipment has saved the University and individual researchers many tens of thousands of dollars.

The nominee for the 2004 Governor’s award for team excellence is the Windward Community College operations and maintenance team of Xavier Chang, James McCumber, Freddie Gamaya, and Isaac Chang. They were nominated for their ability to maintain Windward Community College’s 40 acres of building and grounds with limited manpower resources.

President McClain recognized Chancellor Tseng and the University of Hawai‘i at Hilo for receiving a ten-year accreditation from the Western Association of Schools and Colleges (WASC). He also reported that the University of Hawai‘i system was visited in March 2004 by WASC which accepted the team’s report and deferred any action until February 2005. President McClain announced that he would be moving to taper down the administration to fit its financial resources. He then reported on the
biennium budget request and the biennium budget initiatives underway. Testimonies were received by Mary Tiles, representing the Mānoa Faculty Senate and Roger Lukas, representing the Mānoa Faculty Senate Executive Committee. They expressed concerns that there is no process to reach consensus over what will be the criteria for prioritizing the biennium budget. In addition, the costs of new programs and projects are not fully accounted for and this is exacerbated by a capital improvements program plan which is divorced from operational funding. Lilikala Kame'eleihiwa, representing the Pukoa Native Hawaiian Council expressed that raising tuition will create a hardship for many students who are already working either half-time or full-time.

VII. REPORT BY STUDENT CAUCUS

Kris Kaupalolo, designated spokesperson for the University of Hawai‘i Student Caucus, shared a resolution commending the University Board of Regents and its leadership for their support. It read as follows:

“WHEREAS, The University of Hawaii Student Caucus (UHSC) is the system-wide student association chartered by the University of Hawai‘i Board of Regents (BOR), representing over 50,000 students; and

WHEREAS, The UHSC as established through Board of Regents’ policy 7-3b as a system-wide student association that advocates democratically for the interests and needs of all students throughout the University; and

WHEREAS, the Board of Regents, under the leadership of Chairperson Patricia Lee has shown particular interest in students‘ concerns such as safety, security, student housing, and articulation; and

WHEREAS, Under the leadership of Chairperson Patricia Lee, the Board of Regents has created an atmosphere that has been extremely open and sensitive to hearing and addressing student concerns; and

WHEREAS, Under the leadership of Chairperson Patricia Lee, the Board of Regents has served as advocates for students; and,

BE IT RESOLVED, The University of Hawai‘i Student Caucus commends Chairperson Patricia Lee, Vice Chairperson Kitty Lagareta, and the other members of the Board of Regents for their unparalleled support for students across the entire University of Hawai‘i system; and

BE IT FURTHER RESOLVED, The University of Hawai‘i Student Caucus asks that the current open and honest atmosphere created by the Board of Regents continue; and

BE IT FURTHER RESOLVED, The University of Hawai‘i Student Caucus are in support of Chairperson Patricia Lee and Vice Chairperson Kitty Lagareta continuing in their current positions on the Board of Regents for a second year.”

VIII. TASK GROUPS

Chairperson Lee stated that virtually everyone in higher education wants policy making and administration to remain distinct responsibilities. But identifying where policy setting ends and administration begins can be difficult. Regents face
increasingly complex challenges and are experiencing mounting pressure to become more astute, active, and involved in a wide array of university affairs.

Under the Sunshine Law the Board has the ability to form task groups to work on specific matters. Currently the Board has several task groups which were necessitated by pressing matters that, for one reason or another, required the Board’s involvement.

Entering the transition period, the Board believes that many of the responsibilities assumed by its task groups can now be delegated to the administration. Therefore, in validation of its confidence and trust in the University of Hawai‘i administration, under Acting President McClain’s leadership, the Board wishes to dismiss most of its task groups. She dismissed, with thanks, the following task groups and asked that the administration and the Board staff follow up on these issues:

The task group on Board affairs was dismissed. Dr. Colleen Sathre will be assisting the Board in developing an orientation program and manual for regents.

The task group on conflict of interest and political activity was dismissed. The Office of the General Counsel will be responsible for reviewing and recommending any changes in Board policies in this area.

The task group to evaluate the use of University-owned property by external organizations was dismissed and the responsibilities delegated to the administration.

There are a number of task groups that were appointed by previous Board chairpersons that have completed their assignments but were not formally dismissed at a Board meeting. As a housekeeping measure, these task groups were dismissed: ceded lands, funding practices of the Lab School, GEO International Explorer, Inc., media campaign on constitutional amendments, University autonomy, interfacing with the University of Hawai‘i Foundation on its strategic plan, strategic planning, and graphic identity for the University system.

On behalf of the Board of Regents, she expressed its sincere appreciation to President McClain, the members of the administration, faculty and students and the entire University community for their cooperation and above all, mutual trust and respect during this transition period. It has enabled the Board to disband these task groups.

IX. NEW OR OTHER BUSINESS

Election of Board Officers

Chairperson

Regent Tanaka moved to elect Chairperson Patricia Lee to a second term as Chairperson of the Board of Regents for the academic year, 2004-2005. He stated that the Board appreciated the leadership she provided the previous year. Regent Yamasato seconded the motion which was unanimously carried.

Chairperson Lee expressed her appreciation to her fellow Regents, stating that it had been a privilege working with all the members of the Board.
Vice Chairperson

Regent Yamasato moved to elect Kitty Lagareta to serve as Vice Chairperson of the Board, for a second term. Regent Tanaka seconded the motion which was unanimously carried.

X. ANNOUNCEMENT

Next Meeting

Chairperson Lee announced that the next monthly meeting of the Board of Regents would be held on Friday, September 10, 2004 at 8:30 a.m. at Kaua'i Community College.

Agenda Item A-10, Legal Settlement

Regent Tatibouet moved to take Item A-10 out of order and to enter into executive session to consider a legal settlement with the Board’s attorney. Regent Haynes seconded the motion which was unanimously carried.

The Board of Regents’ meeting was recessed at 10:50 a.m. to enter into executive session.

Chairperson Lee reconvened the meeting in open session at 11:00 a.m.

XI. ADJOURNMENT

There being no further business before the Board, the meeting was adjourned at 11:01 a.m.

Respectfully submitted,

David Iha, Executive Administrator
and Secretary of the Board