

**Notice of Meeting  
UNIVERSITY OF HAWAI'I  
BOARD OF REGENTS**

*Board business not completed on this day will be taken up on another day and time announced at the conclusion of the meeting.*

**Date:** Thursday, March 19, 2020

**Time:** 9:45 a.m.

**Place:** Honolulu Community College  
Norman W.H. Loui Conference Center  
Building 2, Room 201  
874 Dillingham Blvd.  
Honolulu, Hawai'i 96817

**Remote Location:** University of Hawai'i Maui College\*  
Chancellor's Office  
Conference Room, Pilina 216  
310 West Ka'ahumanu Avenue  
Kahului, Hawai'i 96732

\* Individuals who plan on attending at the UH Maui College location will be requested to RSVP to [bor@hawaii.edu](mailto:bor@hawaii.edu) to ensure access

***In light of the evolving COVID-19 situation, protecting the health and welfare of the community is of utmost concern. As such, while meetings remain open to the public, we encourage the submittal of written testimony in lieu of in-person testimony and also encourage that the meetings be monitored from your home or office via the audio livestream pilot project. See the Board of Regents website for information on accessing the audio livestream: [www.hawaii.edu/bor](http://www.hawaii.edu/bor). Mahalo for your consideration.***

**AGENDA**

- I. Call Meeting to Order**
- II. Approval of the Minutes of the February 20, 2020 Meeting**
- III. Public Comment Period for Agenda Items:** All written testimony on agenda items received after posting of this agenda and up to 24 hours in advance of the meeting will be distributed to the board. Late testimony on agenda items will be distributed to the board within 24 hours of receipt. Written testimony may be submitted via US mail, email at [bor.testimony@hawaii.edu](mailto:bor.testimony@hawaii.edu), or facsimile at 956-5156. Individuals submitting written testimony are not automatically signed up for oral testimony. Registration for oral testimony on agenda items will be provided at the meeting location 15 minutes prior to the meeting and closed once the meeting begins. Oral testimony is limited to three (3) minutes. All written testimony submitted are public documents. Therefore, any testimony that is submitted verbally or in writing, electronically or in person, for use in the public meeting process is public information and will be posted on the board's website.
- IV. Report of the President**
- V. Committee Reports**
  - A. Report from the Committee on Budget and Finance
  - B. Report from the Committee on Intercollegiate Athletics

---

For disability accommodations, contact the Board Office at 956-8213 or [bor@hawaii.edu](mailto:bor@hawaii.edu).  
Advance notice requested five (5) days in advance of the meeting.

- C. Report from the Committee on Planning and Facilities
- D. Report from the Committee on Research and Innovation
- E. Affiliate Reports

**VI. Agenda Items**

- A. Consent Agenda
  - 1. Approval of Revisions to Regents Policy (RP) 8.207, Investments; and Repeal of RP 8.211, Resolution on Use of New Income, Principal, and Investment of ASUH-Mānoa Stadium Stock Fund dated January 18, 1979, and RP 8.212, Guidelines on Use of Income from the University of Hawai'i Mānoa Stadium Stock Fund, Proceeds from the Sale of the Kaimuki Observatory Lot and from the Rental of University Property
  - 2. Approval of New RPs: RP 12.209, Strategic Research Plan, and RP 12.210, Research and Training Revolving Fund
  - 3. Approval of Health Fee Increase at University of Hawai'i at Hilo
  - 4. Approval of Authorization and Approval to Enter into a Pre-Closing Agreement with Greystar Development Services, LLC for Development of a Multi-Family Rental Housing Facility at the Former NOAA Site
- B. Approval of Reappointment of Roberta Chu and Appointment of Diana L. Van De Car to the Maunakea Management Board
- C. Legislative Update

**VII. Announcements**

- A. Next Meeting: April 16, 2020, at Kapi'olani Community College

**VIII. Adjournment**

**ATTACHMENTS**

Attachment A – Personnel actions posted for information only

20499

Attachment A: Pursuant to §89C-4, Hawai'i Revised Statutes, the following proposed compensation actions for excluded Executive/Managerial are disclosed for purposes of public comment.

Executive/Managerial

Campus	Last Name	First Name & Middle Initial	Proposed Title	Unit	Nature of Action	Monthly Salary	Effective Date
UH System	Hashiro	Kimberly	Interim System Director of Human Resources	Office of the Vice President for Administration	Appointment	\$10,906	March 20, 2020 to March 19, 2021
UH System	Lau	Shannon	University Associate General Counsel	Office of VP for Legal Affairs & University General Counsel	Appointment	\$10,834	On or After April 17, 2020
UH System	Ohta	Tracey	University Associate General Counsel	Office of VP for Legal Affairs & University General Counsel	Appointment	\$9,834	On or After April 1, 2020
UH Mānoa	Buenconsejo-Lum	Lee	Associate Dean	John A. Burns School of Medicine	Appointment	\$18,750	April 1, 2020

RECEIVED

20 MAR 13 P 1:03

UNIVERSITY OF HAWAII  
PRESIDENT'S OFFICE

20 MAR 13 P 1:04

UNIVERSITY OF HAWAII  
BOARD OF REGENTS

**DISCLAIMER – THE FOLLOWING ARE DRAFT MINUTES AND ARE SUBJECT TO FURTHER REVIEW AND CHANGE UPON APPROVAL BY THE BOARD**

**MINUTES**

**BOARD OF REGENTS MEETING**

**FEBRUARY 20, 2020**

**I. CALL TO ORDER**

Chair Ben Kudo called the meeting to order at 9:35 a.m. on Thursday, February 20, 2020, at University of Hawai'i – West O'ahu, 91-1001 Farrington Highway, Campus Center, Room C208, Kapolei, Hawai'i 96707.

Quorum (10): Chair Ben Kudo; Vice-Chair Jan Sullivan; Vice-Chair Wayne Higaki; Regent Simeon Acoba; Regent Kelli Acopan; Regent Eugene Bal; Regent Michael McEnerney; Regent Randy Moore; Regent Robert Westerman; and Regent Ernest Wilson Jr.

Excused (2): Regent Alapaki Nahale-a; Regent Michelle Tagorda.

Others in attendance: President David Lassner; Vice President (VP) for Administration Jan Gouveia; VP for Community Colleges Erika Lacro; VP for Legal Affairs/University General Counsel Carrie Okinaga; VP for Academic Planning and Policy Donald Straney; VP for Research and Innovation, Vassilis Syrmos; VP for Budget and Finance/Chief Financial Officer Kalbert Young; VP for Advancement/UH Foundation (UHF) Chief Executive Officer (CEO) Tim Dolan; UH Mānoa (UHM) Provost Michael Bruno; UH Hilo Chancellor Bonnie Irwin; UH West O'ahu (UHWO) Chancellor Maenette Benham; Leeward Community College (LeeCC) Chancellor Carlos Peñaloza; Executive Administrator and Secretary of the Board of Regents (Board Secretary) Kendra Oishi; and others as noted.

**II. APPROVAL OF THE MINUTES OF THE JANUARY 16, 2020 MEETING**

Regent Wilson moved to approve the minutes of the January 16, 2020 meeting, seconded by Regent Moore. Noting the excused absences of Vice-Chair Sullivan, Regent Nahale-a, and Regent Tagorda, the motion carried, with all members present voting in the affirmative.

**III. PUBLIC COMMENT PERIOD**

Board Secretary Oishi announced that the Board Office received written comments from the UHM Faculty Senate Executive Committee regarding the ongoing UHM campus reorganization efforts and Nanea Lo regarding the continuation of funding for the Nā Ko'oko'o initiative within the College of Social Sciences at UHM and that no one signed up to provide oral testimony.

**IV. REPORT OF THE PRESIDENT**

President Lassner thanked UHWO for hosting the meeting and provided a report highlighting the following:

#### Hawai'i Graduation Initiative

- Census data indicates that overall headcount enrollment is down over the spring. However, headway has been made in enrollment from the losses experienced last fall relative to fall 2018. The loss in overall enrollment numbers from spring-to-spring was also smaller than the fall-to-fall loss which indicates that more students were either being retained from last year or admitted to UH. Enrollment at UHWO, Windward Community College (WinCC), and Hawai'i Community College (HawCC) has also increased, with UHWO and HawCC reversing downward trends that were being experienced in fall enrollment. WinCC was the only campus to experience an increase in enrollment in fall 2019, and increased its growth from 2.4% in the fall to 7.3% this spring. President Lassner reiterated that while overall headcount enrollment is just one data point, it is a useful indicator of trends. The administration will continue to review and analyze enrollment data in detail to gain insight on which enrollment segments are experiencing growth and which are not so that UH can continue to improve in its efforts to serve more students.
- UHM will launch its first Naval ROTC program in August 2021 which will provide scholarship opportunities that will enable more Hawai'i students to attend college affordably, as well as serve their country, and become commissioned naval officers upon graduation. Planning for the establishment of the Naval ROTC program has already begun with an expected cohort of 60-120 students.

#### Hawai'i Innovation Initiative

- UH continues to work on addressing sustainability and resilience and has leveraged its expertise in this subject area to secure funding from the Department of Defense (DOD) to ensure that military installations are prepared for the effects of climate change. A School of Ocean and Earth Science and Technology (SOEST) research team led by Dr. Chip Fletcher has developed models that indicate the projected impacts sea-level rise will have on beach erosion, groundwater inundation, drainage failure, and seasonal high-wave overwash, as well as other flood related impacts to coastal areas. This modeling can then be used by government agencies, including the DOD, to administer coastal policy, establish construction guidelines, and plan for resilient infrastructure projects. As a result of this work, UH stands to be extremely competitive for additional, available funding in this area.
- UHealthy, a new effort to advance healthcare initiatives to improve health and healthcare statewide, continues to receive support at the Legislature. Initiatives continuing to move forward include legislation that increases the vaping age to 21, supports telehealth, and strengthens healthcare workforce development.

- UH is currently working with the Naval Facilities Engineering Command (NAVFAC) and the Office of Naval Research on corrosion and groundwater issues with regard to the Red Hill fuel storage facility and have formed a strategic partnership to research current and future technologies in the areas of corrosion prevention, surface coatings, and groundwater monitoring to address these issues.

### High Performing System

- College reorganization efforts continue to move forward. The merger of the College of Language, Linguistics, and Literature; College of Arts and Humanities; and School of Pacific and Asian Studies to develop a newly conceived college that brings together arts, humanities, languages, and Pacific and Asian studies to create a more unique, dynamic, and cohesive liberal arts community at UHM is on schedule for formal consultation this spring and is expected to move ahead without delay.
- The reorganization of campus administration at UHM has been delayed. While it was anticipated that the final versions of new functional statements and high-level organizational charts, as well as the creation of Vice-Provost positions and other offices under the authority of the UHM Provost, would be completed by April, the UHM Faculty Senate has informed the administration that they will require sixty days to fully and adequately review the final, formal proposal regarding campus reorganization. This will result in the administration's inability to complete formal consultation by April. Informal consultations will continue with formal consultation with the UHM Faculty Senate, governance groups, and unions now being anticipated to take place in the fall of 2020.

### Mission-Focused System

- The UH Cancer Center (Cancer Center) which has faced a number of issues over the years continues to improve. The Cancer Center renewed all of its National Cancer Institute designations and has received \$6.5 million in grant funding from the National Institutes of Health to develop an early phase clinical trial program. The Cancer Center also recently welcomed an annual visit from its External Advisory Board (EAB) consisting of cancer center directors and associate directories from across the country. The EAB conducted a review of the Cancer Center, speaking with researchers and administrators, and provided extremely positive feedback on the Cancer Center noting the improved climate and camaraderie, the quality of the research programs, and the increase in institutional support.
- Five campuses of the UH System have been designated as national centers of academic excellence in cyber defense education and research, which is another key area of focus for UH. The administration continues to seek federal investments in this area to prepare students to meet current and future challenges in cybersecurity.



Vice-Chair Sullivan arrived at 9:46 a.m.

- UH continues to receive strong federal support and funding for a number of its programs and initiatives including the Pacific Disaster Center Global program, ocean and earth sciences programs, Title III programs, alternative energy research programs, and astronomy programs.
- UH has established a new Office of Indigenous Innovation within the Office of Innovation and Commercialization. The new office will be responsible for promoting and advancing indigenous innovation and entrepreneurship within UH and the community using the knowledge and expertise of indigenous populations. UH will continue to identify funding opportunities to secure support for this program.

President Lassner also highlighted the following:

- In 2019, UH launched a partnership with Landed, a company that assists employees at educational institutions in purchasing housing mainly through a down payment program that helps individuals meet a 20 percent, home-buying down-payment threshold. To date, Landed has assisted four UH employees in successfully purchasing their homes, with an additional 19 employees actively working on purchasing a home through this program. Landed has also helped connect several hundred UH employees with home-buying educational resources.

### Report of the Host Campus

Chancellor Benham welcomed everyone to UHWO and provided a brief overview of work begun by UHWO in 2017 to formulate and develop a comprehensive strategic action planning process. These efforts have resulted in the development of a three-phase operational action plan (Action Plan), the first phase of which will be completed shortly, and preparations for the initiation of the second phase currently underway. The Action Plan will perform concentrated assessments of UHWO's work and mission and determine ways in which it can strengthen or pivot its planning processes, programs, and actions to carry-out UHWO's mission and meet its goals and objectives of generating a vibrant learning environment with comprehensive support services; engaging teaching, learning, and scholarship activities that are student centered; and achieving good stewardship of resources to allow for optimization and expansion.

Chancellor Benham provided a brief history of UHWO, noting its origins at LeeCC in the 1960s and its relocation to its current campus in 2012. She noted the campus expansion that has since taken place with the addition of Hawaii Tokai International College and an Administration and Health Sciences Building and the doubling of parking facilities. Expansion is expected to continue with the strategic campus land plan anticipating the addition of student housing and classroom facilities, including an innovation building, and the expansion of the campus center building. UHWO also continues to work with the administration in developing plans for its university district lands and Transit Oriented Development. Chancellor Benham spoke on the ongoing development of the Creative Media Facility (Facility) noting that construction of the

Facility was 60 percent complete with an anticipated opening this fall. She highlighted the various features of the Facility, including soundstage and production features, stating that the Facility was an integral facet of UHWO's creative media program which currently has 172 enrolled majors with those numbers projected to increase to between 205 and 244 in the near future.

The faculty and staff of UHWO were acknowledged for their hard work in creating a welcoming and culturally-responsive educational atmosphere that Chancellor Benham credited with UHWO's consistency with student enrollment and matriculation. She reported that UHWO has consistently experienced an enrollment of approximately 3,000 students each year for the past three years, has awarded 1,800 bachelors degrees, and has a current retention rate of 76.4 percent. The addition of 269 new students at UHWO the spring of 2020 was also seen as a positive enrollment indicator given that 339 students graduated in the fall. Chancellor Benham spoke on the success of UHWO's Early College Program which serves approximately 300 high school students each semester and continues to work with community partners to host career fairs on campus, with the last career fair welcoming 1,300 high school freshmen. She reported that there were currently 43 articulation agreements with a number of community colleges and the neighbor island distance education program added 3 new concentrations.

Chancellor Benham also underscored a number of UHWO's achievements including consistently high placement in national collegiate rankings; growth in extramural funding from \$5.5 million in 2017 to \$8.2 million in 2019; and increased philanthropic donations from \$260,000 in 2017 to \$808,000 in 2019 with a goal of achieving \$1 million in donations in 2020. She highlighted achievements made by UHWO faculty, including the establishment of a number of partnerships with the community to provide internships, practicums, and mentorships for UHWO students, and provided a few success stories of UHWO graduates.

### Faculty Report

Tom Hirsbrunner, UHWO Faculty Senate Chair, provided a brief overview of the achievements and professional accolades received by faculty members for their work which included winning prestigious awards in literature and music. He highlighted a number of successes experienced by UHWO because of the efforts of faculty including the receipt of a \$2.5 million grant from the National Science Foundation to improve college readiness and success for Native Hawaiian students and provide these students with STEM opportunities; the creation of courses to provide finance students a pathway to become certified financial planners; and the collaboration with the DOD to establish a cybersecurity scholarship program which includes DOD job placement upon graduation. He also noted that UHWO's education division recently hosted its accreditation site visit by its national accrediting agency and was issued full accreditation with the peer review team reporting that there were no areas within the division that needed improvement.

Mr. Hirsbrunner also reviewed UHWO's instructional capacity profile noting the dramatic changes in student enrollment, number of classes being offered, and growth of instructional staff, including both full-time faculty and lecturers, over the past 10 years.



He stated that the most concerning statistic was that the growth in full-time faculty has not kept pace with the growth in student enrollment or the increase in the number of classes being offered at UHWO. While UHWO has experienced a 129 percent increase in student enrollment and a 230 percent increase in the number of classes offered over the last ten years, it has only increased full-time faculty by 81 percent. To keep pace with these increased educational demands, UHWO has expanded the number of full-time lecturers by 1,550 percent over the same ten-year time period. Mr. Hirsbrunner noted that lecturers provide an invaluable service to UHWO but that the faculty to lecturer ratio at comparable universities was greater. He also cited studies that have indicated that a reliance on lecturers has adverse impacts on graduation rates, retention rates, and other educational outcomes and asked for continued support in increasing the full-time faculty at UHWO as an investment in its future.

## **V. COMMITTEE AND AFFILIATE REPORTS**

### **A. Report from the Committee on Academic and Student Affairs**

Committee Chair Wilson summarized the committee report.

### **B. Report from the Committee on Independent Audit**

Committee Chair McEnerney summarized the committee report.

Noting that it was his understanding that monitoring of the culinary, parking, and housing programs at UH was supposed to be ongoing, Chair Kudo inquired as to whether the report from the Internal Auditor contained information on these programs. Committee Chair McEnerney replied that the housing program was reported on but that the culinary and parking programs were not covered by this report. He stated that it was his understanding that, while the issues with the culinary program had been resolved, both the culinary and parking programs were still being monitored by the Internal Auditor but that no regular reports to the board were required. Committee Chair McEnerney remarked that he would follow-up with the Internal Auditor on these issues.

### **C. Report from the Committee on Intercollegiate Athletics**

Committee Chair Acoba summarized the committee report and reviewed the amendments to Regent Policy 7.208 (RP 7.208) that the Committee was recommending for board approval.

Board Chair Kudo noted that under RP 7.208 there are provisions that include both board and administration responsibilities and questioned whether the delegation of authority under the amended RP 7.208 could be clarified to ensure that RP 7.208 is not misinterpreted to mean that all authority has been delegated to the administration. He suggest adding the phrase, "except as reserved by the board" to the end of the portion of RP 7.208 that delegates authority to the administration. Committee Chair Acoba concurred, and with no objections from the members of the Committee on Intercollegiate Athletics present, the amendment was accepted for inclusion into the recommended amendments to RP 7.208.

**D. Report from the Committee on Personnel Affairs and Board Governance**

Committee Vice-Chair Acopan summarized the committee report.

**E. Affiliate Reports**

**UH Student Caucus:** Regent Acopan reported that the UH Student Caucus met with state legislators on Friday, February 14, and will hold their next meeting on February 24 where she is expecting to receive more information on the legislative meetings. Preliminary indications from students who attended the meetings are that the meetings went well.

**VI. AGENDA ITEMS****A. Consent Agenda**

1. **Approval of Amendments to RP 7.208, Intercollegiate Athletics**
2. **Approval of the Indemnification Provision to Allow the University of Hawai'i to Accept National Aeronautics and Space Administration Research Awards and Subawards**
3. **Approval of an Indemnification Provision to Allow the University of Hawai'i to Accept a Subaward from the Regents of the University of Michigan of a U.S. Department of Energy Sponsored Research**

Vice-Chair Higaki moved to approve the consent agenda, subject to the additional amendment to RP 7.208 proposed by Chair Kudo which was accepted by the Committee on Intercollegiate Athletics. Regent Wilson seconded the motion, and noting the excused absences of Regents Nahale-a and Tagorda, the motion carried with all members present voting in the affirmative.

**B. Status Update on Items Relating to Maunakea Management Pursuant to Board of Regents Resolution 19-03**

President Lassner provided a brief introduction to this agenda item noting that Resolution 19-03 required the administration to provide an update to the board at its February 2020 meeting on the schedule for the decommissioning of the first two telescopes on Maunakea, as well as, the status of educational and outreach programs being undertaken by UH at Hale Pōhaku. He introduced UHH Chancellor Bonnie Irwin who noted that work is ongoing with a number of items related to Maunakea management pursuant to Resolution 19-03. Chancellor Irwin stated that UHH has rearranged and reorganized its Maunakea weekly meetings group from large committees into smaller, nimbler working groups to allow for more rapid progress on the issues contained in Resolution 19-03.

**1. Decommissioning Update**

Dr. Greg Chun, Executive Director of Maunakea Stewardship, presented an update on the status of the decommissioning of the Caltech Submillimeter Observatory (CSO)

and UHH's Hōkū Kea teaching telescope (Hōkū Kea) and acknowledged the numerous individuals involved in this process. He noted that the decommissioning initiative is just one of many being undertaken regarding Maunakea and emphasized that all the initiatives will require an extensive amount of cooperation and coordination between various parties across the system and involve numerous skillsets to ensure proper stewardship of Maunakea.

Dr. Chun provided a brief history and overview of the overall decommissioning process noting that the ultimate goal of the process is the partial or total removal of all structures associated with an observatory facility and the restoration of the site, to the greatest extent possible, to its pre-construction condition. In 2010, the board approved an overall Decommissioning Plan for the Maunakea Observatories (Decommissioning Plan) which received approval from the Board of Land and Natural Resources that same year. The Decommissioning Plan defines a multi-step decommissioning process which includes extensive reviews, assessments, environmental analyses, cultural monitoring, financial analysis, consultation, and community outreach, and anticipates a five-year timeframe for completion of the entire process to site restoration.

Dr. Chun noted that the decommissioning process itself revolves around two key elements – the site deconstruction and removal plan (Deconstruction Plan) and the site restoration plan (Restoration Plan). The Deconstruction Plan describes the methods of demolition, either in part or in total, of the facility and any associated infrastructure. While the starting point for the Deconstruction Plan is full removal of the facility, the Deconstruction Plan also evaluates any adverse impacts of full removal to the site and notes any alternatives to full removal which might be considered to mitigate these adverse impacts. The Restoration Plan has the objective of restoring the site to as close to original as possible and can include full, moderate, or minimal restoration as the need indicates.

The Decommissioning Plan also involves numerous approvals that must be received prior to commencement of decommissioning, including approvals from the Maunakea Management Board (MKMB), the President of UH, and the Department of Land and Natural Resources (DLNR). As part of the Decommissioning Plan, a Decommissioning Review Committee, comprised of various community members and UH officials with a variety of different competencies and backgrounds, is also formed to provide another layer of review of all of the components of the Deconstruction and Restoration Plans. Dr. Chun emphasized that, throughout the decommissioning process, a number of community outreach initiatives intended to receive input on decommissioning plans and their impacts take place, and cultural groups, such as Kahu Ku Mauna, are regularly consulted. MKMB has also been consistently engaged in the decommissioning process. He noted that this input is currently being solicited on the various aspects of the plans for CSO and Hōkū Kea.

Dr. Chun proceeded to provide specific details for the decommissioning of CSO and Hōkū Kea, noting that the decision to cease operations of CSO was made in 2009. The notice of intent to decommission CSO was submitted and approved by the MKMB in 2016; a design contract has been awarded (2017); a decommissioning review committee has been established (2018); and an environmental site and hazardous

material assessment has been initiated, with completion of phase I of this assessment occurring in 2019. CSO is currently conducting an internal review of its draft Environmental Assessment (EA) and it is anticipated that UH will receive the draft EA sometime within the next 45 days.

Similarly, with regards to Hōkū Kea, Dr. Chun noted that a decision to cease operations was made in 2015, and subsequently, UHH presented a notice of intent to decommission to MKMB. However, Dr. Chun stated that numerous concerns were raised by the community regarding the loss of a teaching telescope and the effects this would have on UHH and DOE students who have access to the teaching telescope through programs operated by UHH. MKMB requested that UHH seek further community input and consultation and review alternatives to ensure that there would not be a complete loss of this teaching asset. This resulted in a slight delay of the overall timeline for the decommissioning of Hōkū Kea. As additional reviews and consultations were occurring, UHH concomitantly began preparing for the decommissioning process, including the vetting of contractors, and the possible siting of a new teaching telescope. Dr. Chun stated that MKMB provided formal approval of the notice of intent to decommission in January, 2020, noting that, with this approval, UHH can begin to move expeditiously to establish decommissioning funding plans, site plans, survey plans, and perform environmental due diligence including a Phase I environmental site assessment and hazardous materials assessment.

Discussions are also occurring at UHH regarding long-term planning for overall infrastructure located on Maunakea including summit-wide shared utilities and roadways and the outcome facing these facilities in the event that astronomy ceases all operations on Maunakea in the future. Dr. Chun stated that preliminary analyses will be conducted to look at impacts, costs, and other associated issues involved with possibly removing this infrastructure and that ideas have been developed, including creation of an infrastructure fund, to assist with costs of removal of infrastructure and site restoration.

Regent Westerman asked whether any delays in the decommissioning process of CSO are anticipated. Dr. Chun replied that, in addition to completing the internal review of the EA, CSO has chosen, with the support of UHH, to perform more community outreach and consultation around the alternatives to full removal and restoration. CSO has adjusted its projected end date to the end of summer 2022.

Regent Moore inquired as to why Caltech used CSO for such a short period of time. Dr. Chun responded that it was his understanding that technological advances had been increasing faster than anticipated and that Caltech determined it would be more feasible to cease CSO operations.

Regent Moore questioned whether setting up a fund for the removal of shared infrastructure would be a challenge since any fees initially charged, and interest earned by the fund, may not be sufficient to meet future removal costs. Dr. Chun replied that these are the types of issues and questions that will be reviewed and considered when determining the parameters to be included in the establishment of such a fund. He emphasized that no formal plans to establish this fund have been made and all discussions at this point are purely informal. He also noted that some facilities, such as

roads, may not have to be removed as the State may want to keep access for the public open, which might also be a way of reducing costs.

Vice-Chair Sullivan asked whether it was better for the telescope owner or UH to be responsible for the decommissioning process. Dr. Chun replied that having the observatory owner, in this case CSO, be the conservation district use permit applicant, we reduce the overall liability risk to UH. The process currently calls for the facility owner to pay for the studies and hard costs associated with the decommissioning process and discussions are ongoing with CSO to include paying into a shared fund for future infrastructure removal. Dr. Chun stated that UHH would still need to accept the EA and issue a finding of no significant impact because deconstruction and restoration plans still need to comply with the Decommissioning Plan and meet all other applicable requirements with which UHH has been tasked with ensuring compliance. He also remarked that DLNR has been consulted on these issues and plans and is amenable to this approach.

Vice-Chair Sullivan inquired further on how the telescope owner would be held to a schedule if they were responsible for decommissioning. Dr. Chun responded that UHH holds weekly meetings with the telescope owner, as is currently being done with CSO, and that the telescope owner would still have to adhere to UHH's overall Decommissioning Plan which delineates what needs to be completed by the telescope owner, including adherence to an established decommissioning timetable. Vice-Chair Sullivan opined that, while others may be planning for the end of astronomy on Maunakea, she is looking to plan for its future, and is hopeful that the university can learn from this and take these kinds of issues into consideration when developing other subleases or land transactions so that the university has more leverage. Dr. Chun replied that future subleases and land agreements will look much different than what is currently in place.

Chair Kudo thanked everyone involved in this process and acknowledged the hard work that has been undertaken on this issue. He noted that everyone was trying to be sensitive and responsible to fulfill both the legal and moral obligations with regard to Maunakea. He requested that when the report regarding the review of UH's management of, and stewardship responsibilities for, Maunakea, including a proposed reorganization of management structure for Maunakea is provided to the board at its April meeting, that an update be provided on the status of the decommissioning of CSO and Hōkū Kea.

## **2. Education and Outreach Update**

Ka'iu Kimura, Executive Director of the 'Imiloa Astronomy Center ('Imiloa), provided a brief overview of the history and work conducted by 'Imiloa noting that it is a comprehensive educational facility showcasing the connections between the rich traditions of Hawaiian culture and the groundbreaking astronomical research conducted at the summit of Maunakea which has educated over one million visitors over the last 14 years. She also spoke about the unprecedented collaboration between UHH, the Hawaiian community, astronomers and scientists, and other stakeholders and community members to create a gathering place that, among other things, delivers



various educational programs; expands public access to scientific and astronomical research; establishes opportunities for growth of the Hawaiian language; and serves as a leading model for integrated, culture-based scientific education and community engagement.

Ms. Kimura remarked that orientation and educational plans currently exist under the Maunakea comprehensive management plan, including mandatory visitor orientation plans and orientation plans for employees of both UH and the observatories. Additionally, orientation plans for commercial tour operators have been developed and approved by MKMB and DLNR, and MKMB has also approved an employee and volunteer training plan for all employees and volunteers working on Maunakea. Brochures, activity books, and resource cards are also among the other educational efforts currently occurring on Maunakea. While a draft outreach program plan is currently being reviewed to ensure that it meets all the requirements of the comprehensive management plan and has yet to be presented to MKMB, Ms. Kimura noted that outreach efforts are nevertheless occurring through school activities, community events, and presentations to various organizations. 'Imiloa also continues to work on staff training, program development, defining roles and responsibilities as they relate to education and outreach, and continued community engagement through programs such as community stargazing and the kama'aina observatory experience to fulfill its education and outreach responsibilities despite the demise of the supplemental budget request submitted to the State Legislature, which included funding for education and outreach efforts.

Ms. Kimura provided details on work currently underway to upgrade, as well as create, interpretive exhibits to provide individuals who visit the VIS with a better understanding of Maunakea as a storied Hawaiian place with a dynamic, living, Hawaiian culture. Conceptual plans for the next exhibit include focusing on Maunakea as a place of connection to the past, to origins and genealogy, to the present, and to the future. In collaboration with UHM's lava lab, 'Imiloa is also currently in the process of developing a three-dimensional exhibit of Hawaii Island to tell the story of Maunakea and other areas of Hawaii Island as they relate to Maunakea, but currently faces electrical and wifi issues at the VIS which need to be addressed.

Chair Kudo asked whether there was a timetable for 'Imiloa to meet its benchmarks. Ms. Kimura replied that 'Imiloa did not have a definitive timeline. Although 'Imiloa had targeted the first quarter of this year for completion and installation of the new exhibit, it experienced delays. She reiterated, however, that some programs are already in existence and ongoing and the goal now is to further these programs and initiatives while conversations and collaboration between 'Imiloa, cultural groups, the scientific community, and other stakeholders continue. Chair Kudo stated that he wanted the process to be thoughtful and comprehensive but that there is a sense of urgency to proceed with these educational and outreach efforts in an expeditious manner.

**C. Approval of Faculty Emeritus Status Recommendations for Barry Carlton, Paul Lyons, Karl Minke, and Rodney Morales**



Provost Bruno spoke about four former faculty members of UH – Professor Barry Carlton, Professor Paul Lyons, Professor Karl Minke, and Professor Rodney Morales and provided a brief background of the long, illustrious career of each professor, highlighting a number of their accomplishments and giving a brief synopsis of each individual's scholarly achievements and contributions to the university. He noted that these distinguished individuals had been unanimously recommended for the title of faculty emeritus by their respective departments but did not meet all of the necessary criteria – mainly that they had not served as full professors for the requisite number of 5 years. As such, the administration is requesting board approval of the faculty emeritus status for these individuals.

Regent Wilson moved to approve the faculty emeritus status recommendations, seconded by Regent Moore, and noting the excused absences of Regents Nahale-a and Tagorda, the motion carried with all members present voting in the affirmative.

**D. Approval of the Establishment of the Dr. Ruth D. Gates Endowed Chair at SOEST at UHM**

President Lassner provided information on a financial commitment received from a donor in the amount of \$2,000,000 to establish the Dr. Ruth D. Gates Endowed Chair at SOEST. He gave a brief history of the professional life and work of Dr. Gates, an esteemed scientist and faculty member of UH who was world renowned for her scientific work, particularly her work with coral reefs. In recognition of the receipt of this gift, the administration is requesting board approval for the establishment of the Dr. Ruth D. Gates Endowed Chair at SOEST.

Regent Westerman asked how these particular endowments work and if this was an annual donation. President Lassner replied that the \$2,000,000 donation would be placed in an interest bearing account and that the interest income from the established endowment would be allocated for its respective purpose.

Regent Wilson moved to approve the establishment of the Dr. Ruth D. Gates Endowed Chair at SOEST, seconded by Regent Acopan, and noting the excused absences of Regents Nahale-a and Tagorda, the motion carried with all members present voting in the affirmative.

**E. Approval of the Establishment of Two William R. Johnson Jr. Distinguished Professorship Endowments in Travel Industry Management for the School of Travel Industry Management (TIM School) at the University of Hawai'i at Mānoa Shidler College of Business (Shidler)**

President Lassner provided information on two financial commitments made by Mr. William R. Johnson Jr., a respected community supporter, philanthropist in Hawai'i and California, and alumnus and supporter of Shidler, and spoke briefly on Mr. Johnson's personal history. Both gift pledges of \$500,000 are being made to establish endowed, named distinguished professorships at the TIM School. In addition, Mr. Jay Shidler has agreed to provide unrestricted matching funds to the two financial gifts given to the TIM School. In recognition of the receipt of these gifts, the administration is requesting

board approval for the naming of two William R. Johnson Jr. Endowed Distinguished Professorships.

Regent McEnerney moved to approve the establishment of two William R. Johnson Jr. Endowed Distinguished Professorships at the TIM School, seconded by Regent Moore, and noting the excused absences of Regents Nahale-a and Tagorda, the motion carried with all members present voting in the affirmative.

#### **F. Legislative Update**

VP Young quickly went over the legislative timetable and provided an update on measures and priority issues that UH is following at the Legislature stating that the administration was actively tracking 520 of the approximately 2,300 measures introduced this legislative session. VP Young briefly reviewed the status of a number of measures including bills relating to the UH budget, UH's legislative package bills, and other bills of interest involving the board and the administration highlighting several key measures that were still alive this session including bills dealing with the Hawaii Promise Program; bills addressing technology, innovation, and commercialization at UH; bills requiring public meetings of the board to be recorded and broadcast; and a bill that would modify the appointment process board members. VP Young also noted several measures that have already failed to move in the legislative process including a bill regarding the Tuition and Fees Special Fund (TFSF); bills relating to the Regents Candidate Advisory Council; and bills relating to funding mental health services at UH. Another legislative update will be provided at the board's March meeting.

Regent Acoba inquired about the reasoning for removing the \$3 million cap on the amount of funds from the TFSF that can be used by UHF (H.B. No. 2530/S.B. No. 2560). VP Young replied that if UHF found an opportunity to make investments that would significantly increase university revenues, current statutory language prohibits the university from contributing more than \$3 million toward these opportunities. Removal of the cap has the potential for providing the university with increased investment opportunities that would be beneficial to the university through the generation of these additional revenues.

Noting no objections, Chair Kudo announced that agenda item H would be taken out of order and that agenda item G would be discussed after the executive session.

#### **H. NOAA Site Redevelopment Update**

VP Young provided an update on the NOAA site redevelopment stating that the NOAA site is located on 2.2-acre parcel of surplus property received from the federal government near Dole Street and East-West Center Road. The project, which is being developed as a public-private partnership whereby the developer will design, build, finance, operate, and maintain the property while the university retains fee-simple interest in the property subject to a long-term ground lease, is at a critical point and is leading into contract arrangements with UH's development partner, Greystar. Conceptual plans for development of the site include the construction of two towers which will consist of below-market rental housing (388 units), primarily for graduate

students, with associated parking, and may also include a child care facility and retail space. VP Young highlighted the current status of the project noting that an exclusive negotiations agreement has already been executed and that pre-construction agreements (PCA) are currently under negotiation. He also provided a tentative timeline for the project stating that the administration is anticipating negotiations on various agreements between the university and the developer to take place and be completed over the next two years, pending board approval; that building permits will be issued and construction initiated by 2022; and that the project will be completed and a certificate of occupancy issued by the summer of 2024.

Regent Westerman asked whether 70 parking stalls would be adequate to satisfy the parking needs of this facility. VP Young replied that while there are only 70 stalls located on the footprint of the property, numerous parking stalls are located in the area of the facility. He further remarked that economics and site capacity have to be figured into the equation when determining the amount of parking provided for a project.

Regent Moore opined that perhaps some of the issue with parking adequacy could be addressed by using transportation management techniques such as providing several stalls for car sharing services. VP Young replied that the use of car sharing services has been discussed.

Regent Sullivan requested that, as this project evolves, the administration provide information to the board on the need for faculty housing. She stated that concerns have consistently been raised in the past regarding the high cost of housing and the increased need for providing affordable rental housing for faculty but that this project is seeking to provide low-market rental housing for graduate students. VP Young replied that one reason the administration is anxious to finalize and execute a PCA with Greystar is so that a market study can be conducted to determine the demand for the project and the type of housing needed.

## **VII. EXECUTIVE SESSION (closed to the public)**

Upon motion by Regent Higaki, seconded by Regent Wilson, and noting the excused absences of Regents Nahale-a and Tagorda, the board approved convening in executive session to consider matters concerning the authority of persons designated by the board to conduct labor negotiations or to negotiate the acquisition of public property, or during the conduct of such negotiations, and to consult with the board's attorneys on questions and issues pertaining to the board's powers, duties, privileges, immunities, and liabilities, pursuant to Sections 92-5(a)(3) and 92-5(a)(4), Hawai'i Revised Statutes.

The meeting recessed at 12:16 p.m.

Vice-Chair Higaki left at 1:06 p.m.

Vice-Chair Sullivan left at 1:51 p.m.

The meeting reconvened at 1:52 p.m.

Chair Kudo reported that the board met in executive session to discuss legal and real estate matters as indicated on the agenda.

## **VI. AGENDA ITEMS (continued)**

### **G. Discussion on Regent Policies (RP) Related to Integrated Planning**

Board Secretary Oishi provided a brief overview of the Integrated Academic Facilities Plan (IAFP) noting that the IAFP framework was adopted by the board in 2017 and that its intent was to provide guidance on prioritization of the use of resources by the university through an integrated process involving academic programs, facilities, and finances. She stated that the Board Office and administration have been collaborating on amending and fine-tuning several RPs relating to integrated planning since the adoption of the IAFP, specifically RP 4.201, 4.202, and 4.203. She succinctly reviewed RP 4.201, 4.202, and 4.203, and noted the proposed revisions to each RP, going through each document section by section. A chart mapping the various plans, policies, and priorities was also provided to board members and discussed.

Regent Acoba commented on several issues with regard to the proposed amendments to RP 4.201, 4.202, and 4.203. His observations noted, in part, that:

- Paragraph 3, subsection C of Section III, in RP 4.201, required introductory language;
- Section III, subsections C,E, and F, and Section IV of RP 4.201, appeared to place greater emphasis on the role of the system as setting the mission and values of the university, with a centralized focus on the president and less emphasis on the board's role;
- Under paragraph 1, subsection B, of Section III, in RP 4.202, the "decadal outlook" presented by the president to the board could fall outside a regent's 5 year term;
- Section III, subsection B, paragraph 2 of RP 4.202, should couch the board's approval of the president's strategic direction as "shall" rather than "will";
- Section III, subsection C of RP 4.202, should have the reference to the "university" changed to "board";
- It is not clear how Section III, subsection D, paragraph 2 of RP 4.203, which requires the president to review the institution and its units every five years comports with the decadal review, the five-year review on strategic directions, the six year reviews now conducted, and the annual metric strategic direction review.

Regent Moore inquired as to what the next steps were for the proposed amended RPs. President Lassner replied that this conversation would inform the next round of drafts of the RPs which then would be presented to the Committee on Personnel Affairs and Board Governance for further review, deliberations, and action. Additionally, Chair

Kudo requested that regents review the proposed RPs and submit comments or suggestions to the Chair and Board Office.

**VIII. ANNOUNCEMENTS**

Chair Kudo announced that the next board meeting is scheduled for March 19, 2020, at Honolulu Community College.

**IX. ADJOURNMENT**

There being no further business, Regent Wilson moved to adjourn, and Regent Bal seconded, and noting the excused absences of Vice-Chair Higaki, Vice-Chair Sullivan, Regent Nahale-a, and Regent Tagorda, the motion carried with all others present voting in the affirmative and the meeting was adjourned at 2:13 p.m.

Respectfully Submitted,

Kendra Oishi  
Executive Administrator and Secretary  
of the Board of Regents

# Item IV.

Report of the President

**NO MATERIALS  
ORAL REPORT**



# Item IV.

Report of the President  
HonCC Chancellor & Faculty  
Senate Reports

**MATERIALS**

# University of Hawai‘i Board of Regents

Karen Lee, Ed.D., Interim Chancellor

Thursday, March 19, 2020

Honolulu Community College



# Centennial Celebration

## February 27, 2020

- Founded as the Territorial Trade School in February 1920 with 42 students in Pālama
- Taught classes in auto mechanics, machine shop, mill woodworking and dressmaking, as well as English, mathematics and civics
- Centennial Activities:
  - Feb 2020: Birthday Celebration
  - Mar 2020: Mālama 'Āina Campus Cleanup Day #1
  - Apr 2020: Ho'olaule'a Event
  - May 2020: Fashion Show
  - Sep 2020: Mālama 'Āina Campus Cleanup Day #2
  - Oct 2020: Fall Fest Open House (Tentative)
  - Nov 2020: *Celebrate!* Centennial Gala

<https://www.honolulu.hawaii.edu/100years>





# Centennial Celebration February 27, 2020





# Centennial Celebration February 27, 2020



# Honolulu CC: A Balance of Competing Forces

- Performance Measures (Success) vs. Enrollment Numbers (Access)
- Liberal Arts vs. Career/Technical Education
- Credit vs. Non-credit Programs
- Morning vs. Evening Instruction
- Urban Setting vs. HART Rail Demands
- Cutting Edge Training vs. Aging Facilities
- Faculty: Academic Qualifications vs. Work Experience



# I. Performance Measures vs. Enrollment

Hon CC has performed extremely well in helping students reach their degree goals...

# UHCC Performance Measures: Hon CC Exceeded All Goals Except Transfer Goal

	2017	2018	2019
Degrees & Certificates	<b>900</b> (720)	<b>778</b> (756)	<b>906</b> (794)
Native Hawaiian	<b>225</b> (181)	<b>197</b> (190)	<b>225</b> (200)
STEM Total	<b>225</b> (121)	<b>232</b> (127)	<b>256</b> (133)
Pell	<b>377</b> (296)	<b>322</b> (311)	<b>349</b> (327)
Transfers to 4 Year (UH & Non-UH)	<b>582</b> (543)	<b>530</b> (561)	<b>549</b> (579)

Actual (Goal)

# UH System Performance Measures: Hon CC Exceeded All Except Transfer and IPEDS Goal

	2017	2018	2019
Degrees & Certificates	<b>900</b> (720)	<b>778</b> (756)	<b>906</b> (794)
Native Hawaiian	<b>225</b> (181)	<b>197</b> (190)	<b>225</b> (200)
STEM	<b>132</b> (72)	<b>140</b> (75)	<b>146</b> (79)
Pell	<b>377</b> (296)	<b>322</b> (311)	<b>349</b> (327)
Transfers to 4 Year (UH Only)	<b>301</b> (309)	<b>280</b> (324)	<b>299</b> (340)
IPEDS Success Rate (First-Time, Full-Time)	<b>37.2%</b> (41.4%)	<b>31.3%</b> (43.4%)	<b>44.7%</b> (45.5%)

Actual (Goal)

# UHCC Performance Funding, FY20: Hon CC Earned Nearly All Possible Funds

Measure	Base	Target	Actual	%	Weight	Amount
Degrees & Certificates	653	794	906	100	35	\$181,648
Native Hawaiian Degrees & Certificates	164	200	225	100	10	\$51,899
STEM Degrees & Certificates (UHCC Only)	110	134	256	100	10	\$51,899
Pell Grant Recipient Degrees & Certificates	269	327	349	100	10	\$51,899
Transfers to 4 Year (UH and Non-UH)	518	579	549	50.8	35	\$92,328
Total Allocation						\$429,673
<i>Unearned</i>						<i>(\$89,319)</i>

# UH System Performance Funding, FY20: Hon CC Captured Nearly All Possible Funds

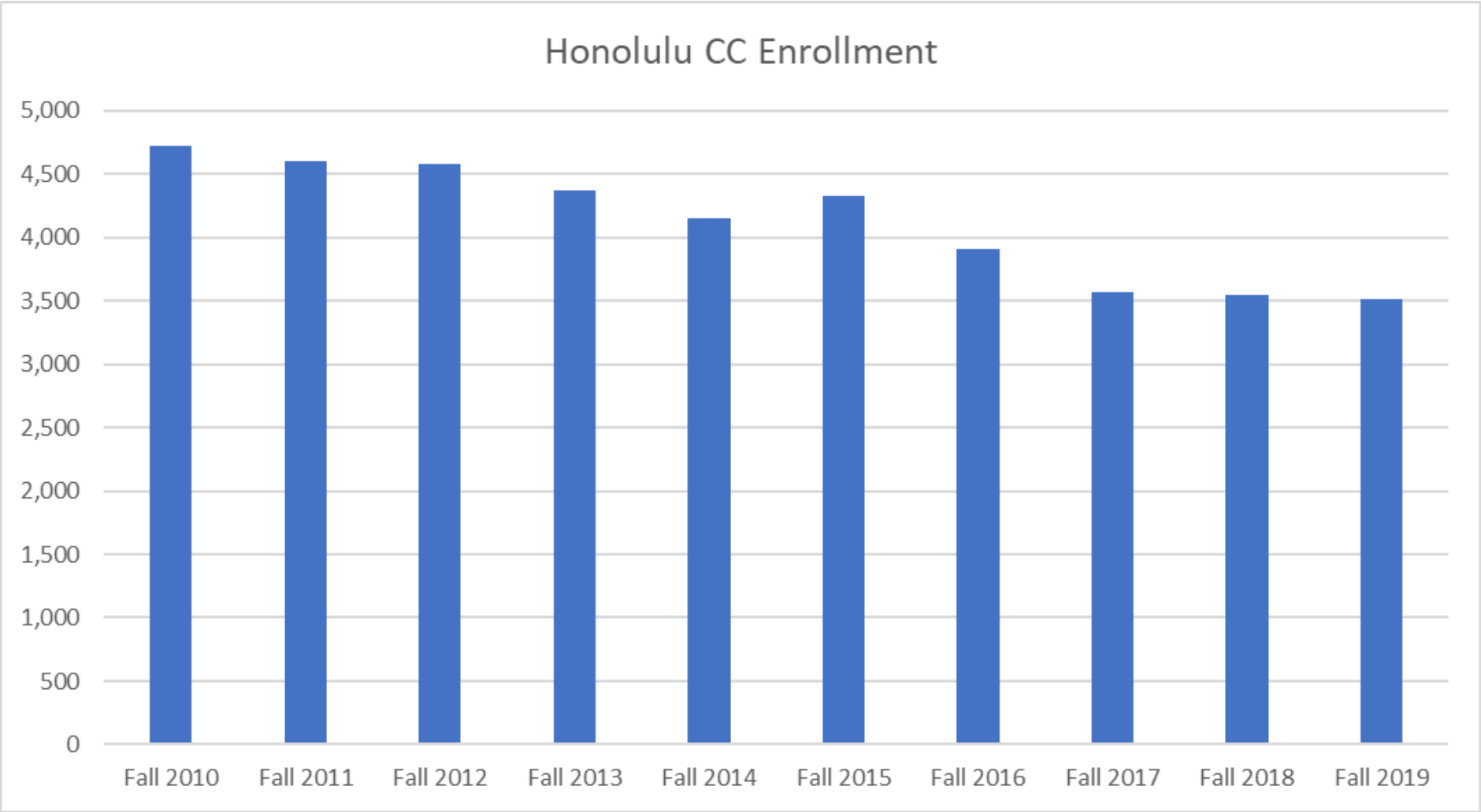
Measure	Base	Target	Actual	%	Weight	Amount
Degrees & Certificates	653	794	778	100	30	\$102,655
Native Hawaiian Degrees & Certificates	164	200	197	100	10	\$34,218
STEM Degrees & Certificates (UHCC Only)	65	79	146	100	10	\$34,218
Pell Grant Recipient Degrees & Certificates	269	327	349	100	10	\$34,218
Transfers to 4 Year (UH Only)	288	340	299	21.2	10	\$7,237
IPEDS Success Rate	34.2%	45.5%	44.7%	92.9	30	\$95,387
<b>Total Allocation</b>						<b>\$307,934</b>
<i>Unearned</i>						<i>\$34,249</i>

# Performance Measures vs. Enrollment

...but enrollment continues to drop due to a strong economy and job openings.



# Hon CC Enrollment Declines: Fall 2010 to Fall 2019



## II. Liberal Arts Education vs. Career/Technical Education

# Our Industry Partners Want:

- Industry recognized certificates
- Skilled workers with hands-on training
- Experience in the workforce and in real-life conditions

## But they also want:

- Workplace dispositions and attitudes
- Critical thinking skills
- Creativity, ability to write, ability to speak in public, etc.

### III. Urban Setting Advantage vs. HART Rail (Short-term?) Disadvantage





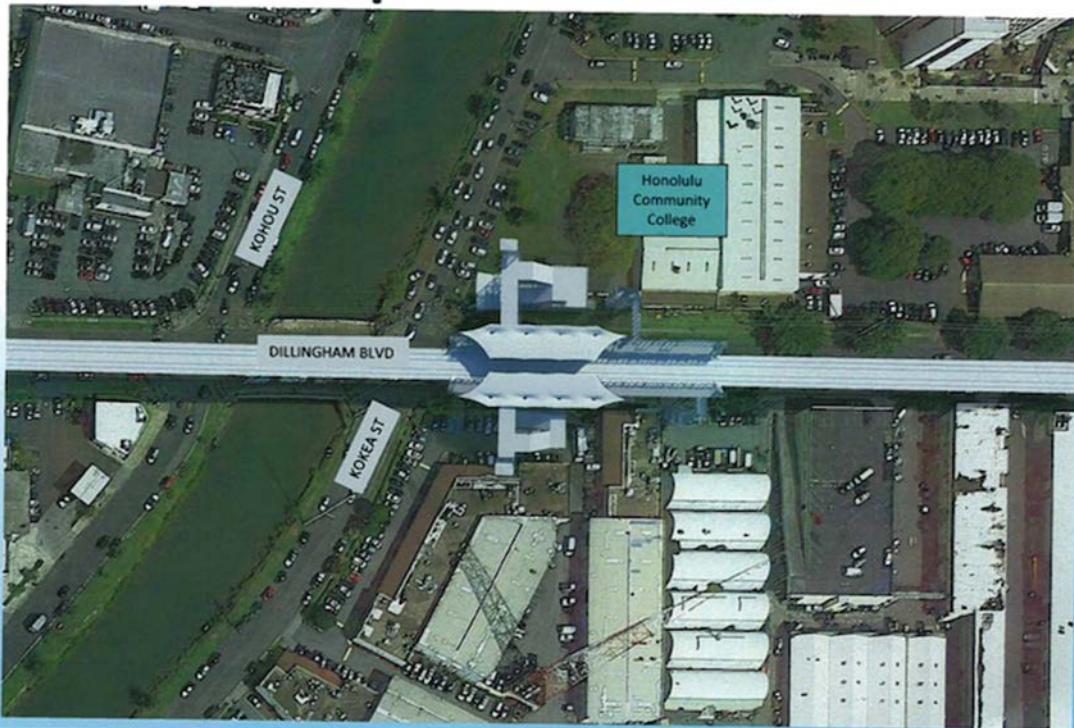
Photo By Kevin Lo  
Copyright, 2017





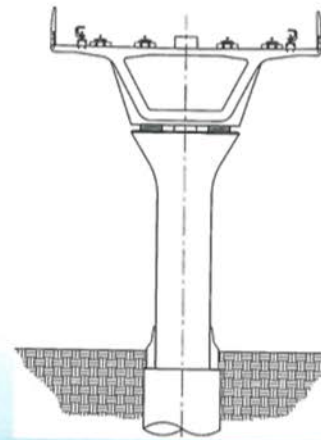
# HART: June 2020-July 2022 in Kalihi

## Kapālama Station



HONOLULU RAIL TRANSIT PROJECT  
www.HONOLULUTRANSIT.ORG

**HART**  
HONOLULU AUTHORITY • RAIL TRANSPORTATION



## Dillingham Construction Guideway and Stations

- i. Heavy structural - drilled shafts, columns, guideway
- ii. Station areas touch down and occupy properties both mauka and makai side of the roadway



HONOLULU RAIL TRANSIT PROJECT  
www.HONOLULUTRANSIT.ORG

**HART**  
HONOLULU AUTHORITY • RAIL TRANSPORTATION

# Solutions

- Purposeful Engagement
  - Part-time Students
  - Pacific Islanders
  - Students to Complete College Level Math & English in First Year
- Summer Bridge Opportunities with High School Partners
- Continuation of Liberal Arts AND Career/Technical Education
  - Work-Based Learning Opportunities
  - Industry Partnerships
  - Rigorous Emphasis on Creativity, Socialization, Leadership, Teamwork
- Distance Education



# Honolulu CC Serves the Community

## Investing in the Future of Hawai'i

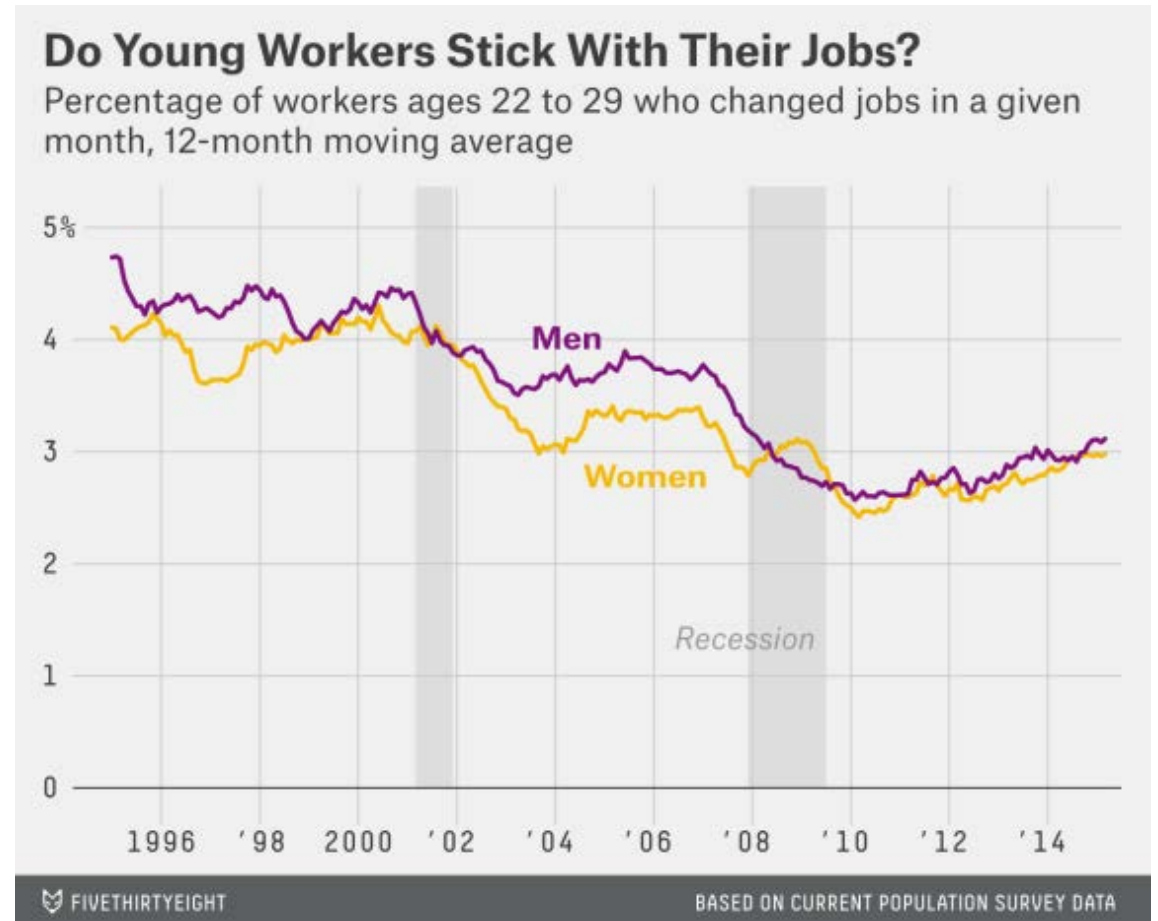
Patrick M. Patterson, Ph.D.

Faculty Senate Chair and Professor of History



# Millennial and Gen Y Job Hoppers

- Millennials changed jobs an average of 4 times in their first ten years after graduating (compared to Gen X, who changed an average of twice) [\[EdSurge\]](#)
- Millennials and Gen X are on track to 15 job changes between 24 & 52 years old (compared to Baby Boomers 11.7) [\[Bureau of Labor Statistics\]](#)
- According to LinkedIn, 7/10 high growth jobs today did not exist four years ago
- Pointing to a need for continuous retraining – an ability to learn quickly.



# The Dual Activities of Honolulu CC

## **We train students for jobs now**

- Auto Mechanic Tech (AMT) trains students now for all-electric vehicle repair
- Architectural, Engineering & CAD (AEC) trains students to design and use current technologies
- University College (UC) trains students in reasoning, science, math, and critical thinking
- Early Childhood Education (ECE) trains students to care for the children of today

## **We prepare students for jobs later**

- AMT trains students to think through the problems of autonomous vehicles in the future
- AEC trains students to use 3-D printers to fabricate
- UC Liberal Arts creative critical thinkers can retrain themselves
- ECE looking forward to culturally-based learning for the children of tomorrow

# Work-Life Balance and Liberal Arts

## Millennials Believe In Life After Work

Relative degree of importance for global millennials when choosing a job



@StatistaCharts

Source: Deloitte



statista

# What great contributions are we making?

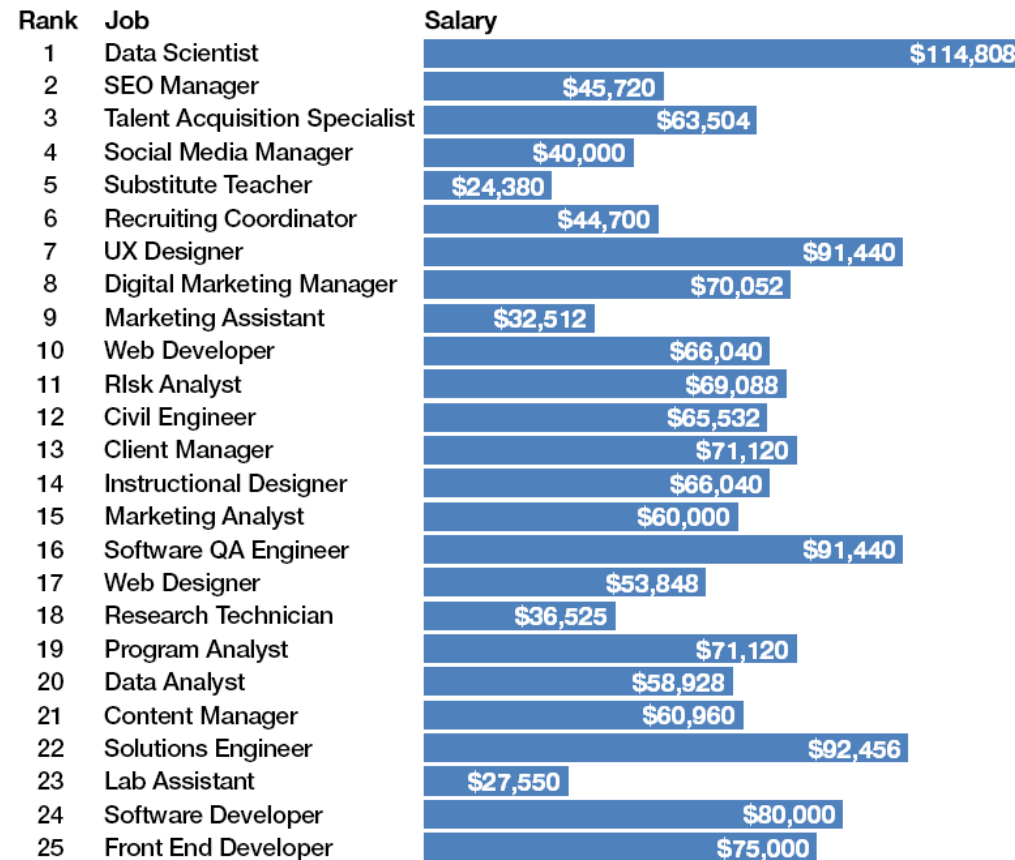
- Honolulu CC students help [build a rocket for NASA](#)
- Our students have gone on to become doctors, lawyers, police and fire-fighters
- We helped an early college student become the first early-admit student to MIT in Hawai'i history
- We have writing instructors who use essays analyzing popular songs about sustainability that bring students to tears and change lives
- Our Fire Science program recruits from the community to train life-saving first responders
- We teach students to do, and we teach them to think, and we teach them to communicate



# We teach skills and capabilities

## Are these the world's best jobs?

Ranking determined by work-life balance rating



Source: Glassdoor.com

100 YEARS

1920

2020

HONOLULU  
COMMUNITY COLLEGE



# Mahalo!

Please celebrate our 100<sup>th</sup> anniversary with us at Honolulu Community College's *Celebrate! 2020* Dinner on Friday, November 6, 2020 at the Pomaika'i Ballrooms



**Agenda Items:**

**A. Fiscal Year (FY) 2019-2020 First and Second Quarter UBS Legacy Endowment Fund Investment Performance Reports**

UBS representatives provided a report on the investment performance of the Legacy Endowment Fund (Fund). It was noted that equity markets were the primary driver of the strong performance of the Fund for the 2019 calendar year and that overall, the asset allocation and financial performance of the Fund is on par with established benchmarks. There were no material changes or weaknesses in the management of the Fund. Discussion occurred regarding benchmarks and a suggestion was made that future reports explain the reasons behind the overall return being above or below the benchmark. The committee also engaged in discussions on asset allocation amounts, particularly with regard to equities, as well as steps being taken by UBS to address the economic impacts of the Coronavirus on financial markets.

**B. FY 2019-2020 Second Quarter Financial Report**

VP Young provided the financial report for the second quarter of FY 2019-2020. He noted that although actual revenues through the second quarter were \$35.2 million, or 3.8% higher than projected, the year-over-year difference for all non-general fund types was minimal. He also noted that actual expenditures were \$16.2 million, or 3% lower than projected, but some of this could be attributed to timing issues in fund transfers. VP Young stated that university finances appear to be satisfactory through the second quarter of FY 2019 - 2020 and fiscally sound for the first eight months of this fiscal year and that the administration will continue to monitor the fiscal situation of the university.

**C. Recommend Board Approval of Revisions to Regents Policy (RP) 8.207, Investments; and Repeal of RP 8.211, Resolution on Use of New Income, Principal, and Investment of ASUH-Mānoa Stadium Stock Fund dated January 18, 1979, and RP 8.212, Guidelines on Use of Income from the University of Hawai'i Mānoa Stadium Stock Fund, Proceeds from the Sale of the Kaimuki Observatory Lot and from the Rental of University Property**

Board Secretary Oishi provided an overview of past discussions concerning revisions to RP 8.207, and the repeal of RPs 8.211 and 8.212, stating that recommendations for revising and repealing the noted RPs were the result of work conducted by a Permitted Interaction Group on Investments (Investments Task Group) established in 2019 which was chaired by Regent Moore. She noted that the revisions to RP 8.207 also included additional recommendations made by Accuity, LLP, at the last meeting of the Committee on Independent Audit.

Regent Moore explained the purpose of the Investments Task Group, noting the work it conducted, and the reasoning behind the Investment Task Group's recommended revisions, or repeal of, the noted RPs.

Discussions occurred between committee members regarding the changes to RP 8.207, with Regent Acoba suggesting a number of additional substantive and non-substantive amendments to the revised RP 8.207. Brief discussions ensued as to how the administration could best address the suggested amendments to the revised RP 8.207, particularly with regard to termination issues involved in the investment policy, and it

## Summary of March 5, 2020 Meeting

was suggested that the administration recraft RP 8.207 in accordance with the suggested amendments.

**Action:** The committee recommended board approval of revisions to RP 8.207, with the additional amendments suggested by Regent Acoba, and the repeal of RP 8.211 and 8.212.

**D. Request for Health Fee Increase at UHH**

Farrah-Marie Gomes, UHH Vice Chancellor for Student Affairs, provided an overview of UHH's request to increase the student health fee from the current \$7.00 per semester to \$30.00 per semester through at least FY 2023-2024, noting that the fee has not changed since it was established in 2003. She stated that the purpose of the proposed increase is to support the rising costs of comprehensive medical care services for UHH students and provide for additional staff and services to ensure compliance with federal privacy laws, among other reasons.

**Action:** The committee recommended board approval of the health fee increase at UHH.

**E. Multi-Year Financial Forecast for FYs 2019-2025**

President Lassner provided a brief explanation of the multi-year financial forecast for FYs 2019-2025, highlighting the methodology used to develop the forecast and its intent. Due to time constraints and the importance of this issue, committee members suggested that the presentation be made at the next full board meeting, with the concurrence of Board Chair Kudo.

**F. Committee Bylaws and RP Alignment**

This agenda item was deferred to a future date due to time constraints.

**G. Future Status of Budget and Finance Committee**

Chair Bal noted that the Budget and Finance Committee plays an important role regarding oversight of fiscal matters related to the university and therefore should be maintained and opened discussions among committee members on the future status of the committee. There being no comments or discussion, Chair Bal stated that a recommendation to maintain the Committee on Budget and Finance will be made to the board.

**Agenda Items:**

**A. Coaches Corner: Elliot Ptasnik, University of Hawai'i at Mānoa (UHM) Head Swimming and Diving Coach**

A talk story session was held with UHM head swimming and diving coach Elliot Ptasnik. Coach Ptasnik spoke on the rise and success of the men's and women's swimming and diving teams at UHM and noted the importance of academics, ethics, values, and a supportive team mentality. He highlighted some of the team's academic successes noting that the team achieved a 3.47 grade point average last year and was named a Scholar All-American Team by the College Swimming and Diving Coaches Association. Finally, Coach Ptasnik stated that he and his staff believe that success in the development of good character and academics makes it easier to attain athletic success which has been demonstrated by the program winning four consecutive Mountain Pacific Sports Federation (MPSF) women's championships and two consecutive MPSF men's championships and the program being recognized as one of the best in the nation.

**B. Aloha Stadium Update**

Mr. Ross Yamasaki, Chair of the Aloha Stadium Authority (Authority), updated the committee on the redevelopment plans for Aloha Stadium which is presently being referred to as the New Aloha Stadium Entertainment District (NASED). He stated that NASED encompasses all 99 acres of property under the jurisdiction of the Authority, and that legislation passed last year addressed governance issues and provided funding for the stadium project to move forward with a public-private partnership (P3) venture to delve into the first phase of the project. A number of activities are currently moving forward including the execution of an Environmental Impact Statement, community outreach, and various historical, cultural, and archaeological studies.

Requests for qualifications and requests for proposals are expected to be published in the near future. The Authority has retained the services of a financial consultant who will be working in conjunction with the master architect, P3 consultant, master plan developer, and legal advisers currently working simultaneously on projects involving NASED so that the project could move forward in an expeditious manner.

Discussions occurred regarding the amount of input the university has in the NASED project given that it is one of the stadium's major tenants, whether the university should have a greater role in determining the design of the facility and its amenities, whether sports other than football could be accommodated by the venue, and whether the project might help fund UH athletics in the future.

**C. Facilities Update**

UH Hilo (UHH) Athletic Director (AD) Patrick Guillen and UHM AD David Matlin presented facility updates for UHH and UHM. They highlighted a number of ongoing projects involving athletic facilities on both campuses including a softball/soccer field project and athletic training room project at UHH and softball stadium, baseball stadium, and tennis court projects, and projects involving the sound system at the Stan Sheriff Center at UHM. Many of these projects were intended to address Title IX compliance and gender equity

issues, as well as health, safety, and structural issues at the various facilities. AD Guillen and AD Matlin also reviewed future priority projects for athletic facilities at UHH and UHM.

**D. Title IX Update**

AD Guillen provided an update on Title IX and gender equity issues at UHH and reviewed the three-prong approach used to address potential inequities. Improvement has been made on participation, with more female students (111) participating in athletics at UHH than male students (88). The awarding of athletic scholarships to female student athletes has also remained steady in relation to the percentage of female students participating in athletics at UHH. AD Guillen noted that a Gender Equity Committee has been established to review and update gender equity plans, policies, and procedures, and reviewed current and ongoing Title IX training for coaches, staff, and student athletes.

Due to time constraints, the UHM Title IX update was deferred to the next committee meeting.

**E. Update on Legislation Related to Postsecondary Student Athlete Compensation for the Use of Name, Image, or Likeness (NIL)**

President Lassner noted that one bill is continuing through the legislative process and is currently being considered by the State House of Representatives. On the federal level, the United States House of Representatives (U.S. House) is considering two different pieces of federal legislation relating to NIL but the United States Senate does not appear to be taking action on the NIL issue, although it has identified the subcommittee that would address this issue should the U.S. House pass NIL legislation. President Lassner explained that the NCAA is currently engaged in the process of creating NIL policies and regulations with its member institutions. The NCAA is hopeful to have concepts for NIL policies and regulations submitted over the summer and formal proposals completed by this fall, with adoption of the new NIL policies and regulations occurring by January 2021.

**Agenda Items:**

**A. Fiscal Year (FY) 2019-2020 2<sup>nd</sup> Quarter Capital Improvement Project (CIP) Status Report as of December 31, 2019**

VP Gouveia provided a report on the status of CIPs through the second quarter of FY 2019-2020, noting that there are 15 active construction projects, 4 of which have been completed pending finalization, and 4 projects that are at least 90% complete. There are also 7 design projects with construction contracts slated to be awarded by June 30, 2020, for 4 of the projects. At present, all projects are moving forward as planned with no significant issues being experienced. Discussions occurred as to whether reporting of the fees paid for an RFP criteria consultant was necessary and committee members, as well as the administration, concurred that these fees should be included in the next report.

**B. Annual Report on Real Property Actions Delegated by the Board of Regents**

VP Gouveia presented the annual report on real property actions delegated to the administration by regent policy and explained that transactions involving real property that are greater than five years in duration requires board approval. As such, this report contained a listing of all transactions involving real property that were less than five years in duration. A total of 65 transactions were included in the report, with 58 of those transactions having a duration of less than a year; one transaction having a duration of two years; and six transactions having a duration between two and five years. The total dollar value of all real property transactions was just over \$800,000. The committee discussed whether the board should only review items that meet a certain threshold and welcomed recommendations from the administration.

**C. University Land-Related Strategic Initiatives and Partnerships Program FY 2019-2020 2<sup>nd</sup> Quarter Update**

VP Young presented updates on several P3 projects noting the following:

- The UHWO - University District Project, which seeks to develop a university village on lands adjacent to the UHWO campus, is currently in limbo and the administration is reevaluating the project and determining how to proceed on its restart.
- The Atherton Project, which focuses on innovation space and student housing and is being undertaken under a partnership with the UH Foundation (UHF), is currently in the value-engineering design phase which will scale the project to a budget plan and is moving forward as projected.
- The NOAA Graduate Student Housing Project (NOAA Project) is just beginning and the administration is awaiting board approval for the ability to negotiate a pre-construction agreement (PCA) with Greystar Real Estate Development Services (Greystar) under which the university would agree to reimburse Greystar for pre-construction costs it incurred for architectural, engineering, and other services for the project, if the project failed to proceed.
- The Kaimuki/Leahi Hospital Parcel Project is currently evaluating the possible disposition of three parcels of university-owned land (6.56 acres) which may take the

form of a fee-simple sale or long-term ground lease with a developer. Contracts have been awarded for appraisals of the fair market value of the fee-simple interests in the parcels and to conduct an environmental site assessment and hazardous materials survey that includes estimated costs for structure demolition and abatement work.

**D. NOAA Redevelopment Project Contract**

VP Young stated that the administration was requesting approval to enter into a PCA of up to \$2,407,199 with Greystar, UHM's development partner for the NOAA Project, which will allow Greystar to begin engaging in pre-construction work, including entitlement work and market studies, through the end of this calendar year. The administration will seek board approval for the disposition of any additional funds that extend beyond the end of the calendar year. Discussions occurred on the means of financing the project, interest rates for project funding, demand and need for the project, and possible alternative uses for the project such as fair-market rentals.

**E. Future Status of the Planning and Facilities Committee**

Chair Moore expressed his belief that, rather than each committee determining the status of its future, the most impartial method of addressing this issue would be to charge the Committee on Personnel Affairs and Board Governance with reviewing and making recommendations on the future status of all of the various committees of the board. Board Chair Kudo and the committee members concurred.



**Agenda Items:**

**A. Recommend Board Approval of New Regents Policies (RP)**

VP Symos provided background on the development of the new RPs noting that numerous discussions and consultations have occurred regarding the Research and Training Revolving Fund (RTRF) established under section 304A-2253, Hawai'i Revised Statutes.

**1. RP 12.209, Strategic Research Plan**

Proposed RP 12.209 establishes a requirement that the Board periodically review and approve a long-range Strategic Research Plan that will articulate university priorities for pursuing research growth during a five-year period; that the Plan identifies specific strategies for implementing those goals; and that the Board will be provided with annual progress reports on the approved Strategic Research Plan.

**2. RP 12.210, Research and Training Revolving Fund**

Proposed RP 12.210 would require a minimum of 10% of total RTRF recovered by each campus be set aside for strategic hiring in priority research areas; would require a minimum of 10% of total RTRF funds for each campus to be utilized for the rehabilitation or construction of strategic research facilities and laboratories for research areas that are consistent with the research priority areas; would exempt campuses which receive less than \$10,000,000 in RTRF from these requirements; and establishes a Strategic Research Facilities Improvement Fund that would be funded by RTRF funds to facilitate the issuance of revenue bonds to finance the construction or rehabilitation of priority research facilities.

**Action:** The committee recommended board approval of RP 12.209 and 12.210.

**B. Enterprise Risk Management: Research Infrastructure Update**

VP Symos presented a brief overview of the university's research infrastructure including, infrastructure for the research areas of life sciences, ocean sciences, and astronomy. It was emphasized that while the university has been the recipient of numerous philanthropic awards for research programs, funding for research infrastructure has been difficult to obtain and the university continues to rely heavily on federal, state, and RTRF funds for this purpose. The administration continues working on increasing funding for infrastructure, including efforts to increase recovery of indirect costs for research facilities.

Chair Sullivan noted that further review of this item should occur and noted that Vice Chair Tagorda was not able to attend this meeting and should also be given the opportunity to provide input. She suggested that the committee consider having up to two members conduct informal meetings to obtain direct input from the research community, and report any findings back to the committee for discussion.

**Research Development (RD) Update**

Dr. Velma Kameoka, Interim Vice Chancellor for Research, noted that the RD Program is responsible for proactive, capacity-building activities to promote extramurally funded research and reviewed some of OVCR's major functions. Dr. Chad Walton, Interim

Summary of March 5, 2020 Meeting

Assistant Vice Chancellor for Research, provided an update on the RD Program and reviewed various activities undertaken to achieve its goals, including engagement of The Implementation Group to enhance UHM's competitiveness for federal funding with regard to research and development.

**C. Fiscal Year 2019-2020 2<sup>nd</sup> Quarter Extramural Awards Update**

This agenda item was deferred due to time constraints.

**D. Future Status of the Research and Innovation Committee**

Chair Sullivan expressed her belief that, rather than each committee determining the status of its own future, the most impartial method of addressing this issue would be to charge the Committee on Personnel Affairs and Board Governance with reviewing and making recommendations on the future status of the various committees of the board. Board Chair Kudo and the committee members concurred.

# Item V.E.

## Affiliate Reports

**NO MATERIALS  
ORAL REPORTS**



March 13, 2020

**MEMORANDUM**

TO: Benjamin Kudo, Chair, Board of Regents

FROM: Kendra Oishi *KOishi*  
Executive Administrator and Secretary of the Board of Regents

SUBJECT: RECOMMEND BOARD APPROVAL OF REVISIONS TO REGENTS POLICY (RP) 8.207, INVESTMENTS, AND REPEAL OF RP 8.211, RESOLUTION ON USE OF NEW INCOME, PRINCIPAL, AND INVESTMENT OF ASUH-MĀNOA STADIUM STOCK FUND DATED JANUARY 18, 1979, AND RP 8.212, GUIDELINES ON USE OF INCOME FROM THE UNIVERSITY OF HAWAII MĀNOA STADIUM STOCK FUND, PROCEEDS FROM THE SALE OF THE KAIMUKI OBSERVATORY LOT AND FROM THE RENTAL OF UNIVERSITY PROPERTY

**Specific Action Requested:**

This memorandum is to request that the Board of Regents (Board) approve recommended changes to RP 8.207 and the repeal of both RP 8.211 and RP 8.212.

**Recommended Effective Date:**

Upon approval of the Board.

**Purpose:**

To update policies to implement the recommendations of the Board permitted interaction group known as the Investments Task Group (Task Group). Specifically, Task Group recommendations included amendments to RP 8.207 and the repeal of RP 8.211 and 8.212, which are no longer necessary. Additional amendments to RP 8.207 are being recommended to address an issue that was identified in Comment 19-04 of the Accuity external audit Internal Control and Business Issues Report – Year Ended June 30, 2019, and administration's corrective action responses.

The Committee on Budget and Finance met and discussed this item at its March 5, 2020, meeting, and recommended further amendments as noted in the attachments.

**Background:**

The Task Group was appointed at the April 18, 2019, Board meeting to review and recommend changes, if any, to Regents Policies related to investments:

- RP 8.207, Investments
- RP 8.211, Resolution on the Use of New Income, Principal, and Investment of ASUH-Mānoa Stadium Stock Fund Dated January 18, 1979
- RP 8.212, Guidelines on Use of Income from the University of Hawai'i Mānoa Stadium Stock Fund, Proceeds from the Sale of the Kaimuki Observatory Lot and from the Rental of University Property.

The Task Group met four times: on July 25, August 15, August 29, and September 12, 2019. During those meetings, several questions were discussed with the intent to update, clarify, amend, or delete sections of the three policies under review. Based on the discussions and the responses as determined by the Task Group, administration is proposing amendments to RP 8.207 and the repeal of both RP 8.211 and RP 8.212. The final report of the Task Group was discussed at the October 17, 2019, Board meeting under the agenda item entitled, "Final Report and Discussion of the Investments Permitted Interaction Group," and the questions and responses discussed by the Task Group are contained in the Board meeting materials and are attached for your convenience.

Separate from the Task Group, the external auditor, Accuity, discovered the section of the policy that defines the sector limits was out of compliance. The corrective action suggested by UH management recommended updating the section of the policy limiting the maximum percentage of any one sector to a deviation percentage as compared to a stated benchmark.

As referenced above, the Committee on Budget and Finance met and discussed this item at its March 5, 2020, meeting, and recommended further amendments to RP 8.207, as noted in the attachments.

**Action Recommended:**

The Committee on Budget and Finance recommended approval of the aforementioned revisions to RP 8.207 and repeal of both RP 8.211 and RP 8.212 by the full Board.

**Attachments:**

RP 8.207 original  
RP 8.207 redline  
RP 8.207 clean  
RP 8.211 repealed  
RP 8.212 repealed





---

Regents Policy Chapter 8, Business and Finance

Regents Policy RP 8.207, Investments

Effective Date: May 21, 2015

Prior Dates Amended: Sept. 23, 1960; Jan. 11, 1962; Jan. 13, 1966; May 12, 1966; May 16, 1977; June 22, 1978; Oct. 20, 1978; June 14, 1979; Oct. 17, 1980; Apr. 22, 1983; July 22, 1983; Sept. 30, 1983; Dec. 13, 1985; Dec. 12, 1986; June 17, 1988; Nov. 18, 1988; Apr. 21, 1995; Aug. 23, 1996; May 16, 1997; Nov. 19, 1999; Feb. 21, 2003; Oct. 31, 2014 (recodified)

Review Date: August 2018

**I. Purpose**

To set forth an investment policy that is aligned with the university's sustainability goals and policies.

**II. Definitions:**

As used in this policy, sustainability means serving the needs of the present without jeopardizing the needs of the future.

**III. Policy:**

A. General

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

B. Investment Management

1. The board has the basic responsibility of preserving institutional resources, including the endowment in perpetuity. The board oversees the policies and processes concerning investments and asset management and is subject to certain legal duties including acting prudently and in the interest of the

- participants and beneficiaries, and the duty to correct or report improprieties of other fiduciaries.
2. The board's committee on budget and finance ("Committee") is charged with the responsibility to review matters related to endowment funds. The committee shall recommend to the board for approval the engagement, evaluation, and termination of investment consultants, managers, custodial firms, and other investment professionals; policies and guidelines concerning the management of the endowment fund including but not limited to performance objectives, investment guideline, and performance goals for investment managers; and changes and rebalancing of asset allocations.
  3. The vice president for budget and finance/chief financial officer ("VP/CFO") is charged with carrying out the university's investment policy and coordinates investment monitoring. The VP/CFO shall also serve as the administrative representative on investment subcommittees of the board, and provides staffing to the committee and subcommittees on matters concerning the endowment fund.
  4. The investment manager assists the board in achieving optimal long-term returns consistent with the endowment's acceptable level of risk. The investment manager shall be selected through a formal competitive process coordinated by the VP/CFO in consultation with the committee. The responsibilities of the consultant shall include:
    - a. Assist in defining the investment objectives of the fund and in establishing investment policy guidelines;
    - b. Assist in the selection of the appropriate asset classes and percentages to invest in each class based on return expectations and risk;
    - c. Implement short-term asset allocation shifts;
    - d. Selection, appointment, and replacement of fund of managers;
    - e. Provide the evaluation of fund managers with quarterly reports on performance implemented; and
    - f. Provide other services as specified by the board and/or committee.

#### C. Investment Goals and Guidelines

1. The board shall adopt investment goals and comprehensive guidelines to insure the preservation of capital and adequate growth and income. The long-

---

range investment objective of the university is to achieve an optimal rate of return on assets based on the asset allocation policy to produce current income to meet spending needs of 6% while preserving the real value of the endowment principal.

a. University of Hawai'i endowment fund investment goals and guidelines

(1) Goals

- (a) The investment goal of the University of Hawai'i endowment fund ("Fund") is to seek the highest expected total return<sup>1</sup> within reasonable levels of annual volatility to ensure the long-term growth of the Fund and the continued annual payout<sup>2</sup> of not more than 5% of market value.
- (b) The university shall provide the investment manager with a schedule of payouts to be made during the year. The payouts will be scheduled as close to the actual expenditures as practicable to maximize the amounts retained and invested.
- (c) The board also requires that actual investment results be placed in the median bracket or higher of a universe comprised of endowment funds nationwide. This yardstick shall apply to at least a three-year period in order to avoid short-term fluctuations that may reflect temporary out-of-phase investment philosophies of the money managers. The board expects this goal to be fulfilled within the levels of risk that a prudent person would take under various economic conditions.

(2) Guidelines

- (a) The "prudent man rule" shall be followed in the investment of the Fund.
  - i. Securities in new and untried enterprises should not be purchased. This basically applies to companies with no public ownership if its stock or those that have only recently gone public. An exception to this rule would be where prudence has been exercised through the use of investment vehicles that dramatically reduce the risk factors involved or where special

---

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

<sup>2</sup> The payout rate shall not exceed 5% based on a five-year moving average of market values at fiscal year end without prior approval by the board.

expertise warrants the risk be taken. Therefore, if the investment manager, as a professionally informed and prudent person, recommends purchase of specific securities within an atmosphere of discretion and intelligence, and without speculative intent, then the standard of prudence is upheld.

(b) Equity investments

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

(c) Cash and cash equivalent investments

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

(3) Asset-allocation

- (a) A balanced portfolio will be maintained with a minimum of 30% and a maximum of 70% in either the equity or fixed income investments and a maximum of 40% in cash and equivalents.
- (b) This guideline is intended to insure that the portfolio will not be heavily skewed towards one type of investment. The principle of prudence requires that the portfolio be well balanced with respect to fixed income investments such as intermediate and long-term corporate and utility bonds, short-term instruments such as treasury bills and notes, commercial paper, certificates of deposit and savings accounts on one hand and equity investments represented primarily by common stocks on the other. (Existing mortgages may be retained in the portfolio until paid up; however, no new mortgage investments will be made.)

## (c) Asset allocation table

	Minimum	Maximum
Equities	30%	70%
Fixed Income	30%	70%
Floating Rate Securities	0%	20%
Municipal Bonds	0%	10%
High Yield Bonds	0%	20%
Cash	0%	40%

- (d) While the foregoing establishes minimum and maximum allocation for different asset classes, an investment manager is not precluded from establishing lower invested levels while raising cash during adverse market conditions if such action is prudent and protects the principal of the Fund. Within the minimum and maximum asset allocation guidelines the board authorizes the committee to implement short-term tactical asset allocation changes to address the changing market outlook.
- (e) The committee will review the Fund's asset allocation and investment manager performance at least annually and shall determine whether the amounts invested with managers should be rebalanced toward the policy allocation targets.
- i. Preservation of principal
 

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

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

---

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

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

iv. Permitted investments

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

- Savings accounts
- Commercial paper with A-1 or P-1 rating
- Certificate of deposit
- Floating rate securities
- High yield bonds
- Municipal bonds
- Money market funds/common trust cash equivalent funds
- U.S. government, its agencies, or its instrumentalities
- Securities guaranteed by or collateralized by securities guaranteed by the U.S. government, its agencies, or its instrumentalities
- Debt securities and convertible securities of U.S. corporations and supranational organizations
- Preferred stocks
- Common stocks
- Publicly- trade foreign securities
- Mutual funds, exchange traded funds and common trust or commingled funds
- American depository receipts/shares

---

<sup>3</sup> Investment in mutual funds, limited partnerships or pooled funds may be done so on an exception basis to fully comply with policies established for the fund. However should the university choose to make such investments, the guidelines established by the mutual fund's prospectus or the pooled fund's guidelines will take precedence, and may not fully comply with policies established for the fund. The university, through its monitor, shall periodically review the guidelines of any mutual fund or pooled fund investment in order to determine if they remain appropriate for the fund.



---

Global depository receipts/shares  
The writing (selling) of covered call options  
Real estate, real estate investment trusts, and real estate mortgages  
Forward foreign exchange contracts, and bond/currency options and futures may be used for the defensive hedging of foreign currency exposure  
Limited partnerships

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

v. Prohibited investments/transactions

Investments in companies which, including predecessors, have a record of less than three years of continuous operation  
Commodities  
Lettered stock and private placements  
Selling “naked” puts and/or calls  
Derivative securities not covered under permitted investments  
Adjustable rate issues with coupons which move inversely to an index  
Securities issues by the managers, their parents or subsidiaries  
Assets of the Fund in their own interest or for their own account  
Transactions involving fund assets on behalf of a party whose interests are adverse to the interests of the Fund or its beneficiaries  
Transactions involving third party compensation for their own account from any party in connection with a transaction involving Fund assets

vi. Investment markets for equities

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

relationship shall be detailed in a written agreement with the custodian.

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

2. The board also desires to align its investment goals and guidelines with Chapter 4.208, the board's sustainability policy. As such, the investment manager shall hereby divest the Fund from companies that produce fossil fuels, and shall maintain a portfolio that is substantially divested of fossil fuels (0-1% holdings). While moving toward the divestment of fossil fuels, the investment manager shall also include investments that will provide alternative energy substitutes, where feasible. Divestment shall occur in a responsible manner that will consider investment and management fees, while meeting the investment goals and guidelines set forth in this chapter. Divestment should begin as soon as possible, with the outside date for completion to be on or before June 30, 2018. Progress towards this objective and any monetary impacts to the Fund should be reviewed along with the investment manager's quarterly report to the board.

#### D. Monitoring and Evaluation

##### 1. Performance measurement

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

##### (1) Quantitative standards

- (a) The extent to which the compounded annual rate of return of the total Fund equals or exceeds the Fund's performance objective.
- (b) The extent to which the compounded annual rate of return of the separately managed portfolio equals or exceeds the portfolio's performance objectives.
- (c) Performance will be measured on a time-weighted basis which recognizes the changes in market value, as well as income received; any appreciation or depreciation that occurs during the period examined, whether realized through the sale of securities

---

or left unrealized by holding the securities; and eliminates the influence of cash flow or asset transfers that are essentially beyond the control of the investment manager.

(2) Qualitative standards

(a) The investment manager's adherence to the investment policies and guidelines of the Fund.

(b) The investment manager's consistency in the application of their own investment philosophy.

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

a. Semi-annual meetings of the board's committee responsible for the governance of the university's financial matters with the investment manager to review the following:

(1) Review the past investment policy and examine the current investment policy.

(2) Develop an understanding of the strategy being used by the policy investment manager to carry out the current investment policy.

(3) Review the present and prospective economic climate.

(4) Permit the board to understand the risk levels of securities represented in the portfolio.

(5) Review the performance of the portfolios with respect to the investment objectives at least annually, and possibly more often. While the board recognizes that performance for an interval as short as one year or less normally is not a fair basis for evaluation of the performance of the investment manager, they do reserve the right to change the investment manager.

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

c. Quarterly reviews based on reports prepared by the board's selected third-party monitoring service.

- 
- d. Comparisons of Fund results and a universe comprised of other endowment funds nationwide to make certain the Fund results are in the top 50% as required by the guideline goals.
  - e. The investment manager shall be relied on and expected to provide advice whenever appropriate on the composition, performance, and governance (e.g.: policies) of the Fund.
3. Guidelines for probation/termination of an investment manager (Note: These guidelines are also applicable to the Associated Students of the University of Hawai'i at Mānoa ("ASUH") investment managers). The committee may recommend the termination of any manager and/or consultant(s) at any time if it determines that the manager is no longer appropriate for the Fund.
    - a. When the investment manager is in violation of the fund's investment guidelines, the violations should be reviewed with the manager. Consideration may be given to re-establish appropriate guidelines. The manager may be placed on probation for one year. If further violations occur, the manager may be terminated.
    - b. The investment manager must immediately notify the board of any pending changes in ownership. This notification places the investment manager on probation. If the change is expected to have a detrimental effect on performance, the manager may be terminated.
    - c. Upon hiring of the investment manager, a list of key personnel will be provided by the manager to the board. This will be ordered according to authority. This manager is responsible for updating the list on an as needed basis. If 60% of the key personnel or two of the three top personnel listed have departed from the firm, the manager may be terminated.
    - d. The investment manager must immediately notify the board of any pending litigation. Based on the gravity of the suit the possible impact on the investment process, the manager may be placed on probation or terminated.
    - e. The investment manager may be terminated should it fail to adhere to stated investment philosophy and style, or when that style is no longer compatible with the endowment Fund's investment approach.
    - f. While the board reserves the right to terminate a manager at any time, it intends to evaluate the manager's investment performance on a trailing 3-year basis. The specific performance tests to determine whether a

---

manager should be placed on probation or terminated will be based on a comparison of the annualized time-weighted total rate of return of the manager's total portfolio on a trailing 3-year basis against the following standards:

- (1) Equity/balanced managers: Annualized return no lower than 30% below the return of the Policy Index, gross of fees or ranking no lower than the 65<sup>th</sup> percentile of a universe of peers.
  - (2) Fixed income managers: Annualized return no lower than 10% below the return of the Policy Index, gross of fees or ranking no lower than the 65<sup>th</sup> percentile of a universe of peers.
- g. If a manager fails either of the applicable performance tests described above, the manager may be placed on probation for 6 months. For this 6-month period, the manager's performance is expected to rank at the 50<sup>th</sup> percentile or better, or be equal or better than the policy index. If this objective is not met, the manager may be determined. If this objective is achieved, the manager's probationary period may be extended for an additional 6 months. After the second 6-month period, the manager's trailing 12 months performance is expected to rank at the 50<sup>th</sup> percentile or better, or equal or better than the policy index.
- (1) If the 12-month objective is not attained, the manager may be terminated.
  - (2) If the 12-month objective is achieved and the Fund's trailing 3 year performance has been met, probationary status may be removed.
  - (3) If the 12-month objective is achieved, but the Fund's investment objective over 3 years has not been met, the manager's probationary period may be extended for an additional 12 months. After this 12-month extension, the Fund's last 24-month performance is expected to rank at the 50<sup>th</sup> percentile or better, or be equal or better than the policy index. If these objectives are met, the probationary status will be removed. If it is not attained, the manager may be terminated.
- h. The manager is allowed only one 12-month probationary period over any 6-year period. Any subsequent failure of the specific performance tests stated in Section II.A. within a 6-year period after a 1-year probation is considered reason for termination.
- i. Four quarters of consecutive under-performance relative to any or all of the above referenced benchmarks will trigger a review with the offending

---

investment managers. All of the qualitative criteria should be reviewed along with an explanation of the underperformance from the manager.

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

1. Purpose of the investment policy statement

- a. The purpose of this policy as recommended by the Associated Students of the University of Hawai'i at Mānoa ("ASUH") and adopted by the board is to establish goals and guidelines for the investment of the ASUH Stadium Stock Fund (hereinafter referred to as the "ASUH Mānoa Stadium Stock Fund"). This policy is promulgated pursuant to and in accordance with the resolution on the use of new income, principal and investment of the ASUH Mānoa stadium stock fund which is attached and incorporated herein as RP 8.211.

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

- b. The ASUH Mānoa Stadium Stock Fund shall be managed at all times in accordance with all applicable laws and regulations, including the Hawai'i Uniform Prudent Management of Institutional Funds Act (UPMIFA), Chapter 517E, Hawai'i Revised Statutes.

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

- c. Investment philosophy of the board and the ASUH

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



- (2) The board and the ASUH believe that the ASUH Mānoa Stadium Stock Fund's assets should be managed in a way which reflects the following statement:
- (3) The board and the ASUH feel that bonds and other fixed income securities should be actively managed.
- (4) Risks in individual securities, particularly in stocks, shall be acceptable, but the overall Fund should be managed in a well-diversified manner so that significant impairment of capital is avoided.

## 2. Responsibilities of the board and the ASUH

- a. The specific responsibilities of the ASUH and the board in the investment process include and are limited to:
  - (1) Acting in accordance with the guidelines under all applicable laws and regulations, including UPMIFA, Chapter 517E, Hawai'i Revised Statutes;
  - (2) Determining the ASUH Mānoa Stadium Stock Fund's projected financial needs and communicating it to the investment consultant/financial advisor on a timely basis;
  - (3) Expressing the ASUH Mānoa Stadium Stock Fund's risk tolerance level;
  - (4) Developing sound and consistent investment policy objectives and guidelines, which the investment consultant/financial advisor can use in formulating corresponding investment decisions;
  - (5) Monitoring and evaluating performance results through the investment consultant/financial advisor to assure that policy guidelines are being adhered to, that objectives are being met, and taking appropriate action to replace an investment manager for failure to perform as mutually expected.
3. Responsibilities of the investment manager or fund manager and the investment consultant/financial advisor
  - a. Adherence to investment policy objectives and guidelines.
  - b. Discretionary authority.

- c. The investment manager will be responsible for making all investment decisions on a discretionary basis regarding all assets placed under its jurisdiction and will be held accountable for achieving the investment objectives indicated herein. Such “discretion” includes decisions to buy, hold and sell securities (including cash equivalents) in amounts and proportions that are reflective of the manager’s current investment strategy and compatible with the ASUH Mānoa Stadium Stock Fund’s investment guidelines.
  - d. The investment consultant/financial advisor will assist the ASUH Mānoa Senate in achieving optimal long-term returns consistent with the endowment’s acceptable level of risk and shall perform responsibilities generally comparable to those of the investment consultant for the board as described herein RP 8.206(B)(4).
- 4. Assets excluded from investment manager’s responsibility
  - a. Any securities of the ASUH Mānoa Stadium Stock Fund not constituting a part of the ASUH Mānoa Stadium Stock Fund or any other securities or assets which are not entrusted to the investment manager’s “discretionary” investment authority will not be deemed managed by the investment managers and, therefore, such assets will not be its responsibility.
- 5. Compliance with UPMIFA rules and appropriate legislation
  - a. The investment managers are responsible for compliance with the UPMIFA rules, as it pertains to their duties and responsibilities as fiduciaries.
  - b. The investment manager(s) shall:
    - (1) Acknowledge in writing his recognition and acceptance of full responsibility as fiduciary in accordance with applicable federal and state legislation; and
    - (2) Be registered under the Investment Advisory Act of 1940 or be exempt from the 1940 Act.
- 6. Communication and reporting
  - a. The investment consultant/financial advisor shall communicate on a timely basis with the board and the ASUH Investments Committee:

- (1) Major changes of investment strategy, asset allocation and other investment philosophy related matters;
- (2) Significant changes in the ownership, organizational structure, financial conditions or senior personnel staffing;
- (3) Recommendations that any particular guideline be amended;
- (4) Notices of transaction activity and quarterly performance reports;
- (5) Information requested by the board and/or the ASUH in the conduct of their own evaluation of portfolio management.

#### 7. Performance objectives and guidelines

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

- (1) Absolute performance objectives

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

- (2) Relative performance guidelines

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

- i. The ASUH Mānoa Stadium Stock Fund hopes that the plan's equity portion of the portfolio will outperform the Standard and Poor's 500 over the market cycle.

- ii. The ASUH Mānoa Stadium Stock Fund would expect the portfolio's fixed income portion will perform in line with the Barclays Aggregate Bond Index.

#### 8. General investment guidelines

- a. Safety of principal

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

b. Liquidity needs

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

c. Funding policy

- (1) The ASUH Investments Committee shall have the responsibility for:
  - (a) Recommending and carrying out a funding policy and method which is consistent with the objectives of the plan and the operating fund requirements of the ASUH. Consideration should be given to the plan's short-term and long-term needs.
  - (b) Establishing the desired net payout from the portfolio and providing the investment consultant/financial advisor with an estimate of cash flows and cash withdrawal needs for the coming year.
  - (c) Establishing the maximum payout which should not exceed 5% of the total portfolio.

d. Types of assets

- (1) All assets selected for the portfolio must have a readily ascertainable market value and must be readily marketable. In order to provide the investment manager with freedom to invest in various types of assets, the following list of types of assets is among those approved for investment:<sup>4</sup>

---

<sup>4</sup> Investment in mutual funds, limited partnerships or pooled funds may be done so on an exception basis to fully comply with policies established for the ASUH Mānoa Stadium Stock Fund. However should the ASUH choose to make such investments, the guidelines established by the mutual fund's prospectus or the pooled fund's guidelines will take precedence, and may not fully comply with policies established for the ASUH Mānoa Stadium Stock Fund. The ASUH, through its investment consultant/financial advisor, shall periodically review the guidelines of any mutual fund or pooled fund investment in order to determine if they remain appropriate for the ASUH Mānoa Stadium Stock Fund.

---

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

The following types of assets or transactions are expressly prohibited:

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

e. Risk management guidelines

- (1) The board and the ASUH recognize that the capital markets can be unpredictable at times and that any investment posture could result in periods whereby the market values of the ASUH Mānoa Stadium Stock Fund can decline in the account values. In the desire to limit risk, adherence to the asset allocation guidelines is paramount.

f. Minimum criteria for selection

(1) Equities

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

(2) Fixed income

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

g. Diversification

(1) Equities

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

(2) Fixed income

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

9. Asset distribution



- 
- a. The board and the ASUH wish to set the following asset mix guidelines which should be rigidly observed.

Equities.....Maximum 70% - Minimum 20%  
Bonds .....Maximum 70% - Minimum 20%  
Cash or Cash Equivalents ...Maximum 60% - Minimum 5%

#### 10. Evaluation and review

- a. Portfolio management performance will be measured on a year-to-year basis and will be evaluated over a three-year moving average. The following factors will be evaluated:
- (1) The time weighted return of the total portfolio vs. the ASUH Mānoa Stadium Stock Fund's stated investment objectives.
  - (2) The relative performance of the equities vs. the Standard and Poor's 500 Index.
  - (3) The relative performance of the fixed income investments vs. the Barclays Aggregate Bond Index.
  - (4) The manager's initiation of communication expressing its view and recommendations regarding the investment philosophy.
  - (5) The manager's consistency in the application of its own investment philosophy, such as its criteria of security selection and investment strategy.
- b. Any large deviation from expected results or performance guidelines may require the consideration to alter and amend the investment policies of the ASUH Mānoa Stadium Stock Fund.
- c. While the ASUH intends to fairly evaluate the portfolio performance over the agreed upon period of evaluation, they reserve the right to change the investment manager if there is unacceptable justification for poor results. The two most serious threats to the confidence regarding any investment manager are:
- (1) Inconsistency of approach—having no visible philosophy or not adhering to a stated investment strategy.
  - (2) Poor supervision of individual stock investments.

d. Fund and/or manager selection process

(1) Classification

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

(2) Peer performance

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

(3) Consistency of performance

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

(4) Risk

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

e. Guidelines for probation/termination of an investment manager will follow RP 8.206(D)(3).

11. Reporting requirements

- a. ASUH shall meet with the investment consultant/financial advisor at least quarterly, unless otherwise mutually agreed upon, but no less than four times a year, on the following:
- (1) To discuss current portfolio structure and asset allocation policy.
  - (2) To review specific investments and their appropriateness to the portfolio.

- (3) To gain insight into the manager's investment strategy as it relates to their outlook on the economy and stock market.
  - (4) To evaluate comparative performance figures.
  - (5) To review long-range philosophy/strategy vis-à-vis the fund's ongoing needs or objectives.
- b. The ASUH shall obtain the following information from their investment consultant/financial advisor to assist in their evaluation of the ASUH Mānoa Stadium Stock Fund's performance and management on a quarterly basis.
- (1) Account information
    - (a) Summary of investment portfolio
    - (b) Common stock summary
    - (c) Portfolio holdings—by industry diversification
    - (d) Schedule of additions and disbursements
    - (e) Schedule of interest and dividends received
    - (f) Schedule of purchases
    - (g) Schedule of sales
    - (h) Schedule of realized gains and losses
  - (2) Performance evaluation
    - (a) The investment consultant/financial advisor shall provide an evaluation of the investment manager's performance based on the investment policy objectives and guidelines.
  - (3) Communications
    - (a) The investment consultant/financial advisor shall make recommendations in writing as to changes the investment consultant/financial advisor believes will be prudently beneficial to the ASUH Mānoa Stadium Stock Fund, such as changes in the

---

ASUH Mānoa Stadium Stock Fund's investment guidelines when appropriate.

F. Name

1. All securities held by the university shall be registered in the name "University of Hawai'i."

G. Investment Responsibility

1. Statement. The primary fiduciary responsibility of the board in managing the university's endowment funds is to attain an adequate financial return on those resources, taking into account the amount of risk appropriate for university investment policy. However, when the board adjudges that corporate policies or practices cause substantial social injury, the board, as a responsible and ethical investor, shall give independent weight to this factor in its investment policies and in voting proxies on corporate securities.
2. Policy guidelines. The board shall normally not vote on any shareholder resolution involving social issues unless they conclude that a company's activities cause substantial social injury and such activities are the subject of a shareholder proposal which would eliminate or materially reduce the substantial social injury. The board will vote on the proposal, provided such action is not inconsistent with the board's fiduciary obligations. In cases where the proposed remedy is deemed unreasonable, the board may abstain.

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

If the board concludes that a specific board action otherwise indicated under these guidelines is likely to impair the capacity of the university to carry out its

---

educational mission and/or meet its financial obligations, then the board need not take such action.

#### H. Short-term Investments

1. It is the policy of the board to invest its funds in excess of immediate requirements in investments permitted under section 36-21, short-term investment of state moneys, Hawai'i Revised Statutes.
  - a. The objectives of the university's short-term investment policy are:
    - (1) Safety—To safeguard university funds by minimizing risk through collateralization, diversification and by depositing funds into federally-insured banks and savings and loan associations.
    - (2) Liquidity—To insure the availability of funds to meet university payments by the timely forecasting of cash requirements and the selection of securities that can be promptly converted into cash with a minimum risk of loss in principal.
    - (3) Yield—To maximize interest earnings on university investments by investing idle funds to the maximum extent possible.
  - b. The guidelines for short-term investments are:
    - (1) Banks and savings and loan associations without collateral agreements with the university and insured by the Federal Deposit Insurance Corporation "FDIC" of the Federal Savings and Loan Insurance Corporation "FSLIC": The maximum amount of the investment is not to exceed the maximum insurance coverage provided by the FDIC or FSLIC.
    - (2) Banks and savings and loan associations with collateral agreements with the university and insured by the FDIC and FSLIC: The amount invested will be on the basis of the highest interest rate available for such maturity at the time the investment is placed.
  - c. Other investments shall observe the objectives of safety, liquidity and yield. Prudent risk control shall be of paramount importance in investment decisions with emphasis placed on the probable safety of capital rather than the probable income to be derived.
  - d. Investments with local depositories are to be made at bank branches which service university checking accounts or the main office of banks and



savings and loan associations or at branches designated by the main office.

- e. Collateralization of short-term investments is required under this policy for all deposits exceeding the maximum amount of federal deposit insurance.
- f. The president or his/her designees are authorized to manage the university's short-term investment program. The board will review the performance of the short-term investment program at least annually.

#### **IV. Delegation of Authority:**

The president or his/her designees are authorized to manage the university's short-term investment program and to promulgate executive policy and shall report annually to the Board of Regents on progress made.

#### **V. Contact Information:**

Office of the Vice President for Budget & Finance/Chief Financial Officer, 956-8903, kalbert@hawaii.edu

#### **VI. References:**

- <http://www.hawaii.edu/offices/bor/>
- Hawai'i Uniform Prudent Management of Institutional Funds Act (UPMIFA)
- [http://www.capitol.hawaii.gov/hrscurrent/Vol12\\_Ch0501-0588/HRS0517E/HRS\\_0517E-.htm](http://www.capitol.hawaii.gov/hrscurrent/Vol12_Ch0501-0588/HRS0517E/HRS_0517E-.htm)

#### **Approved as to Form:**

\_\_\_\_\_  
Cynthia Quinn  
Executive Administrator and  
Secretary of the Board of Regents

\_\_\_\_\_  
Date



Regents Policy Chapter 8, Business and Finance  
Regents Policy RP 8.207, Investments

Effective Date: ~~May 21, 2015~~ March XX, 2020

Prior Dates Amended: Sept. 23, 1960; Jan. 11, 1962; Jan. 13, 1966; May 12, 1966;  
May 16, 1977; June 22, 1978; Oct. 20, 1978; June 14, 1979; Oct. 17, 1980; Apr. 22,  
1983; July 22, 1983; Sept. 30, 1983; Dec. 13, 1985; Dec. 12, 1986; June 17, 1988; Nov.  
18, 1988; Apr. 21, 1995; Aug. 23, 1996; May 16, 1997; Nov. 19, 1999; Feb. 21, 2003;  
Oct. 31, 2014 (recodified); May 21, 2015

Review Date: August ~~2018~~ 2023

### **I. Purpose**

To set forth an investment policy ~~that is aligned with the university's sustainability goals and policies.~~

### **II. Definitions:**

As used in this policy, ~~sustainability means serving the needs of the present without jeopardizing the needs of the future.;~~

1. "ASUH Stadium Stock Fund" refers to the Associated Students of the University of Hawai'i (ASUH) at Mānoa Stadium Stock Fund established by the board with \$839,258.77 of proceeds received from the sale of 1,481 shares of Honolulu Stadium, Ltd. held in the name of ASUH.
2. "Committee" refers to the Board of Regents' Committee on Budget and Finance.
3. "Legacy endowment" refers to the endowment established prior to the University of Hawai'i Foundation.
4. "The Funds" refers to the legacy endowment and ASUH Stadium Stock Fund collectively, unless otherwise identified.
5. "VP/CFO" means the Vice President of Budget and Finance/Chief Financial Officer of the University of Hawai'i.

### **III. Policy:**

#### **A. General**

1. The investment of ~~funds and monies, including~~ the purchases and sales of bonds, stocks, and other securities and properties ~~from trust or investment funds shall be made with the approval or on the direction of the board for the Funds, shall be made in alignment with this investment policy.~~ The president or president's designee is authorized to take any action and to execute and

- deliver on behalf of the board such documents and certificates as may be necessary or desirable in connection with the acceptance, sale or transfer of investment securities issued to the university.
2. This policy sets forth procedures and guidelines for the day-to-day administration of ~~all university endowment investment activities~~ the Funds.
  3. ~~Proceeds from future real estate sales or future real estate lease income~~ may will be allowed to be added to the legacy endowment upon approval by the board. ~~No cContributions from donors shall not will~~ be added to the legacy endowment in order to avoid compromising to ensure that University of Hawai'i Foundation fundraising efforts ~~are not compromised~~.
  - 1.4. This policy also sets forth objectives and guidelines that provide distinct guidance for short term investments of temporary surplus funds of the university, as distinct guidance from amounts held in the Funds.

## B. Investment Management

1. The board has the basic responsibility of preserving institutional resources, including the ~~endowment Funds~~ in perpetuity. The board oversees the policies and processes concerning investments and asset management and is subject to certain legal duties including acting prudently and in the interest of the participants and beneficiaries, and the duty to correct or report improprieties of other fiduciaries.
2. ~~The board's committee on budget and finance~~ ("Committee") is charged with the responsibility of reviewing matters related to ~~endowment fund~~ the Funds. The ~~committee~~ Committee shall:
  - a. ~~Recommend to the board for approval the engagement of investment advisors; evaluation, and termination of investment consultants, managers, custodial firms, and other investment professionals; policies and guidelines concerning the management of the endowment fund including but not limited to performance objectives, investment guideline, and performance goals for investment managers; and changes and rebalancing of asset allocations. provided that the recommendation for the engagement of the advisor for the ASUH stadium stock fund will consider any recommendation by the ASUH board;~~
    - b. Establish and periodically review the policies and guidelines concerning the management of the Funds set forth herein; and
    2. c. On a quarterly basis for the legacy endowment and semi-annually for the ASUH Stadium Stock Fund, monitor the investment results and confirm that the investment advisors' decisions and outcomes are in accordance with this policy.

3. ~~The vice president for budget and finance/~~chief financial officer (“VP/CFO”) in consultation with the president is charged with carrying out the university’s investment policy and coordinates investment monitoring. The VP/CFO shall also serve as the administrative representative on investment subcommittees of the board, and provides staffing to the committee and subcommittees on matters concerning the endowment fund. the responsibility to:
- a. Recommend to the board the approval of the selection of investment advisors to the board for the legacy fund;
  - b. Manage and implement the contracts with the investment advisors;
  - c. Review investment results monthly; and
  - d. Review conformance of investments with this investment policy on a quarterly basis or immediately upon notification by an investment advisor of any non-conformance with the investment policy.
4. ~~The VP/CFO, or designee, shall also:~~
- a. Serve as the administrative liaison to the Committee and provide staffing to the Committee on matters concerning the Funds; and
  3. b. On an annual basis, provide a broad category report on the expenditure of the annual distribution from the endowment fund for the most recent five years.
4. The investment ~~manager~~ advisors will serve as both advisors and monitors and assist the board in achieving optimal long-term returns consistent with the ~~endowment’s Fund’s~~ acceptable level of risk. The investment ~~manager~~ advisors shall be selected through a formal competitive process coordinated by the VP/CFO in consultation with the ~~committee~~ Committee. The responsibilities of the ~~consultant~~ investment advisors shall include:
- a. Assist in defining the investment objectives of the fund and in establishing investment policy guidelines; Determining the asset allocation within the parameters of the investment policy;
  - b. Assist in the selection of the appropriate asset classes and percentages to invest in each class based on return expectations and risk; Selecting individual portfolio managers, mutual funds, and/or exchange-traded funds within the allowable categories as defined in the investment policy;
  - c. Implementing short-term asset allocation shifts;
  - d. Selection, appointment, and replacement of fund of managers; Reporting investment results monthly to the VP/CFO, or designee;
  - e. Provide the evaluation of fund managers with quarterly reports on performance implemented; and Reporting conformance of investments with the investment policy quarterly or sooner upon discovery of any non-

conformance with the investment policy to the VP/CFO, or designee, for both of the Funds, and ASUH board or its investment committee for ASUH Stadium Stock Funds;

e-f. Disclosing total expenses annually;

f-g. Reporting investment results and conformance of investments with the investment policy for the legacy endowment quarterly to the Committee and, for the ASUH Stadium Stock Fund, to the ASUH board or its investment committee quarterly and to the Committee semi-annually; and

h. Provide-Providing other services as specified by the VP/CFO, board, and/or eCommittee.

g-5. The specific responsibilities of ASUH in the investment process include:

h-a. Reporting annually to the board the amounts distributed by the to-ASUH organizations;

i-b. Recommending to the board the selection of an investment advisor; and

j. c. Reviewing investment results and conformance of investments with the investment policy quarterly.

### C. Investment Goals and Guidelines

1. The board shall adopt investment goals and comprehensive guidelines to ~~insure~~ensure the preservation of capital and adequate growth and income. The long-range investment objective of the university is to achieve ~~an optimal rate of return on assets based on the asset allocation policy to produce current income to meet spending needs of 6%~~the highest risk-adjusted total return, maintain the purchasing power of the corpus over five- and ten-year periods to meet spending needs of 4.25% while preserving the real value of the endowment principal.

a. ~~University of Hawai'i endowment fund~~Funds investment goals and guidelines:

(1) Goals:

(a) The investment goal of the ~~University of Hawai'i endowment fund ("Fund")~~is Funds are: (i) to seek the highest ~~expected risk-~~

adjusted total return<sup>1</sup> within reasonable levels of annual volatility to ensure the long-term growth of the Funds; and (ii) to generate an annual distribution of up to 4.25% of a rolling 20-quarter average value of the Funds, with the value determined at the end of each calendar quarter and the actual distribution to be determined by the university administration for the legacy endowment and by the ASUH board for the ASUH Stadium Stock Fund~~the continued annual payout<sup>2</sup> of not more than 5% of market value.~~

- (b) The university for the legacy endowment and ASUH for the ASUH Stadium Stock Fund shall provide the investment manager advisors with a their respective schedules of payouts to be made during the year. The payouts will be scheduled as close to the actual expenditures as practicable to maximize the amounts retained and invested with the Funds.
- (c) ~~The board also requires that actual investment results be placed in the median bracket or higher of a universe comprised of endowment funds nationwide. This yardstick shall apply to at least a three-year period in order to avoid short-term fluctuations that may reflect temporary out-of-phase investment philosophies of the money managers. The board expects this goal to be fulfilled within the levels of risk that a prudent person would take under various economic conditions. In the event that the amount available for distribution from either of the Funds in any year decreases by more than 5% from the previous year, due to diminution of the value of the corpus, the board may for extenuating circumstances authorize a distribution greater than the amount set forth in this policy, up to 95% of the distribution authorized in the immediate preceding year.~~

## (2) Guidelines

- (a) The “prudent man-investor rule” shall be followed in the investment of the Funds.
- i. ~~Securities in new and untried enterprises should not be purchased. This basically applies to companies with no public ownership if its stock or those that have only recently gone~~

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

<sup>2</sup> ~~The payout rate shall not exceed 5% based on a five-year moving average of market values at fiscal year end without prior approval by the board.~~



~~public. An exception to this rule would be where prudence has been exercised through the use of investment vehicles that dramatically reduce the risk factors involved or where special expertise warrants the risk be taken. Therefore, if the investment manager, as a professionally informed and prudent person, recommends purchase of specific securities within an atmosphere of discretion and intelligence, and without speculative intent, then the standard of prudence is upheld.~~

~~(b) Equity investments~~

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

~~(c) Cash and cash equivalent investments~~

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

(3) Asset-allocation

(a) A balanced portfolio will should be maintained ~~with a minimum of 30% and a maximum of 70% in either the equity or fixed income investments and a maximum of 40% in cash and equivalents within the risk profile outlined in the asset allocation model below:~~

	<u>Maximum</u>	<u>Minimum</u>
<u>Listed stocks</u>	<u>80%</u>	<u>40%</u>
<u>S&amp;P 500</u>	<u>60%</u>	<u>15%</u>
<u>Russell midcap (bottom 800 of largest 1000)</u>	<u>15%</u>	<u>*</u> <u>-</u>
<u>Russell 2000 (smallest 2000 in the Russell 3000)</u>	<u>15%</u>	<u>*</u> <u>-</u>
<u>MSCI EAFE</u>	<u>40%</u>	<u>*</u>
<u>MSCI emerging markets</u>	<u>15%</u>	<u>*</u>
<u>Fixed Income</u>	<u>60%</u>	<u>20%</u>
<u>US Treasuries, agencies, and US corporate bonds rating Baa or higher</u>	<u>60%</u>	<u>20%</u>

---

<u>High-yield US corporate bonds</u>	<u>10%</u>	<u>0%</u>
<u>Municipal bonds rated Baa or higher</u>	<u>10%</u>	<u>0%</u>
<u>Alternative investments (only if the specific non-marketable investments are authorized in advance by the board)</u>	<u>10%</u>	<u>0%</u>
<u>Cash and equivalents</u>	<u>10%</u>	<u>0%</u>

\*In the aggregate, the minimum for these four asset classes is 15%

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

~~(c)~~ Asset allocation table

	Minimum	Maximum
Equities	30%	70%
Fixed Income	30%	70%
<del>— Floating Rate Securities</del>	0%	20%
<del>— Municipal Bonds</del>	0%	10%
<del>— High Yield Bonds</del>	0%	20%
Cash	0%	40%

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

~~(e)(c)~~ The ~~committee~~ Committee will review the Fund's asset allocation ~~and investment manager performance at least annually and shall determine whether the amounts invested with managers should be rebalanced toward the policy allocation targets annually as set forth in the table above.~~

i. Preservation of principal

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

ii. Liquidity

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

iii. Diversification

To avoid the risk of concentration of assets, individual bond positions, other than obligations of the U.S. government, should not comprise more than ~~5~~5% of the total fixed income portion of the portfolio. Individual equities should comprise no more than ~~54~~5% of the total market value of the stock portfolio. In addition, investments in any one stock are not to exceed ~~51~~5% of the corporation's outstanding common stock.

The investment ~~manager advisors~~ will not be required to invest in equity securities representing a cross section of the economy. ~~However, the~~ The investment ~~manager advisors~~ ~~may will be allowed to~~ choose the degree of concentration in any industry ~~up to a maximum limit of 15% of total equities in any one industry that is within four percentage points of the percentage that such industry is represented in the MSCI All Cap World Index~~ at market value and a maximum limit of ~~104~~10% in any one company.

iv. Permitted investments

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

- Savings accounts
- Commercial paper with A-1 or P-1 rating
- Certificate of deposit
- Floating rate securities
- High yield bonds
- Municipal bonds
- Money market funds/common trust cash equivalent funds
- U.S. government, its agencies, or its instrumentalities
- Securities guaranteed by or collateralized by securities guaranteed by the U.S. government, its agencies, or its instrumentalities
- Debt securities and convertible securities of U.S. corporations and supranational organizations
- Preferred stocks

<sup>3</sup> ~~Investment in mutual funds, limited partnerships or pooled funds may be done so on an exception basis to fully comply with policies established for the fund. However should the university choose to make such investments, the guidelines established by the mutual fund's prospectus or the pooled fund's guidelines will take precedence, and may not fully comply with policies established for the fund. The university, through its monitor, shall periodically review the guidelines of any mutual fund or pooled fund investment in order to determine if they remain appropriate for the fund.~~

- Common stocks
- Publicly- trade foreign securities
- Mutual funds, exchange traded funds and common trust or commingled funds, including such funds that use leverage
- American depository receipts/shares
- Global depository receipts/shares
- The ~~writing~~-(selling) of covered call options
- The buying of protected put options
- Real ~~estate, real~~-estate investment trusts, ~~and real estate mortgages~~
- Forward foreign exchange contracts, and bond/currency options and futures ~~may be~~-used for the defensive hedging of foreign currency exposure
- Publicly traded ~~L~~imited partnerships

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

v. Permitted investments with prior board approval:

- Limited partnerships not publicly traded
- Hedge funds
- Private equity

v.vi. Prohibited investments/transactions

- Direct ~~li~~investments in ~~companies~~-entities which, including predecessors, have a record of less than three years of continuous operation
- Commodities
- Lettered stock and private placements
- Selling “naked” puts and/or calls
- Derivative securities not covered under permitted investments
- Adjustable rate issues with coupons which move inversely to an index
- Securities ~~issue~~ds by the managers, their parents or subsidiaries
- Assets of the Funds in their own interest or for their own account
- Transactions involving fund assets on behalf of a party whose interests are adverse to the interests of the Fund or ~~its~~-their beneficiaries

- Transactions involving third party compensation for their own account from any party in connection with a transaction involving the Funds' assets
- Any securities of the top 200 fossil fuel companies<sup>4</sup>

~~vi.vii.~~ Investment markets for equities

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

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

~~2. The board also desires to align its investment goals and guidelines with Chapter 4.208, the board's sustainability policy. As such, the investment manager shall hereby divest the Fund from companies that produce fossil fuels, and shall maintain a portfolio that is substantially divested of fossil fuels (0-1% holdings). While moving toward the divestment of fossil fuels, the investment manager shall also include investments that will provide alternative energy substitutes, where feasible. Divestment shall occur in a responsible manner that will consider investment and management fees, while meeting the investment goals and guidelines set forth in this chapter. Divestment should begin as soon as possible, with the outside date for completion to be on or before June 30, 2018. Progress towards this objective and any monetary impacts to the Fund should be reviewed along with the investment manager's quarterly report to the board. Custody of securities:~~

---

<sup>4</sup> As identified in an annually updated listing of the top 100 public coal companies globally and the top 100 public oil and gas companies globally, ranked by the potential carbon emissions content of their reported reserves. This list is produced and maintained by Fossil Free Indexes, LLC and can be accessed at <https://gofossilfree.org/top-200/>. Because of the small size of its corpus, the prohibition against investment in the securities of companies with fossil fuel reserves shall not apply to the ASUH stadium stock fund.



All securities shall be held by a custodian registered and licensed by appropriate bodies such as the Securities and Exchange Commission and the Federal Reserve Board. The terms and conditions of this custodial relationship shall be detailed in a written agreement with the custodian.

3. Name:

2. All securities held by the university shall be registered in the name, "University of Hawai'i."

D. Monitoring and Evaluation

1. Performance measurement

a. Investment performance and management of the Fund and the separately managed portfolios will be ~~evaluated over a three year investment horizon. Evaluation will be conducted based on the quantitative and qualitative standards which are applicable to the Fund and the separately managed portfolios measured net of fees on a time-weighted basis (which eliminates the influence of cash flows that are beyond the control of the investment manager) and evaluated using benchmark data as a tool to assess the performance of the investment advisors. The benchmarks are not a floor for expected returns.~~

(1) Quantitative benchmark standards to evaluate the performance of the Funds as a whole, and specific asset classes

(a) The extent to which the compounded annual rate of return of the total Fund equals or exceeds the Fund's performance objective. A benchmark constructed from this allocation model, reviewed quarterly and annually, over five years:

<u>S&amp;P 500 stock index</u>	<u>40%</u>
<u>Russell midcap index (bottom 800 of the largest 1000)</u>	<u>5%</u>
<u>Russell 2000 index (smallest 2000 in the Russell 3000)</u>	<u>5%</u>
<u>MSCI EAFE-NR index (net of foreign withholding taxes)</u>	<u>15%</u>
<u>MSCI emerging markets index</u>	<u>5%</u>
<u>Bloomberg Barclay's US aggregate bond index</u>	<u>30%</u>
<u>Total</u>	<u>100%</u>

- (b) ~~The extent to which the compounded annual rate of return of the separately managed portfolio equals or exceeds the portfolio's performance objectives. The total of 4.5% plus the rate of inflation, reviewed annually and measured over ten and twenty years.~~
- (c) Performance ~~will be measured on a time-weighted basis which recognizes the changes in market value, as well as income received; any appreciation or depreciation that occurs during the period examined, whether realized through the sale of securities or left unrealized by holding the securities; and eliminates the influence of cash flow or asset transfers that are essentially beyond the control of the investment manager of college endowments of a similar size, reviewed annually and measured over five and ten years.~~

(2) Qualitative standards

- (a) The investment ~~manager's advisor's~~ adherence to the investment policies and guidelines of the Funds.

~~b.~~—The investment ~~manager's advisor's~~ consistency in the application of ~~its~~their own investment philosophy.

~~(b)~~

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

2. The evaluation and monitoring of the Funds will be accomplished as follows:

- a. ~~Semi-annual meetings of the board's committee responsible for the governance of the university's financial matters with the investment manager to review the following: Quarterly review as related to the legacy endowment funds and semi-annual review of the ASUH Stadium Stock Funds by the Committee with the investment advisors to review the following:~~

- (1) ~~Review the past investment policy and examine the current investment policy. Rate of return of the Funds on a rolling basis and compared to the last review period, one, three, and five fiscal years, and its component parts.~~

- 
- ~~(2) Develop an understanding of the strategy being used by the policy investment manager to carry out the current investment policy. Current asset allocation with rationale.~~
  - ~~(3) Review the present and prospective economic climate. Investment outlook for the near-, intermediate-, and long-term future, and how that outlook affects the advisor's actions.~~
  - ~~(4) Permit the board to understand the risk levels of securities represented in the portfolio. Current level of risk, with rationale, and explanation of how it is measured.~~
  - ~~(5) Review the performance of the portfolios with respect to the investment objectives at least annually, and possibly more often. While the board recognizes that performance for an interval as short as one year or less normally is not a fair basis for evaluation of the performance of the investment manager, they do reserve the right to change the investment manager. Explanation of deviation of performance from benchmarks.~~
  - ~~(5)(6) Compliance of the investment advisors with the investment policy. While the board recognizes that performance for an interval as short as one year or less is not a fair basis for evaluation of the performance of the investment advisors, it reserves the right to change the investment advisors.~~
  - ~~b. An annual review meeting of the entire board with the investment manager to review the performance of the portfolios, and the goals and objectives of the Fund.~~
  - ~~c. Quarterly reviews based on reports prepared by the board's selected third-party monitoring service.~~
  - ~~d. Comparisons of Fund results and a universe comprised of other endowment funds nationwide to make certain the Fund results are in the top 50% as required by the guideline goals.~~
  - ~~e. The investment manager advisors shall be relied on and expected to provide advice whenever appropriate on the composition, performance, and governance, (e.g.: policies,) of the Funds.~~
  3. Guidelines for probation/termination of an investment manager (Note: These guidelines are also applicable to the Associated Students of the University of Hawai'i at Mānoa ("ASUH") investment managers)advisor. The committee

Committee may recommend to the board the termination of any manager and/or consultant(s)advisor, at any time and in the The board may terminate any advisor at any time if it determines in its board's sole discretion if it determines that the manager-advisor is no longer appropriate for the Funds. The following are illustrative examples only and do not limit the board's sole discretion to determine that termination is appropriate.

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

b.a. Termination may be appropriate if an investment advisor's performance is not comparing favorably to the benchmarks as defined in this policy. The investment manager advisor must immediately notify the board VP/CFO, or designee, of any pending changes in ownership. This notification places the investment manager on probation. If the change is expected to have a detrimental effect on performance, the manager advisor may be terminated.

e.b. ~~Upon hiring of the investment manager advisor, a list of key personnel will be provided by the manager advisor to the board VP/CFO and the board. This The list will be ordered according to authority. This managerThe advisor is responsible for updating the list on an as needed basis. If 60% of the key personnel or two of the three top personnel listed have departed from the firm, the manager advisor may be terminated.~~

d.c. ~~The An investment manager advisor must immediately notify the board VP/CFO, or designee, of any pending litigation. Based on the gravity of the suit and the possible impact on the investment process, the manager advisor may be placed on probation or terminated.~~

e.d. ~~The An investment manager advisor may be terminated should it fail to adhere to stated investment philosophy and style, or when that style is no longer compatible with the endowment Fund's' investment approach.~~

f. While the board reserves the right to terminate a manageran advisor at any time, it intends to evaluate the manager's advisor's investment performance on a trailing 3-year basis using benchmarks identified in this policy. The specific performance tests to determine whether a manageran advisor should be placed on probation or terminated will be based on a comparison of the annualized time-weighted total rate of return of the

~~manager's total portfolio on a trailing 3-year basis against the following standards: benchmarks as defined in this policy.~~

~~(1) — Equity/balanced managers: Annualized return no lower than 30% below the return of the Policy Index, gross of fees or ranking no lower than the 65<sup>th</sup> percentile of a universe of peers.~~

~~(2) — Fixed income managers: Annualized return no lower than 10% below the return of the Policy Index, gross of fees or ranking no lower than the 65<sup>th</sup> percentile of a universe of peers.~~

~~g. — If a manager fails either of the applicable performance tests described above, the manager may be placed on probation for 6 months. For this 6-month period, the manager's performance is expected to rank at the 50<sup>th</sup> percentile or better, or be equal or better than the policy index. If this objective is not met, the manager may be determined. If this objective is achieved, the manager's probationary period may be extended for an additional 6 months. After the second 6-month period, the manager's trailing 12-month performance is expected to rank at the 50<sup>th</sup> percentile or better, or equal or better than the policy index.~~

~~(1) — If the 12-month objective is not attained, the manager may be terminated.~~

~~(2) — If the 12-month objective is achieved and the Fund's trailing 3-year performance has been met, probationary status may be removed.~~

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

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

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

~~E. — Associated Students of the University of Hawai'i at Mānoa, ASUH Stadium Stock and Investment Policy Objectives and Guidelines~~

1. Purpose of the investment policy statement

a. The purpose of this policy as recommended by the Associated Students of the University of Hawai'i at Mānoa ("ASUH") and adopted by the board is to establish goals and guidelines for the investment of the ASUH Stadium Stock Fund (hereinafter referred to as the "ASUH Mānoa Stadium Stock Fund"). This policy is promulgated pursuant to and in accordance with the resolution on the use of new income, principal and investment of the ASUH Mānoa stadium stock fund which is attached and incorporated herein as RP 8.211.

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

b. The ASUH Mānoa Stadium Stock Fund shall be managed at all times in accordance with all applicable laws and regulations, including the Hawai'i Uniform Prudent Management of Institutional Funds Act (UPMIFA), Chapter 517E, Hawai'i Revised Statutes.

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

c. Investment philosophy of the board and the ASUH

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

(2) The board and the ASUH believe that the ASUH Mānoa Stadium Stock Fund's assets should be managed in a way which reflects the following statement:

(3) The board and the ASUH feel that bonds and other fixed income securities should be actively managed.

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



~~2. Responsibilities of the board and the ASUH~~

~~a. The specific responsibilities of the ASUH and the board in the investment process include and are limited to:~~

~~(1) Acting in accordance with the guidelines under all applicable laws and regulations, including UPMIFA, Chapter 517E, Hawai'i Revised Statutes;~~

~~(2) Determining the ASUH Mānoa Stadium Stock Fund's projected financial needs and communicating it to the investment consultant/financial advisor on a timely basis;~~

~~(3) Expressing the ASUH Mānoa Stadium Stock Fund's risk tolerance level;~~

~~(4) Developing sound and consistent investment policy objectives and guidelines, which the investment consultant/financial advisor can use in formulating corresponding investment decisions;~~

~~(5) Monitoring and evaluating performance results through the investment consultant/financial advisor to assure that policy guidelines are being adhered to, that objectives are being met, and taking appropriate action to replace an investment manager for failure to perform as mutually expected.~~

~~3. Responsibilities of the investment manager or fund manager and the investment consultant/financial advisor~~

~~a. Adherence to investment policy objectives and guidelines.~~

~~b. Discretionary authority.~~

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

~~d. The investment consultant/financial advisor will assist the ASUH Mānoa Senate in achieving optimal long term returns consistent with the endowment's acceptable level of risk and shall perform responsibilities generally comparable to those of the investment consultant for the board as described herein RP 8.206(B)(4).~~

~~4. Assets excluded from investment manager's responsibility~~

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

~~5. Compliance with UPMIFA rules and appropriate legislation~~

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

~~b. The investment manager(s) shall:~~

~~(1) Acknowledge in writing his recognition and acceptance of full responsibility as fiduciary in accordance with applicable federal and state legislation; and~~

~~(2) Be registered under the Investment Advisory Act of 1940 or be exempt from the 1940 Act.~~

~~6. Communication and reporting~~

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

~~(1) Major changes of investment strategy, asset allocation and other investment philosophy related matters;~~

~~(2) Significant changes in the ownership, organizational structure, financial conditions or senior personnel staffing;~~

~~(3) Recommendations that any particular guideline be amended;~~

~~(4) Notices of transaction activity and quarterly performance reports;~~

~~(5) Information requested by the board and/or the ASUH in the conduct of their own evaluation of portfolio management.~~

~~7. Performance objectives and guidelines~~

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

~~(1) Absolute performance objectives~~

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

~~(2) — Relative performance guidelines~~

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

~~i. — The ASUH Mānoa Stadium Stock Fund hopes that the plan's equity portion of the portfolio will outperform the Standard and Poor's 500 over the market cycle.~~

~~ii. — The ASUH Mānoa Stadium Stock Fund would expect the portfolio's fixed income portion will perform in line with the Barclays Aggregate Bond Index.~~

~~8. — General investment guidelines~~

~~a. — Safety of principal~~

~~(1) — The criterion of safety of principal should not be imposed on each commitment. However, the portfolio taken as a whole, must be structured primarily to protect it against long-term erosion of capital.~~

~~b. — Liquidity needs~~

~~(1) — The investment consultant/financial advisor shall arrange to have sufficient funds on hand in the form of cash equivalents to meet anticipated disbursements from the ASUH Mānoa Stadium Stock Fund. A minimum of \$50,000 should be retained in cash equivalents at all times to meet the operation needs of the ASUH.~~

~~c. — Funding policy~~

~~(1) — The ASUH Investments Committee shall have the responsibility for:~~

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

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

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

~~d. — Types of assets~~

~~(1) — All assets selected for the portfolio must have a readily ascertainable market value and must be readily marketable. In order to provide the investment manager with freedom to invest in various types of assets, the following list of types of assets is among those approved for investment:<sup>5</sup>~~

~~Savings accounts~~

~~Commercial paper with A-1 or P-1 rating~~

~~Certificate of deposit~~

~~Money market funds/common trust cash equivalent funds~~

~~U.S. government or its agencies~~

~~Securities guaranteed by or collateralized by securities guaranteed by the U.S. government, its agencies, or its instrumentalities~~

~~Debt securities and convertible securities of U.S. corporations and supranational organizations~~

~~Preferred stocks~~

~~Common stocks~~

~~Publicly trade foreign securities~~

~~Mutual funds and common trust or commingled funds~~

~~American depository receipts/shares~~

~~Global depository receipts/shares~~

~~The writing (selling) of covered call options~~

~~Real estate, real estate investment trusts, and real estate mortgages~~

~~Forward foreign exchange contracts, and bond/currency options and futures may be used for the defensive hedging of foreign currency exposure~~

~~Limited partnerships~~

~~Securities on margin, short sale of securities, and short positions~~

~~The following types of assets or transactions are expressly prohibited:~~

~~Investments in companies which, including predecessors, have a record of less than three years of continuous operation~~

~~Commodities~~

<sup>5</sup> ~~Investment in mutual funds, limited partnerships or pooled funds may be done so on an exception basis to fully comply with policies established for the ASUH Mānoa Stadium Stock Fund. However should the ASUH choose to make such investments, the guidelines established by the mutual fund's prospectus or the pooled fund's guidelines will take precedence, and may not fully comply with policies established for the ASUH Mānoa Stadium Stock Fund. The ASUH, through its investment consultant/financial advisor, shall periodically review the guidelines of any mutual fund or pooled fund investment in order to determine if they remain appropriate for the ASUH Mānoa Stadium Stock Fund.~~

~~Lettered stock and private placements  
Selling "naked" puts and/or calls  
The use of adjustable rate issues with coupons which move inversely to an index  
Tax exempt securities  
Securities issued by the managers, their parents or subsidiaries  
Assets of the Fund in their own interest or for their own account  
Transactions involving Fund assets on behalf of a party whose interests are adverse to the interests of the Fund or its beneficiaries  
Transactions involving third party compensation for their own account from any party in connection with a transaction involving Fund assets~~

~~e. Risk management guidelines~~

~~(1) The board and the ASUH recognize that the capital markets can be unpredictable at times and that any investment posture could result in periods whereby the market values of the ASUH Mānoa Stadium Stock Fund can decline in the account values. In the desire to limit risk, adherence to the asset allocation guidelines is paramount.~~

~~f. Minimum criteria for selection~~

~~(1) Equities~~

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

~~(2) Fixed income~~

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

~~g. Diversification~~

~~(1) Equities~~

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

~~(2) Fixed income~~

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

~~9. Asset distribution~~

~~a. The board and the ASUH wish to set the following asset mix guidelines which should be rigidly observed.~~

<del>Equities</del>	<del>.....</del>	<del>Maximum 70%</del>	<del>Minimum 20%</del>
<del>Bonds</del>	<del>.....</del>	<del>Maximum 70%</del>	<del>Minimum 20%</del>
<del>Cash or Cash Equivalents</del>	<del>...</del>	<del>Maximum 60%</del>	<del>Minimum 5%</del>

~~10. Evaluation and review~~

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

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

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

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

~~(4) The manager's initiation of communication expressing its view and recommendations regarding the investment philosophy.~~

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

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

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



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

~~(2) — Poor supervision of individual stock investments.~~

~~d. — Fund and/or manager selection process~~

~~(1) — Classification~~

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

~~(2) — Peer performance~~

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

~~(3) — Consistency of performance~~

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

~~(4) — Risk~~

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

~~e. — Guidelines for probation/termination of an investment manager will follow RP 8.206(D)(3).~~

~~11. — Reporting requirements~~

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

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

- ~~(2) — To review specific investments and their appropriateness to the portfolio.~~
- ~~(3) — To gain insight into the manager's investment strategy as it relates to their outlook on the economy and stock market.~~
- ~~(4) — To evaluate comparative performance figures.~~
- ~~(5) — To review long-range philosophy/strategy vis-à-vis the fund's ongoing needs or objectives.~~

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

- ~~(1) — Account information~~
- ~~(a) — Summary of investment portfolio~~
- ~~(b) — Common stock summary~~
- ~~(c) — Portfolio holdings by industry diversification~~
- ~~(d) — Schedule of additions and disbursements~~
- ~~(e) — Schedule of interest and dividends received~~
- ~~(f) — Schedule of purchases~~
- ~~(g) — Schedule of sales~~
- ~~(h) — Schedule of realized gains and losses~~

~~(2) — Performance evaluation~~

~~(a) — The investment consultant/financial advisor shall provide an evaluation of the investment manager's performance based on the investment policy objectives and guidelines.~~

~~(3) — Communications~~

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

F. Name

~~1. All securities held by the university shall be registered in the name "University of Hawai'i."~~

G.E. Investment Responsibility

1. Statement. The primary fiduciary responsibility of the board in managing the ~~university's endowment funds~~ Funds is to attain an adequate financial return on those resources, taking into account the amount of risk appropriate for university investment policy. However, when the board ~~adjudges~~ determines that corporate policies or practices cause substantial social injury, the board, as a responsible and ethical investor, shall give independent weight to this factor in its investment policies and in voting proxies on corporate securities.
2. Policy guidelines. ~~Normally, t~~The board shall ~~normally~~ not vote on any shareholder resolution involving social issues ~~unless i~~they concludes that a company's activities cause substantial social injury and such activities are the subject of a shareholder proposal which would eliminate or materially reduce the substantial social injury. The board will vote on the proposal, provided such action is not inconsistent with the board's fiduciary obligations. In cases where the proposed remedy is deemed unreasonable, the board may abstain.

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

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

## H.F. \_\_\_\_\_ Short-term Investments

1. This section of the policy is applicable to the investment of temporary surplus funds of the university (not to funds within the university legacy endowment or the ASUH Stadium Stock Fund).

4.2. It is the policy of the board to invest its funds in excess of immediate requirements in investments permitted under ~~section~~ Section 36-21, ~~short-term investment of state moneys~~, Hawai'i Revised Statutes, relating to short-term investment of state moneys.

a. The objectives of the university's short-term investment policy are:

- (1) Safety—To safeguard university funds by minimizing risk through collateralization, diversification and by depositing funds into federally-insured banks and savings and loan associations.
- (2) Liquidity—To insure the availability of funds to meet university payments by the timely forecasting of cash requirements and the selection of securities that can be promptly converted into cash with a minimum risk of loss in principal.
- (3) Yield—To maximize interest earnings on university investments by investing idle funds to the maximum extent possible.

b. The guidelines for short-term investments are:

- (1) ~~For B~~anks and savings and loan associations without collateral agreements with the university and insured by the Federal Deposit Insurance Corporation "FDIC" of the Federal Savings and Loan Insurance Corporation "FSLIC"; ~~T~~he maximum amount of the investment is not to exceed the maximum insurance coverage provided by the FDIC or FSLIC.
- (2) ~~For B~~anks and savings and loan associations with collateral agreements with the university and insured by the FDIC and FSLIC; ~~T~~he amount invested will be on the basis of the highest interest rate available for such maturity at the time the investment is placed.

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

- d. Investments with local depositories are to be made at bank branches which service university checking accounts or the main office of banks and savings and loan associations or at branches designated by the main office.
- e. Collateralization of short-term investments is required under this policy for all deposits exceeding the maximum amount of federal deposit insurance.
- f. The president or his/her designees are authorized to manage the university's short-term investment program. The ~~board~~ Committee will review the performance of the short-term investment program at least annually.

**IV. Delegation of Authority:**

~~The president or his/her designees are authorized to manage the university's short-term investment program and to promulgate executive policy and shall report annually to the Board of Regents on progress made. The board delegates to the president certain authority as specified above. Authority delegated to the president may at the president's discretion be further delegated unless the board specifically limits the delegation of authority to the president. See RP 2.202(G).~~

**V. Contact Information:**

Office of the Vice President for Budget & Finance/Chief Financial Officer, 956-8903, kalbert@hawaii.edu

**VI. References:**

- ~~• <http://www.hawaii.edu/offices/bor/>~~
  - ~~• Hawaii Uniform Prudent Management of Institutional Funds Act (UPMIFA)~~
  - ~~• [http://www.capitol.hawaii.gov/hrscurrent/Vol12\\_Ch0501-0588/HRS0517E/HRS\\_0517E-.htm](http://www.capitol.hawaii.gov/hrscurrent/Vol12_Ch0501-0588/HRS0517E/HRS_0517E-.htm)~~
- None

**Approved as to Form:**

Cynthia Quinn Kendra Oishi

Date

Executive Administrator and  
Secretary of the Board of Regents



---

Regents Policy Chapter 8, Business and Finance

Regents Policy RP 8.207, Investments

Effective Date: March 19, 2020

Prior Dates Amended: Sept. 23, 1960; Jan. 11, 1962; Jan. 13, 1966; May 12, 1966; May 16, 1977; June 22, 1978; Oct. 20, 1978; June 14, 1979; Oct. 17, 1980; Apr. 22, 1983; July 22, 1983; Sept. 30, 1983; Dec. 13, 1985; Dec. 12, 1986; June 17, 1988; Nov. 18, 1988; Apr. 21, 1995; Aug. 23, 1996; May 16, 1997; Nov. 19, 1999; Feb. 21, 2003; Oct. 31, 2014 (recodified); May 21, 2015

Review Date: August 2023

**I. Purpose**

To set forth an investment policy.

**II. Definitions:**

As used in this policy:

1. "ASUH Stadium Stock Fund" refers to the Associated Students of the University of Hawai'i (ASUH) at Mānoa Stadium Stock Fund established by the board with \$839,258.77 of proceeds received from the sale of 1,481 shares of Honolulu Stadium, Ltd. held in the name of ASUH.
2. "Committee" refers to the Board of Regents' Committee on Budget and Finance.
3. "Legacy endowment" refers to the endowment established prior to the University of Hawai'i Foundation.
4. "The Funds" refers to the legacy endowment and ASUH Stadium Stock Fund collectively, unless otherwise identified.
5. "VP/CFO" means the Vice President of Budget and Finance/Chief Financial Officer of the University of Hawai'i.

**III. Policy:**

A. General

1. The investment of monies, including the purchases and sales of bonds, stocks, and other securities and properties for the Funds, shall be made in alignment with this investment policy. The president or president's designee is



- authorized to take any action and to execute and deliver on behalf of the board such documents and certificates as may be necessary or desirable in connection with the acceptance, sale or transfer of investment securities issued to the university.
2. This policy sets forth procedures and guidelines for the day-to-day administration of the Funds.
  3. Proceeds from future real estate sales or future real estate lease income may be added to the legacy endowment upon approval by the board. Contributions from donors shall not be added to the legacy endowment in order to avoid compromising University of Hawai'i Foundation fundraising efforts.
  4. This policy also sets forth objectives and guidelines that provide distinct guidance for short term investments of temporary surplus funds of the university.

#### B. Investment Management

1. The board has the basic responsibility of preserving institutional resources, including the Funds in perpetuity. The board oversees the policies and processes concerning investments and asset management and is subject to certain legal duties including acting prudently and in the interest of the participants and beneficiaries, and the duty to correct or report improprieties of other fiduciaries.
2. The Committee is charged with the responsibility of reviewing matters related to the Funds. The Committee shall:
  - a. Recommend to the board for approval the engagement of investment advisors; provided that the recommendation for the engagement of the advisor for the ASUH stadium stock fund will consider any recommendation by the ASUH board;
  - b. Establish and periodically review the policies and guidelines concerning the management of the Funds set forth herein; and
  - c. On a quarterly basis for the legacy endowment and semi-annually for the ASUH Stadium Stock Fund, monitor the investment results and confirm that the investment advisors' decisions and outcomes are in accordance with this policy.

3. The VP/CFO in consultation with the president is charged with the responsibility to:
  - a. Recommend to the board the approval of the selection of investment advisors to the board for the legacy fund;
  - b. Manage and implement the contracts with the investment advisors;
  - c. Review investment results monthly; and
  - d. Review conformance of investments with this investment policy on a quarterly basis or immediately upon notification by an investment advisor of any non-conformance with the investment policy.
4. The VP/CFO, or designee, shall also:
  - a. Serve as the administrative liaison to the Committee and provide staffing to the Committee on matters concerning the Funds; and
  - b. On an annual basis, provide a broad category report on the expenditure of the annual distribution from the endowment fund for the most recent five years.
5. The investment advisors will serve as both advisors and monitors and assist the board in achieving optimal long-term returns consistent with the Fund's acceptable level of risk. The investment advisors shall be selected through a formal competitive process coordinated by the VP/CFO in consultation with the Committee. The responsibilities of the investment advisors shall include:
  - a. Determining the asset allocation within the parameters of the investment policy;
  - b. Selecting individual portfolio managers, mutual funds, and/or exchange-traded funds within the allowable categories as defined in the investment policy;
  - c. Implementing asset allocation shifts;
  - d. Reporting investment results monthly to the VP/CFO, or designee;
  - e. Reporting conformance of investments with the investment policy quarterly or sooner upon discovery of any non-conformance with the investment policy to the VP/CFO, or designee, for both of the Funds, and ASUH board or its investment committee for ASUH Stadium Stock Funds;

- f. Disclosing total expenses annually;
  - g. Reporting investment results and conformance of investments with the investment policy for the legacy endowment quarterly to the Committee and, for the ASUH Stadium Stock Fund, to the ASUH board or its investment committee quarterly and to the Committee semi-annually; and
  - h. Providing other services as specified by the VP/CFO, board, and/or Committee.
6. The specific responsibilities of ASUH in the investment process include:
- a. Reporting annually to the board the amounts distributed by the ASUH;
  - b. Recommending to the board the selection of an investment advisor; and
  - c. Reviewing investment results and conformance of investments with the investment policy quarterly.

### C. Investment Goals and Guidelines

1. The board shall adopt investment goals and comprehensive guidelines to ensure the preservation of capital and adequate growth and income. The long-range investment objective of the university is to achieve the highest risk-adjusted total return, maintain the purchasing power of the corpus over five- and ten-year periods to meet spending needs of 4.25% while preserving the real value of the endowment principal.
- a. Funds investment goals and guidelines:
    - (1) Goals:
      - (a) The investment goal of the Funds are: (i) to seek the highest risk-adjusted total return<sup>1</sup> within reasonable levels of annual volatility to ensure the long-term growth of the Funds; and (ii) to generate an annual distribution of up to 4.25% of a rolling 20-quarter average value of the Funds, with the value determined at the end of each calendar quarter and the actual distribution to be determined by the university administration for the legacy

---

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

endowment and by the ASUH board for the ASUH Stadium Stock Fund.

- (b) The university for the legacy endowment and ASUH for the ASUH Stadium Stock Fund shall provide the investment advisors with their respective schedules of payouts to be made during the year. The payouts will be scheduled as close to the actual expenditures as practicable to maximize the amounts retained and invested with the Funds.
- (c) In the event that the amount available for distribution from either of the Funds in any year decreases by more than 5% from the previous year, due to diminution of the value of the corpus, the board may for extenuating circumstances authorize a distribution greater than the amount set forth in this policy, up to 95% of the distribution authorized in the immediate preceding year.

(2) Guidelines

- (a) The “prudent investor rule” shall be followed in the investment of the Funds.

(3) Asset-allocation

- (a) A balanced portfolio should be maintained within the risk profile outlined in the asset allocation model below:

	Maximum	Minimum
Listed stocks	80%	40%
S&P 500	60%	15%
Russell midcap (bottom 800 of largest 1000)	15%	*
Russell 2000 (smallest 2000 in the Russell 3000)	15%	*
MSCI EAFE	40%	*
MSCI emerging markets	15%	*
Fixed Income	60%	20%
US Treasuries, agencies, and US corporate bonds rating Baa or higher	60%	20%
High-yield US corporate bonds	10%	0%
Municipal bonds rated Baa or higher	10%	0%
Alternative investments (only if the	10%	0%

specific non-marketable investments are authorized in advance by the board)		
Cash and equivalents	10%	0%

\*In the aggregate, the minimum for these four asset classes is 15%

- (b) While the foregoing establishes minimum and maximum allocation for different asset classes, an investment manager is not precluded from establishing lower invested levels while raising cash during adverse market conditions if such action is prudent and protects the principal of the Funds.
- (c) The Committee will review the Fund’s asset allocation annually as set forth in the table above.

- i. Preservation of principal

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

- ii. Liquidity

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

- iii. Diversification

To avoid the risk of concentration of assets, individual bond positions, other than obligations of the U.S. government, should not comprise more than 5% of the total fixed income portion of the portfolio. Individual equities should comprise no more than 4% of the total market value of the stock portfolio. In addition, investments in any one stock are not to exceed 1% of the corporation’s outstanding common stock.

The investment advisors will not be required to invest in equity securities representing a cross section of the economy. The investment advisors may choose the degree of concentration in any industry that is within four percentage points of the

---

percentage that such industry is represented in the MSCI All Cap World Index at market value and a maximum limit of 4% in any one company.

iv. Permitted investments

The use of the following investment vehicles is permitted:

- Savings accounts
- Commercial paper with A-1 or P-1 rating
- Certificate of deposit
- Floating rate securities
- High yield bonds
- Municipal bonds
- Money market funds/common trust cash equivalent funds
- U.S. government, its agencies, or its instrumentalities
- Securities guaranteed by or collateralized by securities guaranteed by the U.S. government, its agencies, or its instrumentalities
- Debt securities and convertible securities of U.S. corporations and supranational organizations
- Preferred stocks
- Common stocks
- Publicly- trade foreign securities
- Mutual funds, exchange traded funds and common trust or commingled funds, including such funds that use leverage
- American depository receipts/shares
- Global depository receipts/shares
- The selling of covered call options
- The buying of protected put options
- Real estate investment trusts
- Forward foreign exchange contracts, and bond/currency options and futures used for the defensive hedging of foreign currency exposure
- Publicly traded limited partnerships

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

- v. Permitted investments with prior board approval:
- Limited partnerships not publicly traded

- Hedge funds
- Private equity

vi. Prohibited investments/transactions

- Direct investments in entities which, including predecessors, have a record of less than three years of continuous operation
- Commodities
- Lettered stock and private placements
- Selling “naked” puts and/or calls
- Derivative securities not covered under permitted investments
- Adjustable rate issues with coupons which move inversely to an index
- Securities issued by the managers, their parents or subsidiaries
- Assets of the Funds in their own interest or for their own account
- Transactions involving fund assets on behalf of a party whose interests are adverse to the interests of the Fund or their beneficiaries
- Transactions involving third party compensation for their own account from any party in connection with a transaction involving the Funds’ assets
- Any securities of the top 200 fossil fuel companies<sup>2</sup>

vii. Investment markets for equities

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

---

<sup>2</sup> As identified in an annually updated listing of the top 100 public coal companies globally and the top 100 public oil and gas companies globally, ranked by the potential carbon emissions content of their reported reserves. This list is produced and maintained by Fossil Free Indexes, LLC and can be accessed at <https://gofossilfree.org/top-200/>. Because of the small size of its corpus, the prohibition against investment in the securities of companies with fossil fuel reserves shall not apply to the ASUH stadium stock fund.



relationship shall be detailed in a written agreement with the custodian.

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

2. Custody of securities:

All securities shall be held by a custodian registered and licensed by appropriate bodies such as the Securities and Exchange Commission and the Federal Reserve Board. The terms and conditions of this custodial relationship shall be detailed in a written agreement with the custodian.

3. Name:

All securities held by the university shall be registered in the name, "University of Hawai'i."

D. Monitoring and Evaluation

1. Performance measurement

a. Investment performance and management of the Fund and the separately managed portfolios will be measured net of fees on a time-weighted basis (which eliminates the influence of cash flows that are beyond the control of the investment manager) and evaluated using benchmark data as a tool to assess the performance of the investment advisors. The benchmarks are not a floor for expected returns.

(1) Quantitative benchmark standards to evaluate the performance of the Funds as a whole, and specific asset classes

(a) A benchmark constructed from this allocation model, reviewed quarterly and annually, over five years:

S&P 500 stock index	40%
Russell midcap index (bottom 800 of the largest 1000)	5%
Russell 2000 index (smallest 2000 in the Russell 3000)	5%
MSCI EAFE-NR index (net of foreign withholding taxes)	15%
MSCI emerging markets index	5%

Bloomberg Barclay's US aggregate bond index	30%
Total	100%

- (b) The total of 4.5% plus the rate of inflation, reviewed annually and measured over ten and twenty years.
- (c) Performance of college endowments of a similar size, reviewed annually and measured over five and ten years.

(2) Qualitative standards

- (a) The investment advisor's adherence to the investment policies and guidelines of the Funds.
- (b) The investment advisor's consistency in the application of its own investment philosophy.
- (c) The investment advisors shall be relied on and expected to provide advice whenever appropriate on the composition, performance, and governance, e.g., policies, of the Funds.

2. The evaluation and monitoring of the Funds will be accomplished as follows:

- a. Quarterly review as related to the legacy endowment funds and semi-annual review of the ASUH Stadium Stock Funds by the Committee with the investment advisors to review the following:
  - (1) Rate of return of the Funds on a rolling basis and compared to the last review period, one, three, and five fiscal years, and its component parts.
  - (2) Current asset allocation with rationale.
  - (3) Investment outlook for the near-, intermediate-, and long-term future, and how that outlook affects the advisor's actions.
  - (4) Current level of risk, with rationale, and explanation of how it is measured.
  - (5) Explanation of deviation of performance from benchmarks.
  - (6) Compliance of the investment advisors with the investment policy. While the board recognizes that performance for an interval as short as one year or less is not a fair basis for evaluation of the

---

performance of the investment advisors, it reserves the right to change the investment advisors.

3. The Committee may recommend to the board the termination of any advisor. The board may terminate any advisor at any time if it determines in its sole discretion that the advisor is no longer appropriate for the Funds. The following are illustrative examples only and do not limit the board's sole discretion to determine that termination is appropriate.
  - a. Termination may be appropriate if an investment advisor's performance is not comparing favorably to the benchmarks as defined in this policy.
  - b. Upon hiring of the investment advisor, a list of key personnel will be provided by the advisor to the VP/CFO and the board. The list will be ordered according to authority. The advisor is responsible for updating the list on an as needed basis. If two of the three top personnel listed have departed from the firm, the advisor may be terminated.
  - c. An investment advisor must immediately notify the VP/CFO, or designee, of any pending litigation. Based on the gravity of the suit and the possible impact on the investment process, the advisor may be terminated.
  - d. An investment advisor may be terminated should it fail to adhere to stated investment philosophy and style, or when that style is no longer compatible with the Funds' investment approach.

#### E. Investment Responsibility

1. **Statement.** The primary fiduciary responsibility of the board in managing the Funds is to attain an adequate financial return on those resources, taking into account the amount of risk appropriate for university investment policy. However, when the board determines that corporate policies or practices cause substantial social injury, the board, as a responsible and ethical investor, shall give independent weight to this factor in its investment policies and in voting proxies on corporate securities.
2. **Policy guidelines.** Normally, the board shall not vote on any shareholder resolution involving social issues unless it concludes that a company's activities cause substantial social injury and such activities are the subject of a shareholder proposal which would eliminate or materially reduce the substantial social injury. The board will vote on the proposal, provided such action is not inconsistent with the board's fiduciary obligations. In cases where the proposed remedy is deemed unreasonable, the board may abstain.

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

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

#### F. Short-term Investments

1. This section of the policy is applicable to the investment of temporary surplus funds of the university (not to funds within the university legacy endowment or the ASUH Stadium Stock Fund).
2. It is the policy of the board to invest its funds in excess of immediate requirements in investments permitted under Section 36-21, Hawai'i Revised Statutes, relating to short-term investment of state moneys.
  - a. The objectives of the university's short-term investment policy are:
    - (1) Safety—To safeguard university funds by minimizing risk through collateralization, diversification and by depositing funds into federally-insured banks and savings and loan associations.
    - (2) Liquidity—To insure the availability of funds to meet university payments by the timely forecasting of cash requirements and the selection of securities that can be promptly converted into cash with a minimum risk of loss in principal.
    - (3) Yield—To maximize interest earnings on university investments by investing idle funds to the maximum extent possible.

- b. The guidelines for short-term investments are:
- (1) For banks and savings and loan associations without collateral agreements with the university and insured by the Federal Deposit Insurance Corporation "FDIC" of the Federal Savings and Loan Insurance Corporation "FSLIC", the maximum amount of the investment is not to exceed the maximum insurance coverage provided by the FDIC or FSLIC.
  - (2) For banks and savings and loan associations with collateral agreements with the university and insured by the FDIC and FSLIC, the amount invested will be on the basis of the highest interest rate available for such maturity at the time the investment is placed.
- c. Other investments shall observe the objectives of safety, liquidity, and yield. Prudent risk control shall be of paramount importance in investment decisions with emphasis placed on the probable safety of capital rather than the probable income to be derived.
- d. Investments with local depositories are to be made at bank branches which service university checking accounts or the main office of banks and savings and loan associations or at branches designated by the main office.
- e. Collateralization of short-term investments is required under this policy for all deposits exceeding the maximum amount of federal deposit insurance.
- f. The president or his/her designees are authorized to manage the university's short-term investment program. The Committee will review the performance of the short-term investment program at least annually.

#### **IV. Delegation of Authority:**

The board delegates to the president certain authority as specified above. Authority delegated to the president may at the president's discretion be further delegated unless the board specifically limits the delegation of authority to the president. See RP 2.202(G).

#### **V. Contact Information:**

Office of the Vice President for Budget & Finance/Chief Financial Officer, 956-8903,  
kalbert@hawaii.edu

**VI. References:**

None

**Approved as to Form:**

---

Kendra Oishi  
Executive Administrator and  
Secretary of the Board of Regents

---

Date



---

Regents Policy Chapter 8, Business and Finance  
Regents Policy RP 8.211, Resolution on Use of New Income, Principal, and Investment  
of ASUH-Mānoa Stadium Stock Fund dated January 18, 1979  
Effective Date: Apr. 12, 2012  
Prior Dates Amended: Jan. 18, 1979; Oct. 31, 2014 (recodified)  
Review Date: August 2018

**I. Purpose:**

~~To set forth a resolution on the use of new income, principal, and investment of ASUH-Mānoa Stadium Stock Fund dated January 18, 1979.~~

**II. Definitions:**

~~No policy specific or unique definitions apply.~~

**III. Policy:**

- ~~A. WHEREAS, 1,481 shares of stock of Honolulu Stadium, Ltd., were held in the name of the Associated Students of the University of Hawai'i Mānoa (herein after referred to as the "ASUH"); and~~
- ~~B. WHEREAS, upon liquidation of said Honolulu Stadium, Ltd., proceeds of \$839,258.77 was paid in respect of said 1,481 shares; and~~
- ~~C. WHEREAS, said proceeds of the redemption of said 1,481 shares shall be used to constitute the "ASUH Stadium Stock Fund" (herein after referred to as the "Fund"); and~~
- ~~D. WHEREAS, the Board of Regents of the University of Hawai'i (herein after referred to as the "Board") and the ASUH have agreed upon procedures set forth herein below for the use of the net income, principal, and investment of the Fund;~~
- ~~E. NOW, THEREFORE, be it resolved that the following procedures shall govern with respect to the Fund:~~
  - ~~1. Annual Payout.
    - ~~a. Annual payout, as defined and established in the below mentioned "Investment Goals and Guidelines," shall be included as revenues in the annual ASUH budget for the exclusive use of the ASUH.~~~~
  - ~~2. Principal.~~



- 
- ~~a. The Board, only upon the recommendation of the ASUH Senate, may authorize the invasion of the principal, or any portion thereof, of the Fund for capital projects or other specific activities for the benefit of the ASUH.~~
- ~~3. Establishment of Investment Goals and Guidelines. (Amended April 12, 2012)~~
- ~~a. The Board, upon the recommendation of the ASUH Senate, shall establish investment goals and guidelines which shall govern the investment of the Fund.~~
- ~~4. Selection of Investment Managers.~~
- ~~a. The Board, upon the recommendation of the ASUH Senate, shall select an investment manager(s) who shall be responsible for the management of the Fund and shall be delegated limited (buy-sell decisions) investment authority.~~
- ~~5. Investment Consultant/Financial Advisor.~~
- ~~a. The Board, upon the recommendation of the ASUH Senate, shall select an investment consultant/financial advisor to monitor the performance of the investment manager(s).~~
- ~~6. Action of the Board of Regents.~~
- ~~a. All matters in connection with the Fund shall be referred to the appropriate committee of the Board. Except when such committee meets in executive meetings, as provided by law, a duly appointed representative of the ASUH Senate shall be entitled to participate in such committee meetings when the committee considered any matter in connection with the Fund and shall be notified of all such committee meetings.~~
- ~~b. All recommendations of the ASUH Senate with respect to the Fund shall be submitted to the University of Hawai'i administration which shall have 45 calendar days upon receipt of such recommendations to accept, modify or reject such recommendations and submit its recommendations to the Secretary of the Board of Regents. The 45-day period shall commence upon receipt of the ASUH recommendations by the Chancellor of the University of Hawai'i at Mānoa.~~
- ~~Upon mutual agreement in writing between the ASUH Senate and the University of Hawai'i administration, the deadline of 45 calendar days may be extended.~~
- ~~Upon receipt of the University of Hawai'i administration's recommendation by the Secretary of the Board, the Board shall have 45~~

---

~~calendar days to approve, modify or reject the administration's recommendation, which deadline may be extended by the Secretary of the Board for periods of 15 calendar days for reasonable cause upon notice of such extension(s) to the ASUH Senate.~~

~~7. Responsibility of the Board of Regents:~~

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

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

~~**IV. Delegation of Authority:**~~

~~There is no policy specific delegation of authority.~~

~~**V. Contact Information:**~~

~~Office of the Vice President for Academic Affairs, 956-7075, risad@hawaii.edu~~

~~**VI. References:**~~

- ~~• <http://www.hawaii.edu/offices/bor/>~~

~~**Approved as to Form:**~~

---

Cynthia Quinn \_\_\_\_\_ Date \_\_\_\_\_  
Executive Administrator and  
Secretary of the Board of Regents



---

Regents Policy Chapter 8, Business and Finance  
Regents Policy RP 8.212, Guidelines on Use of Income from the University of Hawai'i  
Mānoa Stadium Stock Fund, Proceeds from the Sale of the Kaimuki Observatory Lot  
and from the Rental of University Property

Effective Date: Oct. 18, 2002

Prior Dates Amended: Oct. 12, 1979; May 21, 1982; June 17, 1983; June 20, 1986;  
Feb. 17, 1995; Sept. 22, 1995; Jan. 21, 2000; Oct. 31, 2014 (recodified)

Review Date: August 2018

### **I. Purpose**

~~To set forth policies and guidelines on use of income from the University of Hawai'i  
Mānoa Stadium Stock Fund, proceeds from the sale of the Kaimuki Observatory Lot  
and from the rental of university property.~~

### **II. Definitions:**

~~No policy specific or unique definitions apply.~~

### **III. Policy:**

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

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

- 
- ~~b. A maximum of fifteen percent of the potential payout from the Mānoa Stadium Stock Fund, as calculated above, on an annual basis, or so much thereof as may be needed as determined by the president, for scholarships for student athletes and student support services at the University of Hawai'i at Hilo.~~
  - ~~c. A maximum of \$50,000 from the balance of the Mānoa Stadium Stock Fund for projects authorized by the president in consultation with the board that would assist the university in meeting its different obligations and opportunities and such other projects that would further the interest of the university. Grants for individual projects are limited to \$15,000. Requirements in excess of the maximum limitations notes above require specific board approval.~~
  - ~~d. A maximum of \$25,000 from the balance of the Mānoa Stadium Stock Fund for cash awards authorized by the board or by the president in consultation with the board, including the Board of Regents; Medal of Excellence in Teaching, Board of Regents' Medal of Excellence in Research, Willard Wilson Distinguished Service Award, and Excellence in Building and Grounds Maintenance Award.~~
- ~~2. The balance of annual payout from the Mānoa Stadium Stock Fund, or so much thereof as may be required, may be allocated annually by the board based on proposals submitted by the president for the following purposes:
    - ~~a. Student financial aid programs available to students on all campuses, including scholarships, grants-in-aid, loans and student employment.~~
    - ~~b. Other student related needs not normally provided by legislative appropriations. Such allocations shall be on a "one-shot" basis, and shall not be provided for continuing programs other than for initial development and "start-up" purposes, with future funding to come from other sources.~~~~
  - ~~3. The president may set aside any unused balance of the Mānoa Stadium Stock Fund to support the Regents' and Presidential Scholarships Programs.~~
  - ~~4. The president shall provide an annual report to the board regarding the payout of income from the Mānoa Stadium Stock Fund and from the proceeds of the sale of the Kaimuki Observatory Lot.~~

#### **IV. Delegation of Authority:**

There is no policy specific delegation of authority.

**V. Contact Information:**

Office of the Vice President for Academic Affairs, 956-7075, risad@hawaii.edu

**VI. References:**

- ~~http://www.hawaii.edu/offices/bor/~~

**Approved as to Form:**

\_\_\_\_\_  
Cynthia Quinn \_\_\_\_\_ Date  
Executive Administrator and  
Secretary of the Board of Regents



---

Regents Policy Chapter 12, Research  
Regents Policy RP 12.209, Strategic Research Plan  
Effective Date: \_\_\_\_\_, 2020  
Prior Dates Amended:  
Review Date: August 2023

**I. Purpose:**

To establish a strategic planning process to achieve and maintain growing, modern, and forward-looking research programs.

**II. Definitions:**

No policy specific or unique definitions apply.

**III. Policy:**

- A. As part of the university's strategic long-range planning process, as set forth in Regents Policy 4.202, the board will periodically review and approve a long-range plan referred to as the "sStrategic rResearch pPlan".
- B. The sStrategic rResearch pPlan sets forth common system goals and planning principles and, as appropriate, specific strategies and directives, to implement these goals. The plan articulates university priorities for pursuing research growth during the planning period.
- C. The president, in consultation with the board, is responsible for updating the sStrategic rResearch pPlan at appropriate intervals, but at least every five (5) years.
- D. The president or his/her designee shall report to the board at least annually on progress that has been made relative to the Strategic Research Plan, as well as any recommended updates or revisions to the Strategic Research Plan that should be reviewed and evaluated.

**IV. Delegation of Authority:**

There is no policy specific delegation of authority.

**V. Contact Information:**

Office of the Vice President for Research & Innovation, 956-5006,  
uhovpri@hawaii.edu

**VI. References:**

<http://www.hawaii.edu/offices/bor>

[RP 4.202](#)

**Approved as to Form:**

---

Kendra Oishi  
Executive Administrator and  
Secretary of the Board of Regents

---

Date





Regents Policy Chapter 12, Research  
Regents Policy RP 12.209, Strategic Research Plan  
Effective Date: \_\_\_\_\_, 2020  
Prior Dates Amended:  
Review Date: August 2023

**I. Purpose:**

To establish a strategic planning process to achieve and maintain growing, modern, and forward-looking research programs.

**II. Definitions:**

No policy specific or unique definitions apply.

**III. Policy:**

- A. As part of the university's strategic long-range planning process, as set forth in Regents Policy 4.202, the board will periodically review and approve a long-range plan referred to as the "Strategic Research Plan".
- B. The Strategic Research Plan sets forth common system goals and planning principles and, as appropriate, specific strategies and directives, to implement these goals. The plan articulates university priorities for pursuing research growth during the planning period.
- C. The president, in consultation with the board, is responsible for updating the Strategic Research Plan at appropriate intervals, but at least every five (5) years.
- D. The president or his/her designee shall report to the board at least annually on progress that has been made relative to the Strategic Research Plan, as well as any recommended updates or revisions to the Strategic Research Plan that should be reviewed and evaluated.

**IV. Delegation of Authority:**

There is no policy specific delegation of authority.

**V. Contact Information:**

Office of the Vice President for Research & Innovation, 956-5006,  
uhovpri@hawaii.edu

**VI. References:**

<http://www.hawaii.edu/offices/bor>

RP 4.202

**Approved as to Form:**

---

Kendra Oishi  
Executive Administrator and  
Secretary of the Board of Regents

---

Date



---

Regents Policy Chapter 12, Research  
Regents Policy RP 12.210, Research and Training Revolving Fund  
Effective Date: \_\_\_\_\_, 2020  
Prior Dates Amended:  
Review Date: August 2023

**I. Purpose:**

To establish a policy to use Research and Training Revolving Fund moneys to implement priorities established pursuant to the Strategic Research Plan.

**II. Definitions:**

- A. “Research and Training Revolving Fund” or “RTRF” shall have the same meaning as defined in Section 304A-2253, Hawai'i Revised Statutes.
- B. “Strategic Research Plan” shall mean the planning document reviewed and approved by the board under RP 12.209.

**III. Policy:**

A. In accordance with the board-approved Strategic Research Plan, the university shall, on an annual basis:

1. ~~On an annual basis, designate~~ Utilize a minimum of 10% of the ~~total-gross~~ RTRF ~~funds~~ recovered by a campus prior to distribution, for the purpose of strategic hiring in research areas that are consistent with the priorities in the Strategic Research Plan (~~“Strategic Research Hiring Fund”~~) ~~onfor~~ that campus.

2. Utilize a minimum of 10% of the gross RTRF funds recovered by a campus prior to distribution, for the purpose of rehabilitating or constructing strategic research facilities and laboratories for research areas that are consistent with the priorities in the Strategic Research Plan.

B. The university shall establish a Strategic Research Facilities Improvement Fund that will be funded by RTRF funds, implement special assessments from time to time to establish a common RTRF facilities account. These funds shall be utilized to facilitate the issuance of revenue bonds to finance the construction or rehabilitation of priority research facilities that are required to achieve the Strategic Research Plan (“Strategic Research Facilities Improvement Fund”).

2. C. The provisions under this section shall only apply to campuses which receive a minimum of \$10,000,000 in RTRF recovery in a fiscal year.
- ~~B.~~ D. The president or his/her designee shall report to the board at least annually regarding the ~~status of the Strategic Research Hiring Fund and the Strategic Research Facilities Improvement Fund, as well as information on the revenue, commitments, and carry-over balances for both Funds~~ use of the funds in accordance with this policy, and the progress that has been made in strategic hiring and research facility improvements. This report may be incorporated into the annual Strategic Research Plan report to the board under RP 12.209.

**IV. Delegation of Authority:**

There is no policy specific delegation of authority.

**V. Contact Information:**

Office of the Vice President for Research & Innovation, 956-5006,  
[uhovpri@hawaii.edu](mailto:uhovpri@hawaii.edu)

**VI. References:**

- <http://www.hawaii.edu/offices/bor>
- RP 12.209
- Section 304A-2253, Hawai'i Revised Statutes  
([https://www.capitol.hawaii.gov/hrscurrent/Vol05\\_Ch0261-0319/HRS0304A/HRS\\_0304A-2253.htm](https://www.capitol.hawaii.gov/hrscurrent/Vol05_Ch0261-0319/HRS0304A/HRS_0304A-2253.htm))

**Approved as to Form:**

---

Kendra Oishi  
Executive Administrator and  
Secretary of the Board of Regents

---

Date



---

Regents Policy Chapter 12, Research  
Regents Policy RP 12.210, Research and Training Revolving Fund  
Effective Date: \_\_\_\_\_, 2020  
Prior Dates Amended:  
Review Date: August 2023

**I. Purpose:**

To establish a policy to use Research and Training Revolving Fund moneys to implement priorities established pursuant to the Strategic Research Plan.

**II. Definitions:**

- A. “Research and Training Revolving Fund” or “RTRF” shall have the same meaning as defined in Section 304A-2253, Hawai'i Revised Statutes.
- B. “Strategic Research Plan” shall mean the planning document reviewed and approved by the board under RP 12.209.

**III. Policy:**

- A. In accordance with the board-approved Strategic Research Plan, the university shall, on an annual basis:
  - 1. Utilize a minimum of 10% of the gross RTRF funds recovered by a campus prior to distribution, for the purpose of strategic hiring in research areas that are consistent with the priorities in the Strategic Research Plan for that campus.
  - 2. Utilize a minimum of 10% of the gross RTRF funds recovered by a campus prior to distribution, for the purpose of rehabilitating or constructing strategic research facilities and laboratories for research areas that are consistent with the priorities in the Strategic Research Plan.
- B. The university shall establish a Strategic Research Facilities Improvement Fund that will be funded by RTRF funds, to facilitate the issuance of revenue bonds to finance the construction or rehabilitation of priority research facilities that are required to achieve the Strategic Research Plan (“Strategic Research Facilities Improvement Fund”).
- C. The provisions under this section shall only apply to campuses which receive a minimum of \$10,000,000 in RTRF recovery in a fiscal year.

D. The president or his/her designee shall report to the board at least annually regarding the use of the funds in accordance with this policy, and the progress that has been made in strategic hiring and research facility improvements. This report may be incorporated into the annual Strategic Research Plan report to the board under RP 12.209.

**IV. Delegation of Authority:**

There is no policy specific delegation of authority.

**V. Contact Information:**

Office of the Vice President for Research & Innovation, 956-5006,  
[uhovpri@hawaii.edu](mailto:uhovpri@hawaii.edu)

**VI. References:**

- <http://www.hawaii.edu/offices/bor>
- RP 12.209
- Section 304A-2253, Hawai'i Revised Statutes  
([https://www.capitol.hawaii.gov/hrscurrent/Vol05\\_Ch0261-0319/HRS0304A/HRS\\_0304A-2253.htm](https://www.capitol.hawaii.gov/hrscurrent/Vol05_Ch0261-0319/HRS0304A/HRS_0304A-2253.htm))

**Approved as to Form:**

\_\_\_\_\_  
Kendra Oishi  
Executive Administrator and  
Secretary of the Board of Regents

\_\_\_\_\_  
Date

DTS 20360



UNIVERSITY of HAWAI'I UNIVERSITY OF HAWAII BOARD OF REGENTS

Division of Student Affairs Student Medical Services

HILO

20 FEB 28 P1:50 RECEIVED

January 27, 2020

MEMORANDUM

TO: Benjamin Kudo, Chair Board of Regents '20 JAN 30 P1:44
VIA: David Lassner President David Lassner UNIVERSITY OF HAWAII PRESIDENT'S OFFICE
VIA: Bonnie Irwin Chancellor Bonnie Irwin
VIA: Farrah-Marie Gomes Vice Chancellor for Student Affairs Farrah-Marie Gomes
FROM: Heather Hirata Director, Student Medical Services Heather Hirata APRN-RX,FNP-BC
SUBJECT: REQUEST FOR HEALTH FEE INCREASE AT UNIVERSITY OF HAWAI'I AT HILO

SPECIFIC ACTION REQUESTED:

It is respectfully requested that the Board of Regents approve an increase of the Student Health Fee at the University of Hawai'i at Hilo from \$7.00 to \$30.00 per semester, beginning Fall 2020 and remaining \$30.00 per semester at least through FY 2023-2024.

RECOMMENDED EFFECTIVE DATE:

Effective Fall 2020.

ADDITIONAL COST:

There will be a one-time increase of \$23.00 in Fall 2020 with commitment to no additional increases for the next seven semesters.

PURPOSE:

The purpose of this proposed increase is to support the rising costs of comprehensive medical care services for our students, specifically allowing for expansion and enhancement of medical services through additional staff and better equipment and technology. The current Student Health Fee of \$7.00 per semester has remained unchanged since it was initially established in 2003. We would like to adjust the student health fees provided to the UH Hilo Student Medical Services (SMS) to better align with actual costs to provide medical services that help ensure students are able to remain enrolled and actively pursuing their academic goals. The additional staff and services to be provided will also help to ensure compliance with the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and reduce liability to the institution.



BACKGROUND:

The Student Health Fee is a Mandatory Student Fee in accordance with Executive Policy 6.208, section 2-C and EP Student Fees Appendices (2016-09). “Fees are established by the Board. Fee increases shall be submitted for Board approval.” and “Student Health Fees include those mandatory student fees used to provide a level of campus health services which contribute to students’ physical, mental, and emotional well-being in order that they may persist towards their educational objectives.”

Currently, Student Medical Services employs 1.0 FTE nurse practitioner (who splits her time as SMS Director), 0.2 FTE pharmacist, one full-time casual administrative fiscal support specialist, and 6 part-time student assistants. Due to overall lack of resources, SMS is unable to provide adequate services, which are necessary to facilitate and support academic achievement and increase student retention. This includes services pertaining to Community Acquired Infections, Family Planning Services, Primary Care, and Urgent Care. Hardly any preventative care is currently being provided.

The additional Student Health fees will enhance services at SMS with the following:

- Hiring of Registered Nurse and support staff
  - 0.75 FTE Registered Nurse who will increase services already provided to students by opening additional appointment times and will allow SMS to meet current student demand and develop new services for emerging needs not previously addressed by the unit (**See Attachment A**)
    - This will help reduce wait times for appointments, while helping to maintain the level of professionalism and increasing patient safety.
    - This will help support pandemic planning and emergency response in coordination with State of Hawai‘i, Department of Health.
    - An additional professional staff member will be able to support clinically and educationally valuable BSN, MSN, and DNP internships and practicums by serving as the supervisor/mentor on record.
  - Two additional student assistants (working max 20 hours per week each) to support implementation of recently amended State of Hawai‘i Department of Health Hawai‘i Administrative Rules and compilation of chapters 11-157 dated April 15, 2019, which now requires additional vaccines - two varicella, one Tdap, and one meningococcal vaccine, if living in a resident hall.
    - This will increase workload of professional staff administering vaccines and student staff helping with outreach and follow-up with prospective students.
- Maintain Electronic Health Record (EHR) system within the SMS clinic to enhance patient flow, patient privacy, accessibility, and necessary HIPAA compliance updates. (**See Attachment B**) This will also assist with the maintenance of health clearance records required by the State of Hawai‘i for post-secondary school attendance.

**Supporting Analysis/Student Health Fee Level of Impact**

Student Medical Services has on average 3,500 visits annually with 1,972 unique patients, averaging 16 patients per day. Table 1 illustrates the services and visit numbers provided by SMS during the academic year (FY) 2019.

**Table 1. SMS Patient Visit Services and Numbers FY 2019**

Type of Visit	Visit Number (FY 2019)
Total On-Site Patient Visits	3,357*
Uninsured On-Site Patient Visits	847
Medical, Other Visits	1,372
Family Planning Services Visits	826
Fee for Service/Immunization Visits	1,306

\*does not equal sum of all categories since some visits had multiple purposes

UH Hilo does not require health insurance coverage for most students. Table 1 shows 847 (25%) of SMS patient visits serve students who are uninsured or have a health insurance type that is not billable by SMS. The student health fee allows SMS to extend health care access to uninsured and underinsured students, and substantially subsidize the cost of medical care provided to these students.

**Financial Impacts of Fee Increase**

The financial impact of the proposed health fee increase to students is minimal with a total additional four-year cost of \$184 for an undergraduate student who enters as a freshman in Fall 2020 (See Table 2).

**Table 2. Additional Cost to Four-year Degree from UH Hilo beginning Fall 2020**

Academic Year	Fall Semester	Spring Semester	Annual Total
2020-21	\$23	\$23	\$46
2021-22	\$23	\$23	\$46
2022-23	\$23	\$23	\$46
2023-2024	\$23	\$23	\$46
<b>Grand Total</b>	<b>\$92</b>	<b>\$92</b>	<b>\$184</b>

The financial impact of the proposed health fee increase to UH Hilo Student Medical Services is significant. Table 3 presents the projected student health fee amounts to be collected for FY 2020-21 if the proposed fee increase is not approved, while Table 4 presents the scenario if the proposed fee increase is approved. Projections for both tables are based upon actual enrollment from 2018-19. Based on these projections, UH Hilo SMS would collect an additional \$152,030 over the academic year.

**Table 3.** Projected Student Health Fee Revenue for FY 2020-21 (no increase)

Term	Student Population	Fee	Total
Fall 2020	3,406	\$7	\$23,842
Spring 2021	3,204	\$7	\$22,428
<b>Total 2020-21 Annual Fee Collection</b>			<b>\$46,270</b>

**Table 4.** Projected Student Health Fee Revenue for FY 2020-21 (with increase)

Term	Student Population	Fee	Total
Fall 2020	3,406	\$30	\$102,180
Spring 2021	3,204	\$30	\$96,120
<b>Total 2020-21 Annual Fee Collection</b>			<b>\$198,300</b>

Other sources of annual funding that UH Hilo receives are shown in the 2018-2019 Actual column of Table 5. Exceptional efforts are made to identify and attain revenue sources other than the Student Health Fee to provide medical care at affordable prices. In support of this, patients are charged based on a sliding fee scale for services if they do not have insurance or choose not to use insurance. The sliding fee scale is based on Federal Poverty Guidelines which take into account monthly income and family size, and provide six tiers starting from at the poverty level (100%) up to over 250% of the poverty level. SMS also has a Title X Family Planning grant that helps to pay for family planning services. It is important to note that many students choose not to use their insurance for confidentiality reasons.

**Table 5. FY19 Actual vs. FY21 Projected Budgets**

	2018-2019	2020-2021
	Actual	Projected
<b>Revenue</b>		
Institutional allocation	\$156,802	\$158,092
Title X Family Planning Grant	\$110,000	\$110,000
Interest	\$861	\$900
Student Health Fee	\$42,217	\$198,300
Fee for Service	\$6,407	\$6,500
Insurance Reimbursements	\$27,195	\$27,000
	<b>\$343,482</b>	<b>\$500,792</b>
<b>Expenditures</b>		
Payroll	\$219,980	\$379,838
Operations	\$101,392	\$115,232
	<b>\$321,372</b>	<b>\$495,070</b>

To illustrate financial impact of the proposed Student Health Fee increase, the FY21 (2020-2021) projections in the table above are reflecting:

- proposed Student Health Fee increase
- increases in salaries for proposed hire of 0.75 FTE Registered Nurse, two part-time student assistants
- annual fee for an Electronic Health Record system

### **Peer Comparisons**

UH Hilo, UH Manoa, and UH West Oahu medical clinics were compared regarding student health fees, services offered, additional charges assessed, clinical hours, whether health insurance is required, and how private health insurance billing is conducted. All UH health clinics require a student health fee. UH Hilo's student health fee is the lowest, despite the number of patients and amount of services provided. The current annual mandatory student health fee and a summary of services provided by the UH health clinics are shown in **Attachment C**.

The student health fees for UH Hilo Peer Institutions (last approved in 2009) were also examined and are shown in **Attachment D**. Placement of the UH Hilo student health fee, if increased as proposed, would still be among the lowest of all peer institutions.

### **Results of consultation with impacted individuals**

Simultaneous with UH Hilo Student Association (UHSA) consultations starting in FY 2018-2019, SMS administered an online survey to all (3,406) students. A total of 456 students (13.4%) responded. Overall, 40.6% of the respondents supported a health fee increase from \$7 to \$30, 17.5% were undecided and wanted additional details, and 41.9% did not support an increase.

Additional analysis was conducted to examine the results based on whether respondents visited Student Medical Services in the past. Almost half (46%) of respondents reported visiting Student Medical Services in the past. Sixty percent (60%) of those students supported an increase, 17% were undecided, while 23% did not support an increase. Of the students who didn't visit Student Medical Services in the past, 30% supported an increase, 6% were undecided, and 64% did not support an increase. Double the percentage of students who visited Student Medical Services in the past support the proposed increase, suggesting that these students value the services that the on-campus clinic provides.

Subsequent student Town Hall meetings were held in Fall 2018 and Spring 2019, and attended by 132 students. Feedback was consistent with the online survey results. Most students recognize the quality, convenience and value of services provided by Student Medical Services. The number one concern for not supporting the proposal was the continuous increase in cost of education. UH Hilo acknowledges this concern, which is part of the reason why this fee increase proposal comes 17 years after it was initially established. UH Hilo has delayed this increase for as long as possible. Continuing to do so will negatively impact our ability to provide adequate medical services in support of our students.

To an open-ended question, one student stated, "Medical services are a necessity. If a slight increase is needed to improve the services for students that should be no issue. The increased funds will help many students obtain the care that is needed and greatly provided by UH Hilo medical staff." Another student stated, "I think it has to be done. Increasing the fee is a legitimate reason so better services can be provided." Acknowledging that some students do not want an increase of any kind, there appears to be evidence that the proposed increase would lead to improved services by Student Medical Services, which students want.

**ACTION RECOMMENDED:**

It is recommended that the Board of Regents approve an increase of the Student Health Fee at the University of Hawai'i at Hilo from \$7.00 to \$30.00 per semester, beginning Fall 2020 and remaining \$30.00 per semester at least through AY 2023-2024.

**Attachments:**

- A – List of Services to be provided by additional 0.75 FTE Registered Nurse
- B – EHR Comparison Chart
- C – Annual Student Health Fees and Services at University of Hawai'i 4-year campus clinics
- D – Annual Health Fees and Services for UH Hilo Peer Institutions

cc: Kendra Oishi, Executive Administrator and Secretary of the Board

## **Attachment A**

### **List of Services to be provided by additional 0.75 FTE Registered Nurse**

Availability of an additional Registered Nurse for general medical care, initial triage and assessments, and other consultations will allow SMS to provide an increase in the following services:

- 1) First-aid treatment for illness and injury
- 2) Use of CLIA diagnostic testing (i.e., Strep A+, Influenza A&B, Mono, BV, Trichomoniasis, Urinalysis, etc.)
- 3) TB screenings and TB skin tests
- 4) Immunizations
  - a) Tetanus/Diphtheria (Td)
  - b) Tetanus/Diphtheria/Acellular Pertussis (Tdap)
  - c) Meningitis
  - d) MMR (Measles, Mumps, Rubella)
  - e) Hepatitis A (2 shot series)
  - f) Hepatitis B (3 shot series)
  - g) Gardasil (HPV vaccine)
  - h) Flu vaccine
  - i) Varicella
- 5) Family Planning Health Care
  - a) Pelvic Exams
  - b) Pap Smears
  - c) Birth Control
  - d) Oral Contraceptives
  - e) Depo-Provera Shots
  - f) IUD (Mirena, Kyleena, ParaGard)
  - g) Nexplanon
  - h) Nuva Ring
  - i) Morning-after Pill (Plan B, emergency contraception)
  - j) Reproductive Life Plans
  - k) Sexual Health
  - l) STD Testing (male and females)
  - m) Pregnancy Testing
- 6) Aid during crisis
- 7) Alcohol and substance abuse counseling

## Attachment B

### EHR Comparison Chart

Brand	Description	One-time Set-up Fee	Annually	Total (for first year)
<b>Point and Click (used by UH Manoa)</b>	<ul style="list-style-type: none"> <li>• Hosted single tenancy PNC server</li> <li>• Hosted DB VM</li> <li>• Middleware VM</li> <li>• OS. Licenses</li> <li>• MSSQL DB Licenses</li> <li>• M &amp; S, PNC Registration</li> <li>• PNC chart</li> <li>• Medical Web User License</li> <li>• iOS Apps (per device per year)</li> <li>• SIS Registration Interface</li> <li>• Optum 360 Subscription</li> <li>• Medispan Prescription Database</li> <li>• 100 GB storage</li> </ul>	<b>\$3600</b>	<b>\$10,228</b>	<b>\$13,828</b>
<b>Quatris (Centricity EHR)</b>	<ul style="list-style-type: none"> <li>• Centricity cloud EHR ideal image license service, cloud-based hosting                             <ul style="list-style-type: none"> <li>○ Desktop service access, includes scheduling, billing, administrative, reporting, charting, eRx, CCC forms, and imaging, recurring and a one-time fee</li> </ul> </li> <li>• Initial Centricity configuration professional hosting (1-20 users) installation                             <ul style="list-style-type: none"> <li>• Centricity EHR/Ideal implementation (5 or less providers)</li> </ul> </li> </ul>	<b>\$17,490</b>	<b>\$10,560</b>	<b>\$28,050</b>
<b>Alliance Chicago</b>	<ul style="list-style-type: none"> <li>• <b>Licensed Softwares</b></li> <li>• <b>Annual Maintenance and Supports</b></li> <li>• <b>Hardware</b></li> <li>• <b>Professional Services:</b> <ul style="list-style-type: none"> <li>○ <b>Clinical Content</b></li> <li>○ <b>Hosting</b> <ul style="list-style-type: none"> <li>• Project management</li> <li>• IT/Clinical Site Assessment</li> <li>• IT Technical Build</li> <li>• Testing and troubleshooting</li> <li>• Implementation team support</li> <li>• EHR training</li> <li>• EHR go live support</li> </ul> </li> </ul> </li> </ul>	<b>\$113,685</b>	<b>\$11,597</b>	<b>\$125,282</b>



### Attachment C

#### Annual Student Health Fees and Services at University of Hawai'i 4-year campus clinics

<b>Campus</b>	<b>Services</b>	<b>Student Health Fee</b>	<b>Non-insured Fee</b>	<b>Hours of Operation</b>
UH Manoa	<ul style="list-style-type: none"> <li>• Dermatology</li> <li>• Nutrition</li> <li>• Psychiatry</li> <li>• Sports Medicine</li> <li>• Women's Health</li> <li>• Immunizations</li> <li>• Laboratory Tests</li> <li>• Pharmacy</li> <li>• Travel Medicine</li> <li>• Health Promotion</li> <li>• General Health</li> </ul>	\$118 per semester	NP: \$23-28 SV: \$15-20 Dermatology: \$15-30+ Additional lab fees apply	Mon-Fri 8am-4pm
UH Hilo	<ul style="list-style-type: none"> <li>• General Medical Care</li> <li>• First-Aid</li> <li>• Treatment for illness and Injury</li> <li>• TB Screenings/ TB skin testing</li> <li>• Immunizations</li> <li>• Family Planning</li> <li>• Mental Health</li> <li>• Pharmacy</li> <li>• Laboratory Tests</li> </ul>	\$7 per semester  \$7 per HawCC student per semester (opt-in)	\$0	Mon-Fri 8am-4:30pm  Shot Clinic Mon & Wed 8am-12pm
UH West Oahu	<ul style="list-style-type: none"> <li>• Basic First-Aid care</li> <li>• Band-Aids</li> <li>• Feminine products</li> <li>• Bacitracin</li> </ul>	\$30 per semester	N/A	Mon-Thurs 8am-4pm

## Attachment D

### Annual Health Fees and Services for UH Hilo Peer Institutions

Name of Peer Institution	Student Population (Average)	Health Fee Amount (Per Semester)	Clinic Available/ Level of Care
UH Hilo	3,500	\$7.00 (proposing increase to \$30.00)	Yes, Level 3 Care 1 APRN, 1 Office Assistant, and Student Employees Office within larger building
Arkansas Tech University	10,000	\$8.50 Per Credit Hour (Full Time 12 cr = \$102.00)	Yes, Level 3 Care 3 APRNs, 2 RNs, 1 Administrative Specialist In Student Services Building
Bemidji State University	5,120	\$10.63 Per Credit Hour (Full Time 12 cr = \$127.56)	Yes, Level 3 Care 1 APRN, 1 CMT, 1 LPN First floor within a building
California State University - Monterey Bay	7,600	\$57.00	Yes, Level 3 Care Staff not identified Free Standing Building
Cameron University	4,200	\$35.00	Yes, Level 2 Care Staff not identified In Student building
Coastal Carolina University	10,600	\$70.00-\$125.00	Yes, Level 3 Care 4 Physicians, 1 Pharmacist, 1 Educator, 4 APRNS, 5 RNs Free standing building
Delaware State University	4,700	\$377.00	Yes, Level 2 Care 1 Doctor, 1 APRN, 1 RN, 1 Office Assistant, 1 LPN Free Standing Building
Fort Valley State University	2,400	\$73.00	Yes, Level 2 Care Staff not identified Free Standing Building

Lincoln University	2,400	\$75.00	Yes, Level 3 Care Full Nursing Staff, 1 APRN Free Standing Building
Savannah State University	3,900	\$67.00	Yes, Level 3 Care Physician, APRN, Office Assistant, CNA, Pharmacist Free Standing Building
SUNY at Purchase College	4,200	No Fee. Mandatory for students to have own health insurance or \$1,059.50 per semester through university.	Yes, Level 3 Care Physicians, Nurse Practitioners, and Nurses Campus Center Building
University of Arkansas at Pine Bluff	2,500	\$50.00	Yes, Level 3 Care PT M.D., 2 APRNs Free Standing Building
University of Guam	6,000	\$12.00	Yes (Minimal), Level 1 Care Staff not specified In Student Center Building
University of Maryland Eastern Shore	2,600	\$52.50	Yes, Level 2 Care 2 Nurses, 1 Office Assistant Within Student Building
University of North Carolina at Asheville	3,800	\$184.00	Yes, Level 3 Care 1 physician, physician assistants, RNs Free Standing Building
University of South Carolina - Aiken	3,400	\$50	Yes, Level 2 1 APRN, 3 RNs, 1 Office Assistant In Student Activities Center
University of Wisconsin - Parkside	4,400	General Fees from student, Distributed throughout different activities and services.	Yes, Level 3 care Staff not specified Free Standing Building

## LEVELS OF CARE FOR CLINICAL HEALTH SERVICES

LEVEL OF CARE	DESCRIPTION FOR CLINICAL HEALTH
1 (Self-Care)	Reliance solely on extramural, community medical resources for conditions that cannot be attended to by the individual student. Campuses offering this level may supplement the community resources by providing information and periodic instruction that focuses on health education.
2 (Assisted Self-Care)	Provides for a registered nurse on campus either full-time or part-time to assist students by providing first aid care. Students requiring a physician's services may be referred by the nurse to doctors practicing in the community. Nurse assumes the role of health educator, health counselor, and environmental health & safety consultant. Nurse may also coordinate first aid programs involving other staff members, thus expanding the capabilities of the service.
3 (Assisted Self-Care PLUS)	Provides for a registered nurse on campus either full-time or part-time to assist students. In addition to Level 2 services, the nurse works with a physician consultant who provides guidelines and standing orders to permit the care of minor injuries and illnesses, as well as the administration of routine health clearance requirements and certain immunizations.
4 (Primary Health & Wellness Care)	Provides for a primary care physician and/or nurse practitioner who can render definitive care for the majority of primary care medical cases. Campus serves as the entry point for primary health facility into the total community system of medical care involving specialized out-patient services and hospital in-patient services.
5 (Primary Health & Wellness Care PLUS)	In addition to Level 4 services, also available beyond primary medical care are some medical specialty care and diagnostic facilities.



UNIVERSITY  
of HAWAII<sup>®</sup>  
SYSTEM

UNIVERSITY OF HAWAII  
BOARD OF REGENTS

201800D

20 MAR -2 P3:23

KALBERT K. YOUNG  
VICE PRESIDENT FOR BUDGET & FINANCE  
CHIEF FINANCIAL OFFICER

March 2, 2020

RECEIVED

TO: Benjamin Asa Kudo  
Chairperson, Board of Regents

'20 FEB 31 P2:50

Randy Moore  
Chair, Committee on Planning and Facilities,  
Board of Regents

UNIVERSITY OF HAWAII  
PRESIDENT'S OFFICE

VIA: David Lassner  
President

Jan S. Gouveia  
Vice President for Administration

FROM: Kalbert K. Young  
Vice President for Budget and Finance/Chief Financial Officer

SUBJECT: Authorization and Approval to Enter into a Pre-Closing (Pre-Construction) Agreement (PCA) for Development of a Multi-Family Rental Housing Facility, Greystar/NOAA Site

SPECIFIC ACTION REQUESTED:

As provided in Regent Policy 8.201, the Board of Regents is required to approve the University contracting with consultants and/or contractors for consulting services and for construction services. Pursuant to Regent Policy 8.201, the Board of Regents is requested to authorize the President of the University of Hawai'i (UH) and its Chief Financial Officer to negotiate a pre-closing (pre-construction) agreement with Greystar Development Services, LLC ("Greystar"). The Board of Regents is also requested to approve a pre-closing (pre-construction) agreement for up to \$2,407,199 to begin such work on the project to develop a multi-family rental housing facility located at 2570 Dole Street on the UH at Mānoa (UHM) campus (on the site formerly known as the "NOAA site").

RECOMMENDED EFFECTIVE DATE:

Upon authorization and approval of the Board of Regents.

BACKGROUND:

The UH owns a parcel adjacent to the UHM campus, formerly known as the National Marine Fisheries Service ("NOAA") site. On November 7, 2018, the University issued a

2444 Dole Street, Bachman Hall  
Honolulu, Hawai'i 96822  
Telephone: (808) 956-8903  
Fax: (808) 956-5286

An Equal Opportunity/Affirmative Action Institution

Request for Proposals for the Development of a New Multi-Family Mixed-Use Rental Project (the "RFP"). The purpose of the RFP was to solicit proposals from qualified real estate developers and development teams that were interested to enter into a public-private partnership with the University to design, build, finance, operate, and maintain a family-oriented mixed-use rental housing project to be located at 2570 Dole Street on the UHM campus (the "Project"), tax map key no. (1) 2-8-023:009.

In September 2019, amongst a handful of proposers, the University selected Greystar to be its private partner as real estate developer and manager of the project. On November 4, 2019, the University and Greystar affiliate Greystar Real Estate Development Services, LLC, entered into an Exclusive Negotiations Agreement, pursuant to which the parties agreed to use commercially reasonable efforts to negotiate the terms of a Pre-Closing Agreement (the "PCA") and a Development Agreement within one (1) year.

The Project conceptualizes building family-oriented rental housing units in a multi-story facility intended primarily to serve UHM graduate students, but which may also serve UHM junior faculty to the extent Project units are available. Depending on market demand, the Project units may also be available for UHM staff and other parties affiliated with UHM or UH. The University has a strong preference that the Project includes a child care facility (to be operated by the University). This child care facility could either replace or supplement the existing UHM Children's Center (located at 2600 Campus Road, QLCSS #414B). The University child care program currently services approximately one hundred (100) young children of UHM students and employees between the ages of two and five years old. If feasible, the University also prefers that the Project include commercial components that provide goods and/or services to Project residents and the greater UHM community. The University believes that the components of the conceptual project will foster and create a live-, work-, play-environment in the areas surrounding the Property. According to Greystar, the completed Project is estimated at \$130,957,770

As required by Executive Policy ("EP") 10.204.III.C.4, an Executive Committee (the "EC") was established with responsibility for reviewing and approving all major decisions relating to the Project. The Administration has been negotiating with Greystar on terms and on points for various agreements for the Project. A PCA was always anticipated for the early stages of the Project as necessary for the private partner and the University to establish the parameters of a viable project and respective responsibilities for each party. Based on the proposed terms and points that have been negotiated thus far, as shown in Attachment 1, the arrangement is ready for authorization and approval by the Board in order to begin some of the early phases of pre-construction consulting work.

APPLICABLE REGENTS POLICY:

Board of Regents Policy RP 8.201 (Contracts and Official Documents) requires that the Board of Regents approve contracts for the use of consultants for services where the work to be done is in excess of \$1,000,000. This request for approval by the Board is to authorize a pre-closing (pre-construction) agreement for up to \$2,407,199.

AGREEMENT(S) ANTICIPATED:

RP 8.201 requires Board of Regents approval of consulting contracts over \$1,000,000, and the complete costs of pre-construction work anticipated for this Project are estimated at approximately \$4,994,297. The timeline for completion of all the pre-construction work is estimated through May 2022. The Administration is purposely seeking authority and approval of this PCA which contemplates the first \$2,407,199 to be spent on this pre-construction work. The Administration intends to return to the Board and seek additional authorization and approval at later date(s) to amend the PCA to allow for the additional work that would still need to occur.

This approach of securing Board authorization and approval in parts for phases of the complete pre-construction work accommodates for the Administration, and the Board, to assess pre-construction progress and due diligence work products before determining if the Project should continue.

FIRST PHASE AGREEMENT:

Under the conditions of the pre-closing (pre-construction) agreement, Greystar will be advancing the costs and expenses for all work that is required. This will include sub-contracting for a market study, architectural design, environmental site surveys, cultural studies and other work necessary for entitlements. All costs and expenses are anticipated to be reimbursed to Greystar (with interest) upon closing of bond financing for the entire Project. Bond financing will be considered the "closing" of the pre-closing (pre-construction) work.

The University will be assuming contingent risk for reimbursing Greystar for pre-closing expenses if the Project fails to secure bond financing. The University would incur contingent financial risk and would be obligated to reimburse Greystar for instances where the Project does not progress, as follows:

1. University termination of PCA. If the University terminates the PCA for reasons other than those described in the following Paragraph 2, then the University shall pay to Greystar: a) Pre-Closing Advances plus interest thereon; and b) an accrued Development Fee.



2. Failure of bond closing/Greystar default. If the University terminates the PCA due to: a) the failure of the tax-exempt bond financing for the Project; or b) as a result of Greystar's material default of the PCA, then the University shall pay to Greystar only the Pre-Closing Advances plus interest thereon.
3. Outside closing date. If the tax-exempt bond financing has not closed by a certain date, then the University shall pay to Greystar: a) the Pre-Closing Advances plus interest thereon; and b) an accrued Development Fee.

In each case summarized above, upon termination payment the University would own all of the Project design and contract documents prepared by Greystar and its third-party vendors. If the Project proceeds to closing (bond financing), the University will not have to outlay any funds and Greystar will be reimbursed from bond proceeds.

The Administration intends to seek additional Board of Regents' authorization and approval to amend the pre-closing (pre-construction) agreement expense ceiling as the Project progresses. This authorization and approval for the initial phase of the Project will allow Greystar to begin the entitlement process and proceed with design development of the facility.

ACTION RECOMMENDED:

It is recommended that the Board of Regents approve the following actions:

1. Committee approval recommendation. The Committee on Planning and Facilities review and recommend to the full Board of Regents the Board's authorizing the University President and its Chief Financial Officer to enter into a pre-closing (pre-construction) agreement with Greystar.
2. Committee approval recommendation. The Committee on Planning and Facilities recommend to the full Board of Regents the Board's approval of the pre-closing (pre-construction) agreement up to \$2,407,199 consistent with the terms and conditions contained in the attached Major Term Sheet.
3. Board of Regents approval. The Board of Regents authorize the University Administration to complete the pre-closing (pre-construction) agreement with Greystar and approve the agreement consistent with the terms and conditions contained in the attached Major Term Sheet.

Attachments:

1. Major Term Sheet.
2. PCA Budget Schedule (pro-forma).

MAJOR TERM SHEET

UNIVERSITY OF HAWAI'I AT MĀNOA NEW MULTI-FAMILY MIXED-USE RENTAL PROJECT  
DEVELOPMENT PRE-CLOSING AGREEMENT

BETWEEN

UNIVERSITY OF HAWAI'I

and

GREYSTAR DEVELOPMENT SERVICES, LLC

1. Parties.
  - a. UH: University of Hawai'i
  - b. Greystar: Greystar Development Services, LLC, a Delaware limited liability company
2. Property. 2570 Dole Street, Honolulu, O'ahu, Hawai'i 96822 identified as Tax Map Key No. (1) 2-8-023:009.
3. Project. Development of a facility housing approximately 573 beds for UH-affiliated persons, with associated amenities (including a UH-affiliated childcare center), to be agreed upon by the parties and located on the Property, ground-leased by UH to a 501(c)(3) nonprofit corporation (the "Leaseholder"), to be developed for fall 2024 delivery and financed through the issuance of tax-exempt bonds issued by the Leaseholder.
4. Closing. The closing of the tax-exempt bond financing for the Project.
5. Pre-Closing Activities. Greystar and/or certain third parties engaged by Greystar, for the benefit of UH, will perform certain pre-Closing activities, including but not limited to site visits and meetings with UH representatives; engagement of certain professionals and consultants; coordination of the preparation of designs and plans; assessment of the Project site including feasibility and other studies; coordination of governmental approvals; and preparation of a detailed Project schedule.
6. Pre-Closing Advances. The Pre-Closing Activities shall be performed directly by Greystar or by third parties engaged by Greystar for the benefit of UH, and all third-party costs and expenses paid or incurred by Greystar or third parties engaged by Greystar in connection with the Pre-Closing Activities shall be advanced by Greystar as an accommodation to UH. The pre-Closing budget agreed upon by the parties (the "Pre-Closing Budget") sets forth Greystar's estimation of the monthly budget for pre-closing expenditures, and the initial Pre-Closing Budget is \$2,407,199.
7. Right-of-Entry Agreement. UH and Greystar to negotiate and enter into a separate Right-of-Entry Agreement.

8. Compensation and Repayment for Pre-Closing Advances.

- a. Payment of Pre-Closing Advances. At the Closing, UH shall cause to be paid to Greystar from the Closing proceeds: (a) the actual, reasonable and documented Pre-Closing Advances; plus (b) interest at a floating rate equal to the Wall Street Journal U.S. Prime Rate plus two percent (2%) compounded monthly (provided, however, such interest shall not be at a rate less than six percent (6%) per annum) on amounts advanced by Greystar; plus (c) the accrued Development Fee<sup>1</sup>.
- b. Termination Payment. In the event of a termination of the agreement by UH, UH shall pay to Greystar: (i) the actual, reasonable and documented Pre-Closing Advances; plus (ii) interest at a floating rate equal to the Wall Street Journal U.S. Prime Rate as published in the plus two percent (2%) compounded monthly (provided, however, such interest shall not be at a rate less than six percent (6%) per annum) on amounts advanced by Greystar from the date advanced until the date repaid to Greystar; plus (iii) the accrued Development Fee. Notwithstanding the foregoing, if UH terminates the agreement due to the failure of the tax-exempt bond financing for the Project or as a result of Greystar's material default of the agreement, UH shall have no liability to pay Greystar any portion of the Development Fee unless UH wishes to proceed with the Project without engaging Greystar's continued development services.
- c. Termination Payment on Outside Closing Date. In the event that the Closing has not taken place on or before January 31, 2021<sup>2</sup> (the "Outside Closing Date") UH hereby agrees to repay Greystar: (i) the actual reasonable documented Pre-Closing Advances; plus (ii) interest at a floating rate equal to the Wall Street Journal U.S. Prime Rate plus two percent (2%) compounded monthly (provided, however, such interest shall not be at a rate less than six percent (6%) per annum) on amounts advanced by Greystar; plus (iii) the accrued Development Fee.

9. Ownership of Materials. Upon termination of the agreement for any reason, Greystar shall assign to UH all of Greystar's right, title, and interest in and to the design documents and the contract documents.

10. Development Agreement. UH will negotiate in good faith with Greystar a definitive development agreement for the Project to be effective at the Closing for the delivery of services set forth in the Development Agreement to complete the design, construction, and delivery of the Project, which shall be approved by its Board of Regents. The Development Agreement will require Greystar Real Estate Partners, LLC, a Delaware limited liability company, to guarantee completion of the Project for on-time and on-budget delivery by the agreed upon date of substantial completion and provide for a mechanism for damages to UH in the case of a late delay.

---

<sup>1</sup> The Development Fee is equal to 4% of total Project costs.

<sup>2</sup> Under Pre-Closing Agreement, this date would be amended each time that the Board Approves an increase to the Pre-Closing Budget.

Item	2019					2020														
	August	September	October	November	December	January	February	March	April	May	June	July	August	September	October	November	December	January	February	March
<b>Specialty Consultants-Greystar</b>																				
Market Study				5,000	10,000	10,000	15,000													
Traffic Study	EA			15,400	15,400															
Archaeological Field Inspection (EA)				4,160	4,160															
Architectural Historian (EA)				2,750	2,750															
Biology ( assumes studies available) EA																				
Belt Collin/CDS (EA)				69,050	69,050															
Geotechnical - GEI (*)						60,000	10,000													
Environ Site Assessment - Enpro						5,000														
Hazmat Assessment - Enpro						25,000														
Contaminated Soil Test - Enpro						10,000														
Environmental Work Plans - Enpro																				
ALTA Survey - Control Point/UH				20,000																
PRU - Belt Collins/CDS										8,900	8,900	8,900	8,900							
Cultural - Ku'iwalu/CDS										9,100	9,100	9,100	9,100							
Third Party Review -Permit - Palekana																				
Building Envelope/ADA Consultant															66,000					
Interior Design - NAC/CDS											5,000			5,000						
Childcare Consultant - NAC/CDS										3,000	3,000	3,000	3,000				3,000			
LEED Certification - NAC											4,166	834	3,400				3,400	3,400	3,400	
LEED Energy Model - NAC																				
Telcom/Security - CCSI (*)															5,000			5,000	5,000	5,000
Special Inspection Fire - Notkin																				
Special Inspection-Structural - Base																				
Commissioning (Insynergy) (*)																				
Restaurant - Tenant Improvement TBD (*)																				
<b>SUBTOTAL SPECIALTY CONSULT</b>	-	-	-	116,360	101,360	110,000	25,000	-	-	-	21,000	30,166	21,834	100,400	-	-	-	11,400	8,400	8,400
<b>A&amp;E Fees (Design and Basic Subconsultants)</b>																				
PRE-DESIGN / PRU & EA																				
SD				94,000	94,000	94,000	94,000	94,000	94,000											
DD														271,610	271,609	171,523				
CD																	305,710	205,710	205,710	
A&E Reimbursables				2,400	2,400	-	2,000				2,000	2,000	2,000	2,000	2,000	10,000	2,000	2,000	10,000	
<b>SUBTOTAL</b>	-	-	-	96,400	96,400	94,000	96,000	94,000	94,000	-	-	2,000	2,000	273,610	273,609	173,523	10,000	307,710	207,710	215,710
Basic A&E Fees (Less 25%) Excl Specialty Subs	-	-	-	23,500	23,500	23,500	23,500	23,500	23,500	-	-	-	-	67,903	67,902	42,881	-	76,428	51,428	51,428
<b>TOTAL: BASIC A-E - 25% (SD - CD)</b>	-	-	-	72,900	72,900	70,500	72,500	70,500	70,500	-	-	2,000	2,000	205,708	205,707	130,642	10,000	231,283	156,283	164,283
<b>Misc.</b>																				
GC Pre-construction services																				
Legal				10,000	10,000		10,000	7,500	7,500			7,500	7,500	7,500	7,500			7,500	7,500	7,500
Team Travel & Related				10,000	5,000		5,000	5,000	5,000			5,000	5,000	5,000	5,000			5,000	5,000	5,000
Interest on Predevelopment Advances				-	1,250	2,390	3,486	4,192	4,730	5,271	5,331	5,513	5,835	6,111	8,034	9,383	10,229	10,376	11,954	13,087
Other/Contingency				5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
<b>Total</b>	-	-	-	25,000	21,250	7,390	23,486	21,692	22,230	10,271	10,331	23,013	23,335	23,611	25,534	14,383	15,229	27,876	29,454	30,587
<b>Monthly Spend</b>	-	-	-	214,260	195,510	187,890	120,986	92,192	92,730	10,271	31,331	55,179	47,169	329,718	231,241	145,025	25,229	270,558	194,137	203,269
<b>Total Cumulative Spend</b>	-	-	-	214,260	409,770	597,660	718,647	810,839	903,569	913,839	945,170	1,000,350	1,047,519	1,377,237	1,608,478	1,753,503	1,778,731	2,049,290	2,243,427	2,446,696
<b>Termination Payment Option A*</b>	-	-	-	214,260	409,770	597,660	718,647	810,839	903,569	913,839	945,170	1,000,350	1,047,519	1,377,237	1,608,478	1,753,503	1,778,731	2,049,290	2,243,427	2,446,696
Normal Development Fee Accrual				74,818	74,818	74,818	74,818	74,818	74,818	74,818	74,818	74,818	74,818	74,818	74,818	74,818	74,818	74,818	74,818	74,818
Discounted Development Fee Accrual For Termination Fee @ 30%				44,891	44,891	44,891	44,891	44,891	44,891	44,891	44,891	44,891	44,891	44,891	44,891	44,891	44,891	44,891	44,891	44,891
<b>Cumulative Discount Dev Fee Accrual</b>	-	-	-	44,891	89,781	134,672	179,562	224,453	269,343	314,234	359,124	404,015	448,905	493,796	538,686	583,577	628,467	673,358	718,248	763,139
<b>Termination Payment Option B*</b>	-	-	-	259,151	499,551	732,332	898,209	1,035,291	1,172,912	1,228,073	1,304,294	1,404,364	1,496,424	1,871,033	2,147,164	2,337,079	2,407,199	2,722,648	2,961,675	3,209,835
<b>Milestone</b>	<b>Min Cost (A)</b>	<b>Max Cost (B)</b>																		
Programming & Site Studies	409,770	499,551																		
100% Schematic Design & Cost Update	903,569	1,172,912																		
100% Design Development and Cost Update	1,753,503	2,337,079																		
80% Construction Documents and Permit Applications	3,058,337	4,045,928																		
GMP at 95% CD	3,512,986	4,814,811																		
100% Construction Documents	3,564,389	4,911,104																		
Financial Close	3,602,681	4,994,287																		



20498

University of Hawai'i at Hilo Administration  
Office of the Chancellor



UNIVERSITY  
of HAWAII  
**HILO**

UNIVERSITY OF HAWAII  
BOARD OF REGENTS

20 MAR 13 P1:05

March 13, 2020

RECEIVED

'20 MAR 13 A11:22

**MEMORANDUM**

TO: Benjamin Asa Kudo  
Chairperson, Board of Regents

UNIVERSITY OF HAWAII  
PRESIDENT'S OFFICE

VIA: David Lassner  
President, University of Hawai'i

FROM: Bonnie D. Irwin  
Chancellor, University of Hawai'i at Hilo

SUBJECT: Reappointment of Roberta Chu and Appointment of Diana L. Van De Car  
to the Maunakea Management Board

**SPECIFIC ACTION REQUESTED:**

It is requested that the Board of Regents approve the reappointment of Roberta Chu to a four-year term and the appointment of Diana L. Van De Car to a three-year term on the Maunakea Management Board. The term of Ms. Chu would expire on June 30, 2024 and that of Ms. Van De Car on June 30, 2023.

**RECOMMENDED EFFECTIVE DATE:**

Upon Board approval.

**ADDITIONAL COST:**

No additional costs.

**PURPOSE:**

To fulfill the mandate of the 2000 Maunakea Science Reserve Master Plan.

200 W. Kāwili St.  
Hilo, Hawai'i 96720-4091  
Telephone: (808) 932-7348  
Fax: (808) 932-7338  
hilo.hawaii.edu

An Equal Opportunity/Affirmative Action Institution

## BACKGROUND INFORMATION:

The Maunakea Science Reserve Master Plan, approved by the BOR in June 2000, called for the establishment of the community-based Maunakea Management Board (MKMB). The Master Plan states:

*“Community involvement in the management of the mountain begins with the membership of the Mauna Kea Management Board....The Board’s primary role is to advise the Office of the Chancellor at the University of Hawai’i at Hilo (UH Hilo) on management of the Mauna Kea Science Reserve...and shall be the main community voice for activities and development planned for the Science Reserve.”*

The MKMB is comprised of seven members representing various constituencies with a stake in Maunakea: Native Hawaiians, environment, education, commercial activities, astronomy, land management, and general community. Pursuant to the Master Plan, the chancellor of UH Hilo submits her recommendations to the BOR for its consideration and approval.

## Nominees

### **Ms. Roberta Chu**

Roberta Chu is a fifth generation Hilo resident, graduate of Hilo High School and then Mount Holyoke College in Massachusetts. She currently serves as Senior Vice President of the Hawai’i Island Commercial Banking Center and Hawai’i Island Manager for the Bank of Hawaii. She has over 25 years of commercial banking experience managing loan portfolios and client relationships in Los Angeles and on Hawai’i Island. Ms. Chu is a member of the Hawai’i Community Foundation Board of Governors, advisory board member for the HCF East Hawaii Fund and Pauahi Foundation’s THINK Fund, board chair of The Kohala Center, president of Lei Ho’olaha (a certified Community Development Financial Institution), twice past chair of Hawai’i Island Economic Development Board and board member of Community First. She is also a member of the Hawaii Leeward Planning Conference.

### **Ms. Diana L. Van De Car**

Diana L. Van De Car, a long-time resident of Volcano, is a retired litigation attorney. She is an alumna of the University of Hawai’i at Manoa with both her B.A. in English and her J. D. from the William S. Richardson School of Law. Her 38 years of experience include handling all aspects of the litigation and arbitration process. Representative matters included landowner liability and business and real estate disputes among other issues. Before starting her own law practice in 1994, she practiced at Case & Lynch, for whom she opened the Hilo office in 1981 and was named partner in 1985. She is a member of

Benjamin Asa Kudo, Chair

March 13, 2020

Page 3

the Disciplinary Board of the Hawaii Supreme Court and the Governing Board of the Volcano School of Arts and Sciences. She has been a member of the American Bar Association Litigation Section, and the Hawaii State and East Hawaii Bar Associations. She has been an Arbitrator for the Hawaii Court-Annexed Arbitration Program since its inception and is former arbitrator on the National Roster of the American Arbitration Association. She is a past member and past president of the Rotary Club of Hilo and a past member of the Boards of Directors of the Hilo Downtown Improvement Association and the Volcano Art Center.

ACTION RECOMMENDED:

It is recommended that the Board of Regents approve the reappointment of Roberta Chu to a four-year term and the appointment of Diana L. Van De Car to a three-year term on the Maunakea Management Board. The term of Ms. Chu would expire on June 30, 2024 and that of Ms. Van De Car on June 30, 2023.

Attachment

Resume for Diana L. Van De Car

c: Executive Administrator and Secretary to the Board of Regents, Oishi



# DIANA L. VAN DE CAR, ATTORNEY AT LAW

---

## LITIGATION ATTORNEY (RETIRED)

Thirty-eight years of experience handling all aspects of the litigation and arbitration process, from analysis of potential claims to representation through jury trials and appeals, from complex litigation involving mixed commercial and tort claims to real estate and contractual disputes. Representative matters included landowner liability, fire and casualty losses, electrocution/electrical injury claims, business and real estate disputes, misrepresentation in real estate and commercial transactions, and general personal injury defense.

## EMPLOYMENT

---

LAW OFFICES OF DIANA L. VAN DE CAR	1994-2015 <i>Hilo, Hawaii</i>
Litigation defense practice emphasizing the resolution of business and commercial disputes, real estate disputes, commercial litigation and the defense of tort claims.	
CASE & LYNCH	1981-1994 <i>Hilo, Hawaii</i>
Varied litigation practice. Opened the Hilo office of Case & Lynch in 1981; partner from 1985.	
SOLO PRACTICE	1979-1981 <i>Hilo, Hawaii</i>
Varied litigation practice. Of counsel to Stanley H. Roehrig, Attorney at Law (to December, 1980).	
CASE, KAY, CLAUSE & LYNCH	1977-1979 <i>Honolulu, Hawaii</i>
Associate attorney in the firm's litigation department.	

## EDUCATION

---

WILLIAM S. RICHARDSON SCHOOL OF LAW <i>J.D.</i>	1974-1977 <i>Honolulu, Hawaii</i>
UNIVERSITY OF HAWAII <i>B.A., with distinction in English</i>	1970-1974 <i>Honolulu, Hawaii</i>

## PROFESSIONAL SOCIETIES AND OTHER ORGANIZATIONS

---

- Member, Disciplinary Board, Hawaii Supreme Court
- Member, Governing Board, Volcano School of Arts and Sciences
- Past Member, East Hawaii Regional Board, Hawaii Health Systems Corporation
- Past Hearing Committee Member for Disciplinary Board, Hawaii Supreme Court
- Past Member, Board of Bar Examiners
- Arbitrator, Hawaii Court-Annexed Arbitration Program (since inception)
- Past Member, Hawaii CAAP Arbitrator Mentor Panel
- Past Member, Hawaii State and East Hawaii Bar Associations
- Past Member, American Bar Association, Litigation Section
- Past Member of American Trial Lawyers Association (Advocate)
- Former Arbitrator, American Arbitration Association, National Roster
- Past Member and past President, Rotary Club of Hilo
- Past Member, Board of Directors Hilo Downtown Improvement Association
- Past Member, Board of Directors Volcano Art Center



UNIVERSITY *of* HAWAII®

# 2020 University of Hawai'i Legislative Update

For Presentation

UH Board of Regents  
March 19, 2020



# 2020 Legislative Session

## SUBJECT AREAS

- COVID-19 Impact
- 2020 Budget and Budget Bills
- 2020 UH Legislative Package (Admin Bills)
- 2020 Select Bills of Interest
  - Board of Regents
  - UH Operations
- Legislative Calendar



# COVID-19 Impact

- Social distancing measures being adopted
  - Senate floor presentations have been postponed.
  - Upcoming Senate- and Legislature-sponsored events will be reviewed to determine whether or not they should be postponed/cancelled.
  - Senate and House Committees are urging the public to submit written testimony electronically and watch select hearings remotely.
- House and Senate are placing signs outside their offices requesting that the public:
  - Practice social distancing (avoid hugs, handshakes, etc.) while in the office.
  - Wash their hands before entering the office.
- Public Access Room (PAR) temporarily closed until March 18, 2020.



# 2020 Operating Budget

Campus	Description	Board		Governor		House	
		FTE	\$\$\$	FTE	\$\$\$	FTE	\$\$\$
Mānoa	UHealthy: Establish MD cohort on Maui	8.00	\$ 1,400,000				
Mānoa	UHealthy: Medical Education and Residency Support Program on Maui			8.00	\$ 1,400,000	8.00	\$ 1,400,000
Mānoa	Athletics: Convert positions to General Fund	43.00	\$ -				
Mānoa	Mental Health: Five Licensed Psychologists	5.00	\$ 750,000				
Mānoa	Title IX Athletics						\$ 700,000
Hilo	Security: Complete the transition of security force to being completely comprised of civil service employees	8.00	\$ 324,624				
Hilo	New Program: B.S. in Aeronautical Sciences program	4.00	\$ 370,000				
Hilo	Student Success: Case Manager, Retention Specialist, and Financial Aid Outreach Specialist	3.00	\$ 180,000				
Hilo	Student Success: Employ students as Learning Assistants, Peer Tutors, and Peer Advisors		\$ 200,000				
Hilo	Mental Health: One Licensed Psychologist	1.00	\$ 150,000				
Hilo	Educational and Cultural Programming at Hale Pohaku or other suitable venue, Maunakea Visitor Information Station, and Imiloa	8.00	\$ 1,211,120	8.00	\$ 1,211,120		
Hilo	Title IX Athletics						\$ 300,000
WO	Student Success: Admin Assistant for Early College transition and funds for Student Help Payroll	1.00	\$ 347,000				
WO	Compliance, Food Sustainability, IT Specialist (Distance Ed), Travel/Hospitality Asst Prof	4.00	\$ 272,000				

# 2020 Operating Budget

Campus	Description	Board		Governor		House	
		FTE	\$\$\$	FTE	\$\$\$	FTE	\$\$\$
WO	New Programs: Creative Media & Facilities Management	4.00	\$ 252,000	4.00	\$ 252,000	8.00	\$ 497,000
WO	Five Security Officers, one Janitor, one Garden Manager, one Lab Manager	8.00	\$ 368,000	3.00	\$ 200,000	2.00	\$ 87,631
WO	Mental Health: One Licensed Psychologist	1.00	\$ 150,000				
CCs	New Facilities: KapCC Culinary Institute of the Pacific Phase I. One Custodian, one General Laborer, utilities and facility maintenance costs	2.00	\$ 465,780	2.00	\$ 465,780	2.00	\$ 465,780
CCs	New Facilities: LeeCC Waianae Ed Center. One Custodian, one Security Officer, utilities and facility maintenance costs	2.00	\$ 101,096	1.00	\$ 50,000	1.00	\$ 50,000
CCs	New Facilities: HawCC Palamanui Ed Center. One Custodian, one Building Maintenance Worker, two Security Officers, utilities and various maintenance costs.	4.00	\$ 491,620	2.00	\$ 391,620	2.00	\$ 391,620
CCs	Security: Positions and funds to provide 24/7 coverage at each campus.	32.00	\$ 1,223,040	32.00	\$ 1,223,040	-	\$ 1,000,000
CCs	Student Success: Hiring of Student Tutors and Mentors		\$ 500,000				
CCs	Mental Health: 12 Licensed Psychologists	12.00	\$ 1,600,000	6.00	\$ 800,000		
CCs	WinCC Child Care Program						\$ 160,000
Sys	Hawai'i Promise Expansion to four-year Institutions		\$ 17,700,000		\$ 19,000,000		\$ -
Sys	Office of Strategic Development and Partnership - Project Coordinator	1.00	\$ 100,000				
Sys	Licensed Psychological Services on a Fee						\$ 1,500,000
<b>Total</b>		<b>151.00</b>	<b>\$ 28,156,280</b>	<b>66.00</b>	<b>\$ 24,993,560</b>	<b>23.00</b>	<b>\$ 6,552,031</b>

# 2020 CIP Budget

Campus	Project Title	Board	Governor	House
Mānoa	Mānoa Mini Master Plan Phase 2	66,000,000		
Mānoa	Renew, Improve, and Modernize	60,500,000		
Mānoa	Kuykendall Hall	4,000,000		
Mānoa	Holmes Hall	1,000,000		
Mānoa	Central Admin Facility with Parking	4,000,000		
Aquaria	Repairs and Improvements at Waikīkī Aquarium			600,000
Hilo	Renew, Improve, and Modernize	6,000,000		
UHWO	Planning Projects	500,000		
UHWO	Campus Center Phase 2	35,000,000		
CCs	Capital Renewal and Deferred Maintenance	10,500,000	10,500,000	
CCs	Minor CIP		15,000,000	15,000,000
CCs	HonCC Science Building	46,000,000		
CCs	WinCC Agripharmatech Bioprocessing Facility	3,000,000		
CCs	Ko Education Center			3,000,000
System	Renew, Improve, and Modernize		61,000,000	
System	Renovations to enhance culture and education at Hale Pohaku or other suitable location that does not include a telescope	300,000	300,000	
System	UH Mānoa Athletics			4,500,000
<b>Total</b>		<b>236,800,000</b>	<b>86,800,000</b>	<b>23,100,000</b>



# 2020 Budget Bills

## **HB 2200 HD1 (Saiki)**

### **RELATING TO THE STATE BUDGET**

Adjusts and makes additional appropriations for fiscal biennium 2019-2021 to fund the operations of executive branch agencies and programs.

**Position:** Support

**Update:** Referred to Senate WAM

## **HB 2500 (Luke)**

### **RELATING TO THE UNIVERSITY OF HAWAII**

Adjusts and makes additional appropriations for fiscal biennium 2019-2021 to fund the operations of executive branch agencies and programs.

**Position:** Support

**Update:** Referred to Senate WAM





# 2020 Budget Bills

**HB 2725 HD1** (Yamashita)

## **RELATING TO CAPITAL IMPROVEMENT PROJECTS**

Appropriates funds for supplemental capital improvement projects for fiscal biennium 2019–2021.

**Position:** Support

**Update:** Referred to Senate WAM

**SB 3139 SD1** (Keith-Agaran)

## **RELATING TO THE STATE BUDGET**

Amends the appropriations and capital improvement projects authorized for fiscal biennium 2019-2021 made by Act 40, Session Laws of Hawaii 2019. Amends the operating and capital improvement grants authorized by Act 39, Session Laws of Hawaii 2019. Effective 7/1/2050.

**Position:** Support

**Update:** Referred to House FIN



# 2020 Legislative Package and other similar measures

## TECHNOLOGY TRANSFER

**HB 2256 HD2** (Woodson)

### **RELATING TO TECHNOLOGY TRANSFER AT THE UNIVERSITY OF HAWAII**

Extends the sunset provision in Act 38, Session Laws of Hawai'i 2017, for certain exemptions from the Ethics Code as related to UH technology transfer from 6/30/2022 to 6/30/2025. Takes effect on July 1, 2050.

**Position:** Support

**Update:** Referred to Senate HRE, JDC/WAM

**SB 3058 SD2** (Kim)

### **RELATING TO TECHNOLOGY TRANSFER AT THE UNIVERSITY OF HAWAII**

Provide a three-year extension of the sunset provision in Act 38, Session Laws of Hawai'i 2017. Takes effect 6/18/2050.

**Position:** Support

**Update:** House LHE/LAB hearing on 3/13/2020 at 2:05pm



# 2020 Legislative Package and other similar measures

## COMMERCIALIZATION

**HB 2090 HD2** (Woodson)

### **RELATING TO THE UNIVERSITY OF HAWAII**

Removes the sunset provision of Act 39, Session Laws of Hawai'i 2017, making permanent the innovation and commercialization initiative program.

Effective 7/1/2050.

Position: Support

Update: Referred to Senate HRE, WAM

**SB 3059 SD1 HD1** (Kim)

### **RELATING TO THE UNIVERSITY OF HAWAII**

Repeals the sunset provision in Act 39, Session Laws of Hawai'i 2017.

Effective 7/2/2050.

Position: Support

Update: House LHE passed with amendments; referred to JUD



# 2020 Legislative Package and other similar measures

## HAWAI'I PROMISE

**HB 2250 HD1** (Nakamura)

### **RELATING TO THE UNIVERSITY OF HAWAII PROMISE PROGRAM PLUS**

Establishes the University of Hawai'i promise program plus to provide scholarships for the unmet direct cost needs of qualified students enrolled in bachelor's degree programs in teaching, health care, social work, or engineering at the University of Hawai'i who commit to work for at least three years in Hawai'i. Appropriates funds to establish, implement, and manage the program. Takes effect on 7/1/2050.

**Position:** Support intent

**Update:** Referred to Senate HRE, WAM

## CONFERENCE CENTER REVOLVING FUND

**HB 2257 HD1** (Woodson)

### **RELATING TO THE CONFERENCE CENTER REVOLVING FUND**

Expands the scope of the University of Hawai'i at Hilo conference center revolving fund to all programs conducted by the University of Hawai'i at Hilo. Requires an annual report to the Legislature regarding the fund. Gives the chancellor of the University of Hawai'i at Hilo, rather than the dean of the college of continuing education and community service, authority to expend moneys from the fund. Takes effect on 7/1/2050.

**Position:** Support

**Update:** Referred to Senate HRE, WAM



# 2020 Legislative Package and other similar measures

## **BACKGROUND CHECKS**

**HB 2091 HD1** (Woodson)

### **RELATING TO CRIMINAL HISTORY RECORD CHECKS**

Allows the University of Hawai'i to conduct criminal history record checks on current or prospective employees, and contractors and their employees, whose duties include ensuring security of campus facilities and persons. Takes effect on July 1, 2050. (HD1)

**Position:** Support

**Update:** Referred to Senate HRE, JDC



# 2020 Select Bills of Interest

## Board of Regents/President

**SB 2573 SD2 HD1 (Kim)**

### **RELATING TO THE UNIVERSITY OF HAWAII BOARD OF REGENTS**

Requires all public meetings of the board of regents to be recorded in live digital audio format by May 1, 2021, for standing committee meetings, and webcast live by September 1, 2021, for all regular board of regents meetings. Requires all recording to be archived and made available to the public. Requires the Board of Regents to determine its accessibility obligations pursuant to the Americans with Disabilities Act and comply with those obligations. Effective 7/1/2050.

**Position:** BOR Office supported intent

**Update:** House LHE passed with amendments; referred to JUD

**SB 2823 SD1 (Fevella)**

### **RELATING TO THE PRESIDENT OF THE UNIVERSITY OF HAWAII**

Prohibits the President of the University of Hawai'i from serving concurrently as a campus chancellor.

**Position:** Oppose

**Update:** Referred to House LHE, FIN



# 2020 Select Bills of Interest

## Community Colleges

**SB 2056 SD2** (Dela Cruz)

### **RELATING TO POST-SECONDARY EDUCATION**

Requires the University of Hawai'i to collaborate with the Department of Education and the Department of Business, Economic Development, and Tourism to utilize interactive web tools to collaborate among a diverse array of stakeholders enabling degree-seeking individuals to make better-informed decisions regarding their post-secondary education and career choices. Appropriates funds. Effective 7/1/2050.

[Position: Comments](#)

[Update: House LHE/LAB hearing on 3/13/2020 at 2:05pm](#)



# 2020 Select Bills of Interest

## Funding

**SB 2576 SD2 HD1 (Kim)**

### **RELATING TO REIMBURSEMENTS FOR STATE CONTRIBUTIONS**

Specifies exemptions for the University of Hawaii from sections 87A-39 and 88-125, Hawaii Revised Statutes, to enhance transparency and accountability regarding fringe benefit reimbursement exemptions under the cost-sharing agreement between the University of Hawaii and Department of Budget and Finance. Effective 1/1/2050.

**Position:** Supportive

**Update:** House LAB passed with amendments; referred to LHE

**HB 2530 HD1 (Hashem)**

### **RELATING TO THE UNIVERSITY OF HAWAII**

Removes the \$3 million cap on the amount the University of Hawai'i system can expend from the University of Hawai'i tuition and fees special fund for the University of Hawai'i Foundation. Takes effect on 7/1/2050.

**Position:** Supportive

**Update:** Referred to Senate HRE, WAM





# 2020 Select Bills of Interest

## Land/Property

**SB 3104 SD2 (Kouchi)**

### **RELATING TO LAND DEVELOPMENT**

... Appropriates \$200,000,000 from the dwelling unit revolving fund for the establishment of regional infrastructure for the primary purpose of supporting development of housing on lands located within one mile of a rail transit station, including lands owned by the University of Hawai'i that are near or adjacent to the University of Hawai'i West Oahu campus...

**Position:** Support

**Update:** Referred to House HSG/FIN



# 2020 Select Bills of Interest

## Tuition Waivers/Scholarships/Loans

**HB 2010 HD1 (Holt)**

### **RELATING TO THE UNIVERSITY OF HAWAII**

Appropriates funds to provide scholarships to students pursuing Hawaiian language certifications or degrees within the University of Hawai'i system. Takes effect on 7/1/2050.

**Position:** Supportive

**Update:** Referred to Senate HRE/HWN, WAM

**HB 2707 HD2 (San Buenaventura)**

### **RELATING TO MENTAL HEALTH**

Establishes the behavioral health social worker scholarship program at UH, which requires recipients of the scholarship to commit to five years of service with DHS, DOH, PSD, Judiciary, or contracted service providers. Appropriates funds. Takes effect on December 31, 2059.

**Position:** Support intent

**Update:** Referred to Senate HMS/HRE, WAM



# 2020 Select Bills of Interest

## Tuition Waivers/Scholarships/Loans

**SB 2392 SD1 (Keohokalole)**

### **RELATING TO HEALTH**

Appropriates funds for 'Imi Ho'ōla student stipends or for other 'Imi Ho'ōla student support programs at the discretion of the Department of Native Hawaiian health of the John A. Burns School of Medicine. Effective 7/1/2050.

**Position:** Support

**Update:** House LHE hearing on 3/13/2020 at 2:30pm



# Legislative Calendar

- March 12 – Triple Referral Filing (Bills)
- March 16 – Triple Referral Filing (House Concurrent Resolutions)
- March 20 – Second Lateral (Bills)
- March 25 – First Lateral (Concurrent Resos)
  
- April 2 – First Crossover (Concurrent Resos)
- April 3 – Second Decking (Bills)
- April 9 – Second Crossover (Bills) and Disagree
- April 14 – Second Lateral (Concurrent Resos)
- April 16 – Tenth day prior to adjournment



# Conclusion

