MINUTES OF THE REGENTS’ COMMITTEE ON UNIVERSITY AND EXTERNAL AFFAIRS

Date: Thursday, June 3, 2004

Place & time: Campus Center conference Chamber, Room 220 University of Hawai‘i at Mānoa 9:50 a.m.

Committee Members Present: Regents Tatibouet (presiding) Bender Lagareta Nunokawa Lee (ex-officio)

Other Regents Present: Regents Haynes Kakuda Kawakami Tanaka Yamasato

Others Present: David McClain, Acting President, University of Hawai‘i Carolyn Tanaka, Associate Vice President William King, Vice President for Administration/CFO David Morihara, Director, Governmental Relations David Iha, Executive Administrator and Secretary of the Board Carl H. Makino, Executive Assistant to the Board

Approval of Committee Meeting Minutes

Regent Bender moved to approve the minutes of the meeting of the Regents’ Committee on University and External Affairs held on March 18, 2004. The motion was seconded by Regent Nunokawa and unanimously carried.

Subjects:

1. University of Hawai‘i Foundation Reports

2. Legislative Update
University of Hawai’i Foundation Reports

Vice President King reported that the total gifts received to date was approximately $24 million, with a goal of approximately $30 million. There were 26,015 donors thus far totaling $17 million. 148 donors gave gifts of $10,000 or more totaling $13.2 million. Of the $24 million total raised in FY2004 approximately 99.14% was restricted to specific units, colleges and campus programs. For the period July 2002 through March 2004 the Foundation recorded a total of $3,461,065 in contributions and grants to the John A. Burns School of Medicine. In addition, the State Legislature approved $150,000 for the initial planning and design of the Culinary Institute of the Pacific at Diamond Head.

Regent Tatibouet asked for a clarification of the figures since they did not add up to the reported total. Vice President King explained that deferred gifts and gifts in kind were not part of the figures. She asked that in future reports these figures be included so that the totals reconciled.

Regent Lagareta asked where the protocol funds were derived from. Vice President King informed that they came from the total revenue sources. Regent Haynes asked in the event the protocol fund should be depleted, where would the money come from. Vice President King said that specific donors would have to be found who would not mind making a contribution in order to replenish the protocol fund. He added that the President’s protocol fund was up to $200,000 annually from $150,000.

Regent Lagareta asked if normal receipt and reimbursement policies applied to expenditures by the President as charged to this protocol fund. Vice President King said that all normal support documents are expected before reimbursement can be made. She asked if all other University employees using Foundation funds are required to submit receipts. Vice President King said yes. Regent Lagareta asked why the President was not being required by the Foundation to do the same as all other employees. Vice President King explained that the Foundation was paying the amount of President Dobelle’s credit card statement rather than on documented legitimate expenses. He did not know when that began but due to an audit by Deloitte and Touche as commissioned by the Board of Regents, the Foundation was making some changes.

Regent Lagareta asked how the protocol fund was increased from $150,000 to $200,000 since the $150,000 originally had been requested by the Board of Regents through the Foundation Board. Vice President King said the Foundation Board approved the request from President Dobelle because they felt that he would incur more expenses than his predecessor since he was traveling more than his predecessor.

Regent Haynes asked if he went over the amount, what happens. Vice President King said he must find a donor to cover the balance. Regent Haynes asked how and who
determines what is business or what is personal. Vice President King responded that the Foundation would receive a spreadsheet from the President who indicates what, by his determination, was personal and what is business. Regent Lagareta asked if a Foundation employee was incorrectly reimbursed for personal expenses, how quickly would the Foundation expect to be repaid. Vice President King said immediately. Regent Lagareta asked if two years would then be considered too long by the Foundation. Vice President King most definitely. Regent Lagareta pointed out that this was exactly what the President was doing, making reimbursements up to 2 years after the fact, shortly after the audit began.

Chairperson Lee noted that in the Kaka‘ako Medical School project section of the Foundation report that very little money has been raised in the two years despite the promises made by President Dobelle to raise $150 million. Vice President King said $16 million was raised in two years. Vice President King said there is probably only about $3.4 to $3.5 million raised for the Medical School building.

Regent Tatibouet inquired about Kapi‘olani Community College’s Culinary Institute of the Pacific project. Chancellor Morton responded that he would have a much more comprehensive report at the next meeting because of work being done by an architect.

Regent Tatibouet inquired about the number of individuals receiving M‘ālama. Associate Vice President Tanaka said she would get the information.

Regent Tatibouet expressed her appreciation to Vice President King for his forthright responses to the Regents. She added that this was a refreshing change and that the Committee was appreciative of the difficult position that he was being placed in.

Vice President King then provided a financial overview along with the trend of fund-raising for 2002-2004. As of March 2004 $21 million had been raised. 8.5% by individuals, $2.6 million from corporations, 5.9% by the Foundation and 3.2 million by other groups, consortium associations for a total of $20.2 million dollars of which 5.9% had been designated for faculty and academic support, 6.5% for student opportunity and access, and 2.3% for research and 5.3% for buildings, public service, and special projects.

Legislative Update

Director Morihara reported on the bills passed by the Legislature. One of the more significant bills was the Optional Retirement System. While the bill is not a perfect one, it is the first time the Legislature was willing to at least hear this bill and move it out. He also reported on the passage on Senate Bill 2716 SD1 HD2 CD1 establishing the higher education statutory analysis interim study to determine and improve the organizational framework for higher education statutes. This would be a working endeavor by the
Legislature, due to the many changes in the statutes over the past years. He also reported on bills that the University needs to oppose, the major bill being the procurement bill which takes away the University’s exemptions given to it under autonomy. The administration had sent messages to the Governor, encouraging her to veto this bill. Director Morihara suggested that the University make a concerted effort to clarify to the Legislature what autonomy means to the University.

There being no further business before the Committee, the meeting was adjourned at 11:31 a.m.

Respectfully submitted,

David Iha, Secretary

Dated: July 21, 2004

c: Chairperson Patricia Y. Lee
Members, Committee on University and External Affairs
President Evan S. Dobelle
Associate Vice President Carolyn Tanaka