I. CALL TO ORDER

The meeting was called to order by Chairperson Kitty Lagareta on Thursday, March 16, 2006 at 9:26 a.m. in Room 102, Fine Arts Building, Leeward Community College.

Attendance

Present were Regents Andres Albano, Jr., Byron W. Bender, Michael A. Dahilig, Ramón S. de la Peña, James J.C. Haynes II, Allan R. Landon, Ronald K. Migita, Alvin A. Tanaka, and Myron A. Yamasato; President David McClain; Executive Administrator and Secretary of the Board David Iha; and Executive Assistant Carl H. Makino. Regent Jane B. Tatibouet was excused.

Also present were Mr. Walter Kirimitsu, University General Counsel; Mr. Sam Callejo, Vice President for Administration; Dr. James Gaines, Interim Vice President for Research; Dr. Linda Johnsrud, Interim Vice President for Academic Planning and Policy; Mr. Howard Todo, Vice President for Budget and Chief Financial Officer; Ms. Karen Lee, Interim Associate Vice President for Student Affairs; Ms. Carolyn Tanaka, Associate Vice President for External Affairs and University Relations; Dr. Gene Awakuni, Chancellor, University of Hawai‘i at West O‘ahu (UH-West O‘ahu); Dr. Angela Meixell, Chancellor, Windward Community College; Dr. Peter Quigley, Interim Chancellor, Leeward Community College; Dr. Denise Konan, Chancellor, University of Hawai‘i at Mānoa (UH-Mānoa); Dr. Rose Tseng, Chancellor, University of Hawai‘i at Hilo (UH-Hilo); Jan Yokota, Director, Office of Capital Improvements; Donna Vuchinich, President, University of Hawai‘i Foundation; and others.

II. APPROVAL OF MINUTES

Approval of minutes of the Board of Regents’ February 16, 2006 meeting and February 9, 2006 special meeting was deferred.

III. PRESENTATION BY PETER QUIGLEY, CHANCELLOR OF LEEWARD COMMUNITY COLLEGE

Chancellor Quigley reported on upcoming events at Leeward Community College (LCC) beginning with an international festival on March 20th with a focus on the Philippines. Governor Lingle was scheduled to attend.

LCC, according to Chancellor Quigley, was removed from warning status by the Accrediting Commission for Community and Junior Colleges (ACCJC).

Chancellor Quigley reported that LCC is well-positioned in business administration, engineering, computers, and other areas, but the medical piece was
The State House (legislature) approved a nursing startup fund for LCC in coordination with Kapi'olani Community College because they have those assets so the money allocated by the House to LCC will bolster its academic areas to offer the foundation for the technical courses.

There has been discussion about alternative routes to LCC, and they are working with the Department of Transportation on this matter but little progress has been made.

Chancellor Quigley reiterated LCC's interest in serving underserved regions in the area, increasing the educational capital of the state and expanding work force development. The University of Hawai'i second decade project shows in fact that Ewa and Waianae are need-based areas. LCC is looking at a building in the Waianae area that would serve as a center for work force development and educational programs. The building has 40,000 sq. ft. and LCC sees the opportunity to expand the lower division as well as work force development opportunities in such a facility.

Chancellor Quigley then asked Mr. Kaipo Pomaikai of the Waianae Maritime Academy to speak about what educational investments might mean to his community. Mr. Pomaikai informed that there were 150 students in the seventh class at the Waianae Maritime Academy. He said Waianae lacks jobs and in order to get those jobs, education is necessary. The Waianae Maritime Academy is an entry level school for merchant marines. A high school diploma is not necessary but reading, writing and arithmetic are stressed. The Academy does tutor its students. LCC gave the Academy the ability to teach in a safe and clean environment.

In response to Chairperson Lagareta, Mr. Pomaikai said that his students had to be at least eighteen years of age so that they can qualify for the U. S. Coast Guard certification. There are currently 152 students; 78 are already employed. President McClain complimented Mr. and Mrs Pomaikai for their dedication to the Waianae Maritime Academy.

Chairperson Lagareta commented that, as earlier mentioned by Chancellor Quigley, access to LCC was a major issue. Chancellor Quigley informed that in meetings with the Department of Transportation, focus was on the appropriate funding source for such a project. The Department of Transportation determined that it was not a federally-defined highways project, one of the criteria being that it must connect two communities. The University's capital improvement program would have to pay for the alternative access. In response to Chairperson Lagareta, Chancellor Quigley informed that the cost would be between $7 million to $10 million, depending on the complexity of the project. He added that there might be some post-Katrina concerns emerging that might indirectly benefit this type of project. Federal funding might become available to decrease the vulnerability of institutions and neighboring residents who have only one way in and one way out in times of disaster.

Regent Migita said that in the past five to ten years, many companies have opened up in the leeward area. He asked if LCC worked with these companies. Chancellor Quigley said that a representative from the University of Hawai'i Foundation is working with him to set up a plan to work with these companies and involve them with LCC's fund-raising initiatives.

In response to Regent Albano regarding the access roads, Chancellor Quigley said that LCC is not looking to acquire additional properties but obtain construction monies. Regent Albano suggested that the University consider
exchanging its property near Home Depot to fund such a project. Chancellor Quigley said that he and State Senator Nishihara had discussed that option but prefer to look at the Federal and State options for now.

IV. PUBLIC COMMENT PERIOD

There were no testimonies presented at this time.

V. REPORT OF EXECUTIVE OFFICER

President McClain announced the passing of Mrs. Maggie Inouye, wife of U.S. Senator Daniel Inouye. A moment of silence was observed in her honor.

Legislative Update

Associate Vice President Tanaka reported on University bills still moving through the Legislature including the procurement and fiscal flexibility and the bill to give the University the ability to manage and regulate public activity on Mauna Kea. She also reported on the Senate bill to increase the number of members on the Board of Regents from twelve to fifteen and a bill that would increase the tax on cigarettes, 50 percent of which would go to the Cancer Research Center.

Health Sciences

President McClain noted that a consultant retained by the Board in 2004 suggested that health sciences-related units, including the John A. Burns School of Medicine and the Cancer Research Center, should be brought to the system level. He has since determined, after consultation with the Mānoa Chancellor and with relevant stakeholders, that these entities will remain at Mānoa for the foreseeable future.

Search Advisory Committee for the Mānoa Chancellor

President McClain announced that Dr. Robert Bley-Vroman, Associate Professor in the Department of Second Language Studies, College of Languages, Linguistics and Literature, will chair the Search Advisory Committee for the Mānoa Chancellor. Dr. Bley-Vroman announced that the members of the Search Advisory Committee would be as follows:

1. Faculty representatives:
   - Denise Antolini, Associate Professor, William S. Richardson School of Law
   - Ruth Dawson, Professor of Women’s Studies, College of Social Sciences
   - Barry Raleigh, Researcher at the Hawai‘i Natural Energy Institute and former dean, School of Ocean and Earth Science and Technology
   - Tom Ramsey, Professor of Mathematics, College of Natural Sciences
   - Elizabeth Tam, Professor and Chair, Department of Medicine, John A. Burns School of Medicine
   - Ric Trimillos, Professor and Chair, Asian Studies, School of Hawaiian, Asian and Pacific Studies
2. Student representatives:
   • Grant Teichman, President of Associated Students of the University of Hawai‘i (ASUH), will represent undergraduate students
   • Angelos K. Hannides, a graduate assistant in the Department of Oceanography, School of Ocean and Earth Science and Technology, will represent graduate students

3. Community representatives:
   • Janet Yoshida, President of the UH Alumni Association, will represent UH-Mānoa alumni
   • Howard Karr, past chair and current member of the UH Foundation Board of Trustees
   • Nadine Nishioka, head of the Mānoa Neighborhood Board will represent community members.

4. Other representatives:
   • Lilikala Kame‘elehiwa, Professor in the Center for Hawaiian Studies and former director of the Center, is the Kualii Council representative
   • Leimomi Kawakami, Secretary in the UH-Mānoa Honors Program is the clerical representative
   • Walter Niemczura, Facilities Manager for the nuclear magnetic resonator/mass spectrometer in the Chemistry Department, College of Natural Sciences is the Administrative/Professional/Technical (APT) representative
   • Rolf Kudritzki, Director of the Institute for Astronomy, is the representative for organized research units
   • Richard Dubanoski, Dean of the College of Social Sciences, and Vance Roley, Dean and First Hawaiian Bank Professor of Leadership and Management in the College of Business, will represent UH-Mānoa deans.

President McClain said the institutional composition of this committee was developed last fall in collaboration with the campus community. The process is posted on the Mānoa Chancellor’s website. The Search Advisory Committee will be asked to recommend a small number of candidates to the President along with an assessment of their strengths and weaknesses. President McClain will then make a recommendation to the Board which ultimately has the responsibility to appoint the Mānoa Chancellor. The committee will be assisted in its work by an executive search firm yet to be chosen. The committee hopes to complete its work by late Fall of this year or early Spring of 2007.

Chairperson Lagareta said that it has been a journey for everyone as these roles are defined. She thanked the Mānoa Faculty Senate for the feedback and the input given the Board as it was navigating some of these questions. She added that the Mānoa Faculty Senate raised issues that need to be discussed and resolved, and the Board is very supportive of those issues.

Dr. Floyd McCoy, past co-chair of the All-Campus Council read a letter from the Council thanking Chairperson Lagareta and former Chairperson Patricia Lee for their “time, energy and judicious leadership” provided during some difficult times.
University General Counsel

President McClain announced that the University would be losing the services of General Counsel Kirimitsu who had served the University for nearly a decade but will be returning to his alma mater, St. Louis School, as its new president. President McClain said that Mr. Kirimitsu has been a great leader for the Office of the General Counsel and has brought prestige to the University of Hawai‘i by virtue of his integrity and stature in the community.

Chairperson Lagareta thanked General Counsel Kirimitsu for his leadership and the team he built.

VI. AGENDA ITEMS

Conversion from Provisional to Established Status of the Associate in Science Program in Digital Media Production at Leeward Community College

Chancellor Quigley explained that this program was originally in the vocational area and migrated to the academic area under the stewardship of the Division of Arts and Humanities. Interim Dean of Arts and Science Jim Goodman requested that the Associate in Science Program in Digital Media Production be made an established program and removed from provisional status.

During its five years of provisional status, positions have been internally reallocated to staff the program. External grants have supported equipment and software costs as the program developed to serve the vocational and educational needs of Central and West O‘ahu students. As grant funds are being phased out, Leeward Community College has requested funds through the supplemental budget in order to maintain currency in equipment and software. Future upgrade costs will be requested in the 2007-2009 Biennium Budget for Leeward Community College.

If approved, the 60-degree Associate in Science Program in Digital Media Production program would offer the concentration of:

- Internet Publishing
- Motion Graphics
- Digital Video

The current population growth and economic expansion of Leeward O‘ahu suggests a need for Leeward Community College to provide high technology education and training to meet the emerging need for skilled workers in various occupations. The Digital Media Production program is designed to provide the region with entry-level digital media workers. In the five years as a provisional program, many of the students have found profitable and rewarding employment and careers in professions where digital media skills are demanded such as e-commerce, video production, and television. However, the flexible design of the program also provides opportunities for liberal arts majors and incumbent workers, particularly those in small businesses, to obtain the technical skills to manage websites, produce desktop publishing, and design computer graphics.

The program is stable and is meeting a need in the leeward region. The establishment of high technology programs such as this not only meets the emerging workforce needs of the area but contributes to its economic transformation as well.
Chairperson Lagareta asked if the graduates are finding jobs. She was informed that often the students are hired before they obtain their degrees. The way this program was designed, students are able to obtain a certificate before they get the Associate in Science degree.

Regent Tanaka inquired about the cost to fund this program. Dean Goodman responded that most of the funding thus far was from external sources such as the Perkins grant. LCC expects that additional funding will become available through the biennium budget process. He added that he has most of the cost except for the upkeep of two labs. The budget for the program is about $70,000 per year to maintain the two labs. Regent Haynes commented that he would like to see a budget showing the source of funds and expenditures. Regent Landon concurred, suggesting a well-articulated set of cost and benefits for program proposals since the Board has an obligation to focus on a balanced evaluation which includes cost considerations.

President McClain suggested that the item be deferred until LCC could provide the requested financial and cost considerations. Chairperson Lagareta added that all program proposals must include a financial plan as part of the presentation.

Regent Landon moved to defer this item until the financials were available. Regent Haynes seconded the motion which was unanimously carried.

**Provisional Status for the Bachelor of Arts in Environmental Studies and Bachelor of Science in Environmental Science at the University of Hawai‘i at Hilo**

Chancellor Tseng requested that the Board approve the establishment of a Bachelor of Arts in Environmental Studies and the Bachelor of Science in Environmental Science at the University of Hawai‘i at Hilo.

Over the past 35 years, more than 250 U.S. colleges and universities have developed interdisciplinary undergraduate and graduate degree programs in Environmental Studies and Environmental Science. This has been fueled by the rapidly expanding societal need for trained professionals to deal with an ever widening range of complex environmental issues that transcend the traditional “Natural Science” and “Social Science” dichotomy that dominates academic organizations. Nationally, environmental related job web sites daily document many hundreds of available positions for trained environmental professionals. The November 2005 Monthly Labor Review published by the Bureau of Labor Statistics forecasts that three categories of environmentally-related jobs will be among the fastest growing occupations during the next decade.

In response to the demand of local students and the general growth in popularity of Environmental Studies/Science programs at U.S. universities in general, UH-Hilo has developed an interdisciplinary major in Environmental Studies and Environmental Science in the Department of Geography and Environmental Studies. In 2000, permission to plan was granted in order to develop interdisciplinary programs in Environmental Studies (B.A.) and Environmental Science (B.S.). Due to unanticipated faculty turnover in the past few years, UH-Hilo was unable to initiate this new program until staffing stabilized in 2004-2005. UH-Hilo is committed to the continued support of these positions after the EPSCoR (Experimental Program to Stimulate Competitive Research) grant expires. A new faculty member was hired in the Fall of 2005 with the specific expertise to assume a leadership role in teaching the three new courses proposed as core requirements.
of the B.A./B.S. programs. The Geography Department receives a constant flow of inquiries about the programs and other environmentally-oriented programs at UH-Hilo such as the Ecology, Evolution, and Conservation Biology track and the Marine Science major are near or at capacity.

The interdisciplinary Environmental Studies/Science B.A./B.S. Program promotes multidisciplinary analysis of environmental issues and enhances students’ awareness of the complexity and seriousness of regional and global environmental problems. Environmental Studies is the overlap of many academic fields, such as biology, geology, chemistry, marine science, geography, anthropology, agriculture, political science, economics and sociology. An interdisciplinary degree in Environmental Studies will equip students with the tools to express themselves both within the scientific and larger society who are impacted by their research and policy outcomes by providing an innovative multidisciplinary approach for undergraduate students interested in the broad span of environmental topics while providing a strong foundation.

Although both degrees share a significant common core, the B.S. program will focus more on a physical and biological sciences background and human interaction with environmental processes. The B.A. (53 credits) will offer a stronger social science emphasis incorporating environmental policy perspectives. The program’s goals are to (1) train students as environmental professionals, (2) provide an interdisciplinary approach to education, and (3) expose students to methods and techniques used by natural and social sciences to identify, analyze and interpret environmental problems.

Although both degrees share a significant core, the B.S. degree which is 60 credit hours will focus more on physical and biological science. The other B.A. degree is 53 units and offers a stronger social science, changing behavior, protecting the environment, and more policy and social behavior. Both have slightly different courses. The teaching resources for the program are presently in place at UH-Hilo. The program will be accomplished by reallocation of resources of geography majors to the environmental sciences students majors. The curriculum is designed to challenge students to think critically and stimulate connections across disciplines and contemporary issues. Students will be encouraged to view themselves as major participants and to think critically about their own lives in context of earth systems and environmental issues. UH-Hilo’s unique location will be emphasized as an extraordinary biological, physical, and cultural landscape in which to study. There is increasing demand by students across U.S. campuses for environmental studies programs, and UH-Hilo has the opportunity to be at the forefront of their peer institutions by exploiting its exceptional environment and pursuing a curriculum to match. Of the 16 UH-Hilo peer institutions, seven currently offer either an environmental studies or science program.

The proposed degree program will provide important foundational environmental knowledge that is accessible to local students and it will prepare them to excel as graduate student researchers in the Tropical Conservation Biology and Environmental Science (TCBES) program or other graduate programs in environmental studies at UH-Hilo. Students taking this major are prepared for entry-level employment in public agencies and private firms doing environmental studies.

The overarching expectation for student learning in both the B.A. and B.S. degrees is that they are trained to work effectively at finding solutions to complex environmental problems using an interdisciplinary approach. This is achieved through the completion of linked course work in both the natural and social sciences that will allow them to achieve a breadth of environmental understanding beyond the
bounds of any particular academic discipline. Broadly similar student learning outcomes are expected for both the B.A. and B.S. majors, except that in the B.A. major, there will be somewhat more emphasis on environmental policy/management related issues. In contrast, the B.S. will focus more on an analytical, measurement, monitoring, modeling approaches to environmental problems. There are two alternative “concentrations” within the B.S. major: a biological concentration focused on ecosystem issues and biodiversity conservation; and a physical science concentration with an emphasis on air and water resource management. Each concentration has specific upper division course requirements.

Some modest annual increase in operations allocation within the UH-Hilo College of Arts and Sciences will be required to meet the anticipated increase in new majors. These resource requirements can generally be met through existing, annual budget reallocation formula, which take into account changes in faculty size, student FTEs, number of majors and related productivity/performance factors. These resources are required to meet normal instructional costs such as copying, transportation, supplies, etc.

Regent de la Peña said that there seems to be an additional cost of $5,000 and asked if the existing faculty will be able to handle the workload. Chancellor Tseng responded that through EPSCoR, some faculty members have been shifted. The additional $5,000 will come from tuition revenues.

Regent Haynes asked if there were program models from other universities. Chancellor Tseng said that UH-Hilo decided to do both a B.S. and a B.A. There are about 250 universities with similar programs. Regent Dahilig commended the Chancellor for initiating this interdisciplinary program. Chancellor Tseng said she personally feels that the environment needs to be protected.

Regent Dahilig moved to establish the Bachelor of Arts in Environmental Studies and Bachelor of Science in Environmental Science at the University of Hawai‘i at Hilo effective August 1, 2006 subject to the Regents’ policy on provisional academic programs. Regent Albano seconded the motion which was unanimously carried.

**Lease Amendment for Phase II of the North Hawai‘i Education and Research Center at 45-547 Plumeria Street, Honoka‘a, Hawai‘i**

Chancellor Tseng requested that the Board authorize an amendment to the long-term nominal rent lease between the University of Hawai‘i (“University”) and the Hawai‘i Health Systems Corporation (“HHSC”) for the old Honoka‘a Hospital at 45-547 Plumeria Street, Honoka‘a, Hawai‘i to include an additional 10,505 sq. ft. of space required for the Phase II expansion of the North Hawai‘i Education and Research Center (NHERC).

The long-term nominal rent lease between the University and HHSC for the NHERC project was approved by the Board, as presented in Item A-6 of the Board of Regents’ agenda dated January 16, 2004.

The purpose of NHERC is to provide opportunities for the expansion of higher education opportunities in the areas of research, field studies and internship partnerships for the North Hawai‘i community. The 2002 Legislature appropriated $1.75 million for NHERC Phase I to renovate a portion of the old community hospital in Honoka‘a. The anticipated completion of Phase I construction is March 2006. The design consultant’s work with the Honoka‘a community and the University to develop the Phase II design is ongoing and is anticipated to be in construction by August
2006. The 2004 Legislature appropriated $3.75 million for NHERC Phase II renovation work. The Phase II planned expansion of NHERC involves the renovation of approximately 10,505 sq. ft. of gross floor area of the existing Honoka’a Hospital adjacent to NHERC Phase I as identified on the floor plan. The renovation work will convert the existing facilities into classrooms and offices with data communication infrastructure for distance education.

The proposed lease amendment will include the additional floor area required for the Phase II renovations, thereby allowing the University to obtain the lessor’s approval to proceed with the Phase II renovation work. All other terms and conditions of the long term lease by and between the University and HHSC dated June 1, 2004 will remain unchanged.

In response to Regent Albano, Chancellor Tseng said that no additional monies were needed. She felt that UH-Hilo would receive the $71,000 for operations and $51,000 for equipment support requested in the supplemental budget. The $3.75 million appropriated in the capital improvements program (CIP) budget would be sufficient for the project.

Director Yokota, responding to inquiry from Regent Landon, informed that while she did not know the exact amount of asbestos in the building, that there would be sufficient funds set aside for remediation of the hazardous material. Director Yokota added that she will check with the consultant on the amount of asbestos that is in the building and provide this information to the Board.

Regent Albano asked if the budget of $3.7 million was for the renovation of the entire building. Director Yokota responded that there are two parts of the building. One part was already done and the portion involved has more problems in terms of environmental issues. The concern here is that this will be remediated and restored where necessary. Regent Albano followed as to whether it would be cheaper to tear down the building rather than the remediation and restoration process. President McClain agreed that the Regents’ concerns should be addressed before going forward. Chancellor Tseng expressed that the bidding process takes time and the funds might lapse if decision is delayed. President McClain recommended that the Board defer this item pending the receipt of the requested information.

Regent Haynes moved to defer this agenda item until the Board has received more budgetary information and what the ramifications would be on remediation. Regent de la Peña seconded the motion which was unanimously carried.

Establishment of a Fee for College of Business Administration Executive Format, Neighbor Island M.B.A. Program

Vice Chancellor Smatresk requested that the Board approve a one-time fee of $2,400 per student for the executive format Neighbor Island Masters in Business Administration (M.B.A.) program offered by the College of Business Administration (C.B.A.). He explained that the requested fee was below the structure of most executive M.B.A.s and would allow UH-Mānoa to serve the neighbor island communities.

Dean Vance Roley from the College of Business Administration said that this program was launched this semester and is serving students on Kaua‘i, Maui and Kona as well as Saipan. It is taught in a classroom with regular students on the Mānoa campus. The idea in launching this is that the University wanted to serve
island students at the same time it wanted to make this self-sustaining. They are looking at both the revenue side and the cost side of this.

This program can be offered with the existing classroom so this greatly reduces the cost. Most of the instructional cost is in that classroom and this is being broadcast with an internet-based system to the neighbor islands. This is an executive format program in the sense that additional services are being offered. In each of the classroom, there is a full-time tech support person there while the class is in session. There are teaching assistants for each of these classes and there are greater support so these are additional services that are being provided to the neighbor island classes that are not available in the traditional, regular M.B.A. classes.

Dean Roley said that they also participated in a team-building exercise before these classes were launched. This is something they do with the executive M.B.A. programs, not something that is typically done with the regular M.B.A. programs. He reiterated that this is an internet-based course, using existing classrooms to reduce cost, and is based after a very successful Masters in Human Resource Management course which they are now recruiting for the third class. This course, which has been very successful, is offered on O‘ahu and Maui.

This is a smaller fee than the other executive format M.B.A. programs, which range in fees from $7,000 to close to $10,000. The fee being requested for this program is $2,400 per student per degree. This is a much lower fee but this program has significantly higher costs, with new equipment, teaching assistants, greater support and some slightly higher instructional costs. The fee is needed to basically cover these costs. He said that they would collect this fee effective this January semester.

Regent Dahilig asked if students were aware of the potential fee. Dean Roley said that the fee was advertised. After the program was launched, they learned they could not charge fees without the Board first establishing such a fee.

Regent Haynes noticed on the budget that enrollment was declining. Dean Roley said that this is being assumed. The distance learning Maui M.B.A. program launched several years ago and the attrition rate is similar to what has been experienced. The difference there is that it had one-time state support which soon disappeared. These programs typically have little additional costs. Dean Roley said the College is assuming that enrollment will decline slightly over the years although they are going to do everything they can to maintain the cohort through graduation. Another distinction between this and the regular M.B.A. program is the cohort class who all go through the classes together. This analysis assumes some students dropping out of the program in the later years based on previous experience. Dean Roley said that if is hoped that this program will be launched every three years.

Since the initial executive M.B.A. in 1977, multiple programs using the executive format have been developed, approved, and delivered in the spirit of entrepreneurship and at no direct cost to the University of Hawai‘i. This is consistent with the University’s strategy to make its professional schools more self-sufficient. The College of Business Administration manages these programs so that total direct costs are covered by the tuition and fees.

Evolving from the Maui Outreach M.B.A. program offered in the mid-1990’s, the neighbor island M.B.A. (NIMBA) program started in August 1999 and concluded with forty-one students graduating in 2002. The NIMBA program delivered the
College’s M.B.A. degree program to students on four islands via the Hawai‘i interactive television system (HITS) distance learning facility. The program was very well-received by the residents and legislators on the neighbor islands. On October 24, 2003, the NIMBA program was reviewed and received continued approval for distance delivery by the University of Hawai‘i Graduate Division and the Mānoa Distance Learning Committee.

The College has revised the program into an executive format neighbor island M.B.A. (E-NIMBA). In the E-NIMBA program, students on various islands complete the forty-eight credit hour M.B.A. program as a cohort. Two classes (six credit hours) are offered each semester, plus some classes are offered during the summer sessions. Students complete the program in three years.

Classes originate from the Mānoa campus and students can attend classes at centers on the campuses of UH-Hilo, Kauai Community College, Maui Community College, and UH-West Hawai‘i. The courses in the E-NIMBA program will be taught concurrently with courses in Mānoa’s campus-based evening M.B.A. program. This change makes it possible for the College to offer the E-NIMBA program to students on the neighbor islands even if there are too few students to justify a separate program, normally 25 to 30 students.

As with the other executive format M.B.A. programs, E-NIMBA provides students with a richer experience than that in the part-time M.B.A. program. Admission is based on the expectations of an executive program and students enjoy the benefits of a cohort-based program and additional services. While textbooks and meals are not provided as they are in some other higher cost executive programs, the E-NIMBA students will have dedicated support not available to campus-based M.B.A. students through the E-NIMBA program manager and additional E-NIMBA staffing. Individual course registration is handled for them and, in addition to their formal course work, they will have cohort-based educational activities and experiences.

The University’s HITS facilities were not available to meet the new E-NIMBA schedule requirements, so the program utilizes internet-based video conferencing in existing classrooms. The College has very successfully used this technology in its Masters in Human Resource Management program with participants on Maui. This technology also has reduced requirements for facilities and technical support and can be extended to many additional locations with adequate internet access much more easily. As a result, the E-NIMBA program can also be extended to students beyond the neighbor islands.

The $2,400 fee allows the E-NIMBA program to be self-supporting, as are all other executive format programs. This fee is lower than the fees approved for the other three executive format programs. The lower fee reflects lower student costs achieved through efficiency savings and the reduction of some services. The current Board of Regents’ tuition schedule sets the C.B.A. M.B.A. tuition at $454 per credit hour for the three years of the E-NIMBA program—both in the regular semesters and the summer. Thus, the total cost of the E-NIMBA program to students will be $24,196 (tuition of $21,796 plus the $2,400 fee).

Regent Landon moved to approve a fee of $2,400 per student for the executive format neighbor island M.B.A. program offered by the College of Business Administration. Regent Haynes seconded the motion followed by discussion.
Chief Financial Officer Todo added that if approved, this fee would be nonrefundable. Chairperson Lagareta confirmed that it would be the Board’s understanding in the decision.

Upon call, the motion was unanimously carried.

**Posthumously Award the Regents’ Medal of Distinction to Mr. Abraham St. Chad Kikiakoi Kalilioku Pi’ianai’a**

Vice Chancellor Smatresk requested that the Board award the Regents’ Medal of Distinction to Mr. Abraham St. Chad Kikiakoi Kalilioku Pi’ianai’a to posthumously recognize and honor his many outstanding contributions to the University of Hawai‘i, the State of Hawai‘i, and the Pacific Basin region. He said that Mr. Pi’ianai’a is one of the legendary figures of the Mānoa campus who actually was responsible for launching Hawaiian Studies on the Mānoa campus and ultimately creating the School of Hawaiian Asian and Pacific Studies and that he established a very high benchmark for the performance of the UH-Mānoa’s ability to serve indigenous populations in Hawaiian studies. His own personal background is one that is incredibly interesting and meritorious, ranging from his abilities to navigate and assist in voyaging, his abilities to understand Pacific geography for which he lectured widely and as a faculty member who was deeply committed to making sure that Hawaiian studies grew and thrived on the Mānoa campus.

Dr. Kiyoshi Ikeda, retired professor of Sociology, testified that Mr. Pi’ianai’a shared his vision and counsel with many, including native Hawaiians, University students, faculty, staff, and executives. With the ‘ohana of Ilima, Gordon and Norman Pi’ianai’a, he thanked Chairperson Lagareta and the Board for approving the posthumous award to “Papa” Pi’ianai’a. He also thanked Vice Chancellor Smatresk and those who wrote letters in support of the medal.

Mr. Abraham Pi’ianai’a was noted for being a steward of native Hawaiian culture and language. Besides being a descendent from ali‘i, Mr. Pi’ianai’a’s upbringing by his grandfather gave him a deep grounding in native Hawaiian legacy, culture, and language, learning the proper protocol in interacting within the Hawaiian community as well as with other Polynesian cultures. His involvement with institutionalizing Hawaiian Studies on campus started in 1976 when he was asked to serve on a Hawaiian Studies Advisory Committee. Mr. Pi’ianai’a was appointed the inaugural director for the Hawaiian Studies Program in 1979. His willingness to serve as director, initially without compensation, reflected his total commitment to and firm belief in the importance of Hawaiian language and culture. Because of his pioneering effort, Hawaiian Studies became a permanent program in 1985, and the Center for Hawaiian Studies was created with the establishment of the School of Hawaiian, Asian and Pacific Studies in 1987.

Learning from a young age about sea travel and navigation, Mr. Pi’ianai’a was a seafarer, participating in transpacific voyages and eventually becoming a shipmaster with the U.S. Merchant Marines. One key achievement was his work in supporting the voyaging endeavors using Polynesian navigational tools within the values and understandings of Polynesian cosmology and culture. When the Polynesian voyaging revival began, Mr. Pi’ianai’a served as mentor and historian to the crew members, as well as acted as lead adviser in protocol matters during interactions with Polynesians, Pacific Islanders, and even Native Americans.

Mr. Pi’ianai’a received a bachelor’s degree in government and public administration in 1953 from the University of Hawai‘i. Before coming to the Mānoa campus, he taught Hawaiian at Kamehameha Schools and served as a lecturer in
Pacific Geography at Stanford University. As a faculty member of the Geography Department, Mr. Pi'ianai'a developed and taught two landmark courses, Geography of Hawai’i and Geography of Honolulu, sharing his wealth of knowledge on navigation, place names, people, and genealogy with his students. These courses were very popular and at times enrolled more than 1,000 students per year. He was also active in Hawaiian and Pacific Islands studies because he felt that Hawai’i could only be understood in the larger context of Polynesia and the Pacific Islands region as a whole.

Serving the state through numerous community service endeavors, Mr. Pi'ianai'a sat on various local and national boards such as the U.S. Board of Geographical Names, Conservation Council of Hawai’i, Naval Reserve Association, the Lili'uokalani Trust, and the Kamehameha Schools. Besides his role as an educator, Mr. Pi'ianai'a held several leadership positions in government such as Chair of Hawaiian Homes Commission, Director of the State Department of Hawaiian Home Lands, and Director of the Public Utilities Commission. Mr. Pi'ianai'a’s list of honors include Outstanding Alumnus of the University of Hawai’i (1973) and of the Kamehameha Schools (1975). He was selected as a Living Treasure of Hawai’i in 1999 and given the Ke Ali‘i Pauahi Legacy Award in 2004 by the Order of Ke Ali‘i Pauahi Foundation of the Kamehameha Schools.

Regent Migita moved to posthumously award the Regents’ Medal of Distinction to Mr. Abraham St. Chad Kikiakoi Kalilioku Pi'ianai’a to recognize and honor his many outstanding contributions to the University of Hawai’i, the State of Hawai’i, and the Pacific Basin region. Regent Haynes seconded the motion. Chairperson Lagareta said that it was moving to see so many letters of support. Upon call, the motion was unanimously carried.

Approve Retention of Bond Counsel for Mānoa Student Housing

General Counsel Kirimitsu explained that Act 138 authorizes the University to issue revenue bonds up to $100 million to finance the construction and maintenance of University housing units. The Office of Capital Improvements anticipates using the bond proceeds to help construct the new dormitory on the Frear site at the Mānoa campus and for other repairs and maintenance of student housing. Consistent with past practices, the University wishes to retain outside bond counsel to advise the University on the issuance of these revenue bonds, prepare the necessary Board resolutions and other bond documents, and issue the required tax opinions.

Board approval is being requested to retain Sam Hellman of the law firm of Hawkins Delafield & Wood as University bond counsel for the proposed $100 million revenue bond issuance. The principal attorney responsible for the work will be Samuel I. Hellman. There has been a tentative agreement that the compensation for such services will not exceed $150,000.

Serving as bond counsel for a public university is a highly specialized legal field. Only a few law firms in the nation have experience with public bond financing in Hawai’i. In the past few years, the University has undertaken two significant bond issues. In December 2001, the University issued approximately $19 million to refinance the entire University system bonds. In June 2002, the University issued $150 million to finance the first phase of the medical and research facilities at Kaka'ako. Mr. Hellman was University bond counsel for both issuances.

Following an informal consultation with the State Department of Attorney General, two other national law firms were solicited for proposals, in addition to
Hawkins Delafield & Wood. One firm currently serves as general advice counsel for public finance issues for the State of Hawai‘i. A second law firm is the State bond counsel for the State’s current $350 million general obligation bond. A fourth firm was initially considered but is conflicted from further consideration because it will be retained by the underwriter for these bonds.

An internal University evaluation committee consisting of Russ Miyake, Duff Zwald, Walter Kirimitsu, and Presley Pang reviewed the three proposals on February 23, 2006. All three firms were considered to be qualified for the work. Copies of the proposals are available for the Board’s review at the office of the University General Counsel.

By consensus of the evaluation committee, the law firm of Hawkins Delafield & Wood was considered best qualified because it had been involved in the immediate past bond issuances by the University. It is familiar with the legal framework of the University Bond System having advised on statutory amendments to Chapter 306, Hawai‘i Revised Statutes. It has prepared similar bond documents, such as the official statement, the Board resolutions, and the tax opinions for the two previous bond issuances. Mr. Hellman is able to commence immediately, and if retained, will not have a steep learning curve. Mr. Hellman’s services in the past have been high quality and responsive.

While cost of services is generally a consideration when hiring outside counsel, in this situation the cost of services is not a decisive factor. Mr. Hellman is currently proposing a ceiling of $150,000 for his services. These fees reflect a discount from the nominal rates. When compared to the principal bond amount of $100 million, such fees will be less than two tenths of one percent. The bond counsel fees will be paid from the proceeds of the bond sales, as will other transaction costs such as insurance premiums and underwriters’ fees.

President McClain requested a clarification on the Frear Hall appropriation of $100 million. Chief Financial Officer Todo clarified that the $25 million that was appropriated by the Legislature was for the capital improvements program (CIP) general obligation bond specific to the Frear Hall redevelopment. The $100 million would be through a revenue bond authorization for student housing related expenditures so they could also be for repairs and maintenance as well as capital improvements. The source of repayment for revenue bonds would be the University.

President McClain questioned how far the $100 million would take the University in addition to the $25 million. Director Yokota said she felt two dorm complexes could be done within the $125 million total. Regent Albano said he understood that other than the general obligation bonds, there would be revenue bonds which could be used for repair and maintenance of the dormitories or construction of new dormitories and capital provided by the developer on the public/private partnership. Director Yokota affirmed this understanding.

Regent Landon moved to approve retention of Hawkins Delafield & Wood as bond counsel for the Mānoa student housing project. Regent Haynes seconded the motion which was unanimously carried.
President McClain requested that this item be taken out of order. Director Yokota requested that the Board approve the following consultant and construction contracts:

1. On the Mānoa campus, design for renovations for the Biomedical Sciences Building to accommodate the Free Electron Laser laboratory and offices and design for the renovation for the Speech Pathology program. On the Hilo campus, construction management services for various repair and maintenance projects. The total construction value of the projects is about $5 million.

2. On the Hilo campus, design services to reroof various buildings; preparation of a request for qualifications/proposal document including certain design specifications to allow UH-Hilo to begin the RFP process to select a contractor for the Nowelo student housing project; design services for the renovation and repairs to the Hale Kehau dining room; and design for improvements to upgrade the electrical system in the student housing complex system.

3. For the community college system, assistance with managing the various repairs and maintenance contracts.

The construction value of these projects will be approximately $5 million to $8 million.

Director Yokota also requested approval on certain construction contracts where the cost is higher than what was projected. She will report on the actual value of those construction contracts later but requested that the Board approve the contracts with the estimated value.

Regent Landon moved to authorize the administration to enter into professional services consultant and construction contracts for CIP and repairs and maintenance projects as reported. Regent Haynes seconded the motion followed by discussion.

In response to Regent Albano, Director Yokota said that the lapsing of funds pertained only to the construction contracts and that construction costs have gone up due in part to the cost of materials and the limited number of contractors bidding on projects.

Regent Migita noted that funding for one of the projects was from a private source. He asked who would provide the additional funding if costs got higher during construction. Director Yokota responded that in this case, since it was a Mānoa Athletics project, that the Department would have to raise the additional funds.

Upon call, the motion was carried.

**Budget Policy Paper**

President McClain informed that by Board policy, it was time to begin the biennium budget process. He explained that in January, Vice President Johnsrud spoke about the first analysis that was conducted along with the second decade
initiative which identified the State’s higher education needs. That presentation satisfied the Board’s policy requirement that the budget process describe the environment for what is necessary in the State. He had issued a memorandum to all chancellors and select systemwide groups on the biennium budget proposal development followed up by a memorandum from Vice President Johnsrud and Vice President Todo on the timeline for the development of the biennium budget.

Vice President Todo explained the next step in the process was the Board’s approval of a biennium budget policy paper which sets forth the environmental context for budget building and general program, policy and management objectives. The budget will be brought to the Board sometime this summer and presented to the Governor and Legislature in time for the next session. Vice President Johnsrud described the stocktaking process and how the questions posed were refocused to how campuses will meet State needs. Vice President Todo added that campuses are also to analyze their entire budget and not just their general funds. Chairperson Lagareta said the Regents supported the stocktaking process and believes it moves the University toward increased autonomy with accountability.

Regent Albano moved to approve the biennium budget policy paper for the 2007-2009 fiscal biennium. Regent Haynes seconded the motion which was unanimously carried.

**Delegation of Personnel Actions**

President McClain requested that the Board delegate authority to the President to approve certain personnel actions. He explained that in October 2001, the Board delegated to the President authority to approve many of these actions and extended that authority in 2003 for two years. The sustaining in October 2003 did not renew the delegation of authority to approve certain personnel actions related to managerial positions and personnel. In July 2004, this was reinstated and the President was authorized to approve actions relating to managerial positions and personnel within established Board policies, except that managerial salaries above the median and salary adjustments above the 60th percentile of the appropriate salary comparison required Board approval. In September 2005, this delegation and the others were extended through October 2007. President McClain requested that this delegation be extended indefinitely. Pending completion of the work that is being engaged in with the Hawai‘i Employers’ Council concerning some new policies regarding executive/managerial compensation, there may be further delegations to the campuses that will be in store down the road.

General Counsel Kirimitsu said clarification was needed regarding the offices that report to the Board of Regents and partially to the President, which are the General Counsel’s Office, including Risk Management and Affirmative Action, the Board’s staff, and the Internal Auditor’s Office. President McClain said the practice has been that since these positions report to the Board, he did not have decision-making authority in those personnel actions. Chairperson Lagareta added that this might warrant further discussion inasmuch as those who report directly to the Board often do not receive the same timely reviews and salary considerations as those reporting to the President.

Regent de la Peña moved to delegate authority to the President to approve personnel actions as indicated in the listing provided as Attachment A in the President’s memorandum. Regent Bender seconded the motion which was unanimously carried.
VII. GIFTS, GRANTS AND CONTRACTS

Vice President Gaines reported that during the period, January 1, 2006 through January 31, 2006, the University of Hawai‘i system received approximately $8.4 million in research and training grants. He added that historically, January is generally a slow month. The University of Hawai‘i at Hilo is on pace to have one of their best years, and the University of Hawai‘i system is now running about 20 percent ahead of last year through the first eight months.

Regent Migita moved to accept with thanks the gifts and grants and ratify the actions of the administration in executing the contracts as presented in Attachment #2 of the Board of Regents’ agenda dated March 16, 2006. Regent de la Peña seconded the motion which was unanimously carried.

Vice Chancellor Ostrander reported on space constraints in conducting research at the University. He projected that by 2015, teaching classroom needs will be about 100,000 square feet. Much of this is driven by research in a sense that over the years, classrooms and teaching labs have been reduced for new labs, and this does not always work well.

Mānoa is projecting a 100,000 square foot need of research laboratory space and additional teaching laboratory space. In terms of working through this process, they are looking as much as possible to be able to re-use space, renovate space, condense the campus footprint, increase permeability across the campus, and reduce the number of cars that are actually on campus. Currently, there is an immediate need of 80,000 square feet for research. When renovation is considered, Vice Chancellor Ostrander said he could justify 400,000 square feet that needs to be renovated at Mānoa to make the University competitive. Therefore, if the space issue is not resolved, there will be problems attracting grants in the future and being able to conduct research.

Regent Yamasato asked if there was a master plan for Mānoa. Vice Chancellor Ostrander informed that the long-range development plan will be an opportunity to highlight specific needs and issues both with the infrastructure and the facilities as well as how facilities effectively integrate with the campus. He informed that Mānoa has hired a consultant to think through these space issues. Regent Yamasato followed that a master plan assures that there will not be a haphazard development of the campus. Regent Tanaka concurred, adding that as the success of research increases, something needs to be done to get space in the next few years. The more cost the University adds to the research endeavor will help to increase the indirect rates.

Regent Albano asked if the University was turning down grants because of the space problem. Vice Chancellor Ostrander responded that to date, no grants have been turned down to his knowledge. However, faculty members have told him that they could apply for more grants if they had adequate space.

Regent Bender moved to enter into executive session to consider personnel and legal matters and to consult with the Board’s attorney in accordance with Chapter 92, Hawai‘i Revised Statutes. Regent de la Peña seconded the motion which was unanimously carried. The meeting recessed at 12:01 p.m. and reconvened at 2:47 p.m. in the same location.
AGENDA ITEMS (Continued)

Audit Reports - University of Hawai‘i

a. University of Hawai‘i Bond System

Chief Financial Officer Todo explained that there is an annual audit of the University’s bond system. This year, the University bond system remained stable; net assets grew by 3.1 percent, $2.6 million over last year; and income increased by $2.2 million over the previous year. The public accounting firm of PricewaterhouseCoopers (PwC) had performed the audits.

Mr. Jim Hasselman, PwC, reported that an audit was conducted of the bond system as required under the bond indenture. The audit resulted in an unqualified opinion on the financial statements of the University Bond System. There were no material weaknesses or reportable conditions in internal controls noted as part of the audit. In its Internal Control and Business Issues Report, PwC communicated one current year comment and updates for prior year comments. Management presented its planned actions in response to the report.

Regent Haynes moved to accept the bond system financial statements and the internal control and business issues report as submitted by the external auditor PricewaterhouseCoopers. Regent Yamasato seconded the motion which was unanimously carried.

b. University of Hawai‘i OMB Circular A-133 Audit Report and
c. University of Hawai‘i Internal Control and Business Issues Report

Chief Financial Officer Todo explained this annual audit is conducted in compliance with federal laws, rules and regulations and contractual agreements with regard to the University’s major federal contracts and grants. As a result of this audit, PwC issued their OMB Circular A-133 Audit Report. In addition, PwC issued a separate Internal Control and Business Issues Report in connection with their audit of the consolidated financial statements of the University of Hawai‘i.

Mr. Hasselman reported that the Internal Control and Business Issues Report noted no material weaknesses or reportable conditions in the course of their audit of the consolidated financial statements.

In connection with the OMB Circular A-133 Audit Report, Mr. Hasselman reported that they noted no matters involving the internal control over financial reporting that they consider to be material weaknesses, and no instances of non-compliance or other matters required to be reported under Governmental Auditing Standards. However, regarding compliance with respect to Federal programs and internal control over compliance, PwC noted two reportable conditions.

One reportable condition related to sub-recipient monitoring. In PwC’s opinion, the University did not adequately comply with requirements in this area. PwC considered this a material weakness in internal controls over federal compliance and reported it as an exception in their report on compliance with requirements applicable to major Federal programs. The second reportable condition related to compliance with the University’s own policy regarding the timeliness of FTE certifications.
Regent Haynes inquired about the consequences of a qualified report on compliance. Mr. Hasselman responded that it would be dependent upon the cognizant Federal agency, in this instance the Department of Health and Human Services (DHHS). President McClain assured the Board that both Vice President Gaines and Chief Financial Officer Todo would be working on this matter and that the Board would be updated as to the University’s corrective actions. Chief Financial Officer Todo added his assurance that the administration does understand the urgency of getting this resolved so that improvements can be shown in the next audit.

Regent Haynes asked if it might be appropriate if the Board’s Audit Committee monitored this for the Board in order to remain proactive. President McClain expressed that the administration will work with the Audit Committee to ensure proper follow-up.

Regent Yamasato moved to accept the OMB Circular A-133 Audit Report and Internal Control and Business Issues Report as submitted by PricewaterhouseCoopers. Regent de la Peña seconded the motion which was unanimously carried.

VIII. 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

President McClain recommended the following personnel actions, Attachment #3, of the Board of Regents’ agenda dated March 16, 2006.

UNIVERSITY OF HAWAI’I, SYSTEM

Executive

LEE, KAREN
Interim Associate Vice President
Off of the Vice President for Student Affairs
March 1, 2006 - February 28, 2007 or until a Vice President of Student Affairs is selected

UNIVERSITY OF HAWAI’I AT MĀNOA

Executive

HAYES, CHARLES
Interim Dean, UHM
College of Natural Sciences
Salary Adjustment
November 21, 2005
Reappointment
December 17, 2005 - December 16, 2006 or until a permanent dean is appointed, whichever occurs first
Emeritus

BOESGAARD, ANN M.
Professor
Physics & Astronomy/Institute for Astronomy
University of Hawai‘i at Mānoa
Upon Board Approval

CARR, GERALD D.
Professor
Botany
University of Hawai‘i at Mānoa
Upon Board Approval

CRAMER, ROGER E.
Professor
Chemistry
University of Hawai‘i at Mānoa
Upon Board Approval

DEWEY, ALICE G.
Professor
Anthropology
University of Hawai‘i at Mānoa
Upon Board Approval

FRIEDERICH, REINHARD H.
Professor
English
University of Hawai‘i at Mānoa
Upon Board Approval

GRIFFIN, P. BION
Professor
Anthropology
University of Hawai‘i at Mānoa
Upon Board Approval

JACOBS, LAURENCE W.
Professor
Marketing
University of Hawai‘i at Mānoa
Upon Board Approval

MACMILLAN, IAN
Professor
English
University of Hawai‘i at Mānoa
Upon Board Approval
MARTIN, STEPHEN L.
Specialist
Co-Curricular Activities, Programs
And Services
University of Hawai‘i at Mānoa
Upon Board Approval

MURTON, BRIAN J.
Professor
Geography
University of Hawai‘i at Mānoa
Upon Board Approval

TOYAMA, JEAN M.
Professor
Lang. & Lit. of Europe and the Americas
University of Hawai‘i at Mānoa
Upon Board Approval

WISNOSKY, JOHN
Professor
Art & Art History
University of Hawai‘i at Mānoa
Upon Board Approval

YATES, ALAYNE
Professor
Psychiatry
University of Hawai‘i at Mānoa
Upon Board Approval

UNIVERSITY OF HAWAI‘I AT HILO

Emeritus

JOHNSON, JERRY
Professor
Psychology
College of Arts and Sciences
Upon Board Approval

COMMUNITY COLLEGES

Executive

MASUTANI, CAROL
Interim Vice Chancellor, CC (Admin Svcs)
Kapi‘olani Community College
Reappointment
February 1, 2006 - January 31, 2007, or
unless sooner relieved
Managerial

MURAKAMI, SCOTT T.
Director of the Pacific Center for Advanced Technology Training
Honolulu Community College
Upon Board Approval

Regent Bender moved to approve the personnel actions as listed above. Regent Haynes seconded the motion which was unanimously carried.

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 #3 of the Board of Regents’ agenda dated March 16, 2006.)

IX. UNIVERSITY OF HAWAI’I FOUNDATION REPORT

University of Hawai’i Foundation (UHF) Vice President Bill King reported on UHF’s activity through December 31, 2005. By source, he reported that fund-raising had been strong in the “individuals” category. There was no change in the “corporate” category but the “foundations” category fell below the previous year. By type, “gifts and pledges” were about the same as last year but “deferred gifts” were higher than last year. The “endowment” category is ahead of last year. UHF reflects a fund balance of $184 million through December 31 having started the year with $174 million. On the revenue side, Vice President King reported that the Foundation had a good second quarter particularly in unrestricted gifts. Their expenses continue to be under budget in part caused by vacancies. Program expenses for at least the development, services and support are favorable.

As a basic part of its service agreement, UHF received a million dollars for the first half of the year from the University. This helps support the payroll costs and the 50 percent of unit development officers’ payroll costs which is the other component of the service agreement.

Halfway through the year, alumni relations received $175,000. Expenses are primarily driven by the 5.5 FTE. They had a carryover from the prior year of $37,147 for a balance of $20,382.

President Vuchinich reported that as of March 15th, UHF is at $24.6 million and moving along in the third quarter. Activity has been increasing in response to the appointment of David McClain as the President of University of Hawai’i. She then reported on upcoming alumni events including the trip to France being coordinated for the Foundation by former Board Chair Patricia Lee. Alumni relations has been actively recruiting new members and has 3,200 pledges toward new membership this year. Alumni Affairs featured West O’ahu Chancellor Gene Awakuni at the annual members’ luncheon on March 1st.
AGENDA ITEMS (Continued)

Conversion from Provisional to Established Status of the Associate in Science Program in Digital Media Production at Leeward Community College (Continued)

President McClain reminded that this item had been earlier deferred. Since then, Chancellor Quigley and Vice President Morton worked on the financials of the proposal and were prepared to present them.

Chancellor Quigley reiterated that the resources listed had been committed for some time. Positions were allocated several years ago as this program was launched and what is seen is the fruition of the cost revenue side as it stabilized at the present time. After receiving the financial details relative to the program, Regent Landon expressed that such analyses are essential in decision-making and would be helpful for all future program proposals.

Regent Bender moved to approve the conversion from provisional to established status of the Associate in Science Program in digital media production at Leeward Community College. Regent de la Peña seconded the motion followed by discussion.

Upon call, the motion was carried.

Lease Amendment for Phase II of the North Hawai‘i Education and Research Center at 45-547 Plumeria Street, Honoka‘a, Hawai‘i (Continued)

Director Yokota reported that she had obtained additional information. The second phase plan was to demolish the existing building. The cost of renovation would be higher than reconstruction. The current building does not meet code.

To Regent Landon’s earlier question regarding the amount of asbestos in the building, Phase I involved quite a bit of asbestos in the walls and the various systems. The same was expected in the second building and so it was better to completely demolish the building and reconstruct that portion.

Chairperson Lagareta said that the new information was helpful and different from the earlier explanation. Regent Dahilig moved to approve the lease amendment for Phase II of the North Hawai‘i Education and Research Center at 45-547 Plumeria Street, Honoka‘a, Hawai‘i. Regent Landon seconded the motion which was unanimously carried.

X. ANNOUNCEMENT

Next Meeting

Chairperson Lagareta announced that the next regularly scheduled meeting of the Board would be held on Thursday, April 20, 2006, at Windward Community College. She thanked the faculty, staff and students of Leeward Community College for their hospitality and their assistance with the logistics of the meeting. She thanked her fellow Regents for their efforts in securing a president for the University of Hawai‘i.

Regent Haynes moved to enter into executive session to consider personnel and legal matters and to consult with the Board’s attorney in accordance with
Chapter 92, Hawai‘i Revised Statutes. Regent Landon seconded the motion which was unanimously carried. The meeting was recessed at 3:30 p.m. to enter into executive session.

XII. ADJOURNMENT

The meeting was reconvened in open session at 10:37 a.m., March 17, 2006, at which time the meeting was adjourned.

Respectfully submitted,

David Iha, Executive Administrator and Secretary of the Board