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 18, 2021
Time: 8:45 a.m.
Place: Virtual Meeting

In light of the evolving COVID-19 situation, protecting the health and welfare of the community is of utmost concern. As such, this will be a virtual meeting and written testimony and oral testimony will be accepted in lieu of in-person testimony. Meetings may be monitored remotely via the livestream pilot project. See the Board of Regents website for information on accessing the livestream: www.hawaii.edu/bor. Mahalo for your consideration.

AGENDA

I. Call Meeting to Order
II. Approval of the Minutes of the February 18, 2021 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 the board’s website through the testimony link provided on the Meeting Agendas, Minutes and Materials page. Testimony may also be submitted via email at bor.testimony@hawaii.edu, U.S. mail, or facsimile at (808) 956-5156. All written testimony submitted are public documents. Therefore, any testimony that is submitted for use in the public meeting process is public information and will be posted on the board’s website.

Those wishing to provide oral testimony for the virtual meeting may register here. Given constraints with the online format of our meetings, individuals wishing to orally testify must register no later than 7:00 a.m. on the day of the meeting in order to be accommodated. It is highly recommended that written testimony be submitted in addition to registering to provide oral testimony. Oral testimony will be limited to three (3) minutes per testifier.

IV. Report of the President and COVID-19 Update
V. Report and Overview of the University of Hawai'i Foundation
VI. Committee Reports
   A. Report from the Committee on Academic and Student Affairs
   B. Report from the Committee on Budget and Finance
   C. Report from the Committee on Independent Audit
   D. Report from the Committee on Intercollegiate Athletics

For disability accommodations, contact the Board Office at 956-8213 or bor@hawaii.edu. Advance notice requested five (5) days in advance of the meeting.
E. Report from the Committee on Research and Innovation
F. Affiliate Reports

VII. Agenda Items

A. Consent Agenda

1. Approval of Amendments to Regents Policy (RP) 8.204, University Budget (Operating and Capital Improvements)
2. Approval of Amendments to RP 8.207, Investments
3. Approval of Indemnification Provision in a Material Transfer Agreement between the University of Hawai‘i and National Institutes of Health HIV Reagent Program

B. Update on the Progress of the University of Hawai‘i Cancer Center and Status of Early Phase Clinical Research Center (For Information Only)

C. Report of the COVID-19 Strategic Response and Economic Recovery Permitted Interaction Group (For Information Only – No Board deliberation or action will occur at this meeting, pursuant to Section 92-2.5(b), Hawai‘i Revised Statutes. Deliberation and decisionmaking will occur at the next Board meeting.)

D. Legislative Update

VIII. Announcements

A. Next Meeting: April 15, 2021, at a location to be determined

IX. Adjournment
BOARD OF REGENTS MEETING
FEBRUARY 18, 2021

Note: On January 30, 2020, the World Health Organization declared the outbreak of COVID-19 a public health emergency of international concern, subsequently declaring it a pandemic on March 11, 2020. On March 16, 2020, Governor David Y. Ige issued a supplementary proclamation that temporarily suspended Chapter 92, Hawai‘i Revised Statutes, relating to public meetings and records, “to the extent necessary to enable boards to conduct business in person or through remote technology without holding meetings open to the public.”

I. CALL TO ORDER

Chair Benjamin Kudo called the meeting to order at 8:37 a.m. on Thursday, February 18, 2021. The meeting was conducted with regents participating from various locations.

Quorum (11): Chair Benjamin Kudo; Vice-Chair Randy Moore; Vice-Chair Alapaki Nahale-a; Regent Simeon Acoba; Regent Kelli Acopan; Regent Eugene Bal; Regent Wayne Higaki; Regent Jan Sullivan; Regent Michelle Tagorda; Regent Robert Westerman; and Regent Ernest Wilson.

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 Research and Innovation Vassilis Syrmos; VP for Information Technology/Chief Information Officer Garret Yoshimi; VP for Budget and Finance/Chief Financial Officer Kalbert Young; UH Mānoa (UHM) Provost Michael Bruno; UH Hilo (UHH) Chancellor Bonnie Irwin; UH West O‘ahu Chancellor Maenette Benham; Executive Administrator and Secretary of the Board of Regents (Board Secretary) Kendra Oishi; and others as noted.

II. APPROVAL OF THE MINUTES

Regent Higaki moved to approve the minutes of the January 7, 2021, meeting, seconded by Regent Wilson, and 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 as follows:
Written comments relating to the restoration of executive and managerial (EM) salaries was received from the Associated Students of the University of Hawai‘i (ASUH) Hawai‘i Community College Student Government and Maura Stephens-Chu.

Written comments in support of the UHH agriculture and aquaponics program was received from ASUH Hawai‘i Community College Student Government.

Resolutions calling for all permanent EM positions to be subject to an open recruitment, search, and hiring process and expressing the Mānoa faculty’s understanding of shared governance, were received from the UHM Faculty Senate.

Late written comments relating to the UHM phase II reorganization were submitted by numerous individuals.

Written testimony and comments may be viewed at the Board of Regents website as follows:

Written Testimony Comment Received
Late Written Testimony Comment Received

Oral testimony in opposition to the restoration of EM salaries and in support of the agriculture and aquaponics program at UHH was received from Larry Kawaauhau.

IV. REPORT OF THE PRESIDENT AND COVID-19 UPDATE

President Lassner began by providing an update on the university’s current state of affairs with regard to the COVID-19 pandemic stating that the university remains vigilant to ensure the health and safety of students, faculty, and staff. To date, the university has experienced a total of 85 confirmed COVID-19 positive cases across all ten of its campuses. In light of the emergence of several COVID-19 vaccines, the university has begun shifting its focus to vaccination efforts and planning for the fall semester.

Statewide administration of COVID-19 vaccines has begun and is taking place through a systematic, tiered approach. As vaccination of individuals within the highest priority tier is almost complete, efforts are now shifting to vaccinating individuals encompassed by the next tier, which includes university personnel. President Lassner stated that the university is currently focusing its vaccination efforts on employees who are required to spend time on campus and are at the highest risk, including custodians and faculty who are providing in-person course instruction, noting that these efforts have resulted in the vaccination of 1,500 university employees on O‘ahu. Although recent delays in shipping the vaccine to Hawai‘i resulted in the cancellation of appointments and curtailing the amount of personnel being inoculated, the university anticipates vaccination efforts will resume normal operations in the next few weeks. He also stated that the university continues to engage with the Department of Health to ensure that its vaccination priorities are aligned with State guidelines and Hawai‘i’s overall vaccination plan.

Given current information regarding vaccine availability, the capacity to delivery vaccinations statewide, and the prioritization of higher education personnel as essential,
the university continues to plan for a fall semester that will include a substantial increase in on-campus activity and in-person instruction. However, while it is anticipated that all willing university faculty and staff will be vaccinated by the fall of 2021, similar assumptions cannot be made about students. As such, currently implemented COVID-19 health and safety precautions will remain in place for the near future which will dramatically affect the capacity of university facilities, especially classrooms, and will result in an increased number of courses being offered in a hybrid format that mixes both online and in-person instruction. Courses requiring classroom-based instruction, such as laboratory courses, will continue to be conducted in an in-person format.

President Lassner noted that discussions on additional federal stimulus funding are currently taking place and Hawai’i’s elected officials are cautiously optimistic that some form of economic assistance will be forthcoming. Preliminary conversations indicate that any legislation enacted will include substantial fiscal support for state and local governments, as well as economic assistance for institutions of higher education (IHE) and K-12 educational institutions in amounts greater than that provided by the Coronavirus Aid, Relief, and Economic Security Act of 2020, or the Coronavirus Response and Relief Supplemental Appropriations Act of 2021. However, he cautioned that this one-time infusion of federal money will not be sufficient to relieve the projected, long-term budget pressures that will be faced by both the university and State, as full economic recovery is not expected to occur for another three to four years. As such, the university must continue to proceed with full urgency on the post-pandemic planning work that is currently underway and become more self-reliant to support the high-priority programs that are essential to Hawai’i’s future. Achieving long-term fiscal stability and sustainability will require that the university make structural, organizational, and programmatic changes that will allow it to operate as efficiently and effectively as possible so that it can quickly pivot and adapt to ever-changing situations while retaining the ability to meet the most critical higher education needs of the State. While the university will still require a reasonable and predictable level of State support for public higher education, particularly regarding campus facilities and fringe benefit costs, it will also need to become less reliant on legislative appropriations and increase and diversify its revenue streams by making strategic investments in, and leveraging, its strengths.

Census data for spring 2021 indicates that overall enrollment headcount for the entire university system is down 0.9 percent relative to spring 2020. President Lassner highlighted spring-to-spring enrollment data relating to several segments of the student population, including first-time, returning, transfer, and classified students, as well as overall headcount, for various university campuses. While some campuses experienced a slight increase in overall headcount enrollment, or their numbers remain unchanged, most campuses experienced moderate decreases in overall headcount enrollment. Campuses also witnessed various degrees of growth and decline among the different enrollment segments. Although enrollment of early admission students declined by 14.2 percent, it is believed that this is mainly attributable to the impact of COVID-19 felt by lower educational systems statewide. President Lassner also reviewed fall-to-spring retention rates for degree-seeking students, first-time freshmen, full-time and part-time students, and transfer cohorts, noting that, while all ten
campuses of the university system experienced increases or decreases in the various aforementioned retention rates, in general, decreases in retention rates were modest.

Extramural funding for research continues to grow with over $325 million in extramural funds awarded to date, an increase of nearly 18 percent over the same period last year. Increases in philanthropic funding have also surpassed expectations with the University of Hawai‘i Foundation realizing over $67 million in donations to date, a greater than 80 percent increase over the same period last year.

President Lassner spoke on two notable personnel changes that have recently occurred at the university. Michael Shibata, who brings a wealth of knowledge and experience in real estate and planning matters to the university, has been hired to lead the university’s Office of Strategic Development and Partnerships which serves as the lead agency for the university’s real estate monetization efforts. Kimberly Hashiro, Interim Director of Human Resources, who was a stalwart in meeting the numerous human resources challenges faced by the university due to the COVID-19 pandemic, will be continuing her career as a deputy director with the City and County of Honolulu. President Lassner stated that Ms. Hashiro has been a tremendous asset to the university and the university wishes her well in her new endeavor.

Campus Report

Provost Bruno began by stating that, similar to other campuses within the University of Hawai‘i System, UHM has faced numerous challenges during the past year due to the COVID-19 pandemic. However, 2020 also provided an opportunity for UHM to make lasting changes that will improve its long-term stability and let it continue carrying-out its core mission in a more effective and efficient manner that will allow it to thrive in service to Hawai‘i for years to come. He reviewed four high-level strategic goals which were developed to achieve UHM’s mission and vision for the future while enhancing alignment with the strategic direction plans of the university, the Integrated Academic and Facilities Plan, and UHM’s Framework for the Future Initiative.

An overview of enrollment statistics and student population demographics was provided by Provost Bruno who remarked that UHM takes pride in knowing that it is an ethnically-diverse campus, that it has achieved notable success in recruiting and retaining Native Hawaiian students, and that it has been able to increase overall headcount enrollment, as well as enrollment in a number of other student classifications. It was noted that, of the over 18,000 students enrolled at UHM in 2020, 64 percent were from Hawai‘i, 30 percent hailed from other states, and 6 percent were of international origin. He pointed out a number of achievements regarding enrollment metrics, including increases in first-generation college students, incoming transfer students, and incoming freshman. UHM also experienced a slight uptick in the enrollment numbers of older students beyond the traditional 18 to 21-year old age range and is anticipating an increase in this figure as a larger number of older individuals are expected to begin returning to universities to advance their careers or seek a change in career paths due to the economic impacts of the pandemic.
Provost Bruno also highlighted the success of UHM’s academic programs, noting several academic distinctions and stating that UHM is consistently ranked among the top one-to-two percent of public universities in the world, a ranking that is based upon a number of different metrics and international surveys. Additionally, he stated that UHM continues to strive to create a campus that is more efficient, effective, collaborative, and interdisciplinary regarding academic programs and called attention to two recent mergers that reduced the number of colleges and schools at UHM from 18 to 15 that helps to achieve this goal.

Data on retention rates, four-year and six-year graduation rates, and average time-to-degree (TTD) was also reviewed with Provost Bruno noting that UHM’s overall retention rate remains high despite experiencing a slight dip in 2020, and that graduation rates and average TTD continue to improve. He stated that one area of concern that could impact these statistics, particularly graduation rates and average TTD, continues to be the ratio of full-time equivalent (FTE) faculty to student semester hours (SSH). Over the past several years, the number of FTE faculty has continued to decline, due in part to attrition and the imposition of a hiring freeze in 2020, despite overall SSH experiencing a gradual increase over the same time period. However, of greater concern is that the increase in the ratio of SSH to FTE faculty is not uniform across campus with some programs experiencing dramatic growth in SSH while FTE faculty numbers have remained fairly static. UHM will need to be mindful of these statistics to ensure the availability of classes for its students, as well as make strategic investments in the hiring of faculty in the future.

A comparison of overall revenues and expenditures for UHM since fiscal year 2016 was provided with Provost Bruno stating that revenues have exceeded expenses in each of the last four fiscal years and that the trend is expected to continue for the current fiscal year. He also stated that UHM continues to build reserves which will be crucial for the campus over the next several years.

Provost Bruno noted that of more than 3,000 colleges and universities nationwide, UHM is one of only 130 research universities to receive the Carnegie R1 (R1) doctoral university designation and that it continues to perform well in obtaining and expending extramural research funding and noted that, since 2017, there has been a 15 percent increase in extramural funds awarded which equates to $44 million. A number of UHM’s research and development successes were also cited including the anticipated landing of a sophisticated rover sent to Mars containing scientific instruments developed, refined, and tested by professors and students at the School of Ocean and Earth Science and Technology and Hawai’i Institute of Geophysics and Planetology with research expected to begin in a few days.

The Undergraduate Research Opportunities Program (UROP) was also touted as another successful endeavor undertaken by UHM. UROP, which coordinates and promotes opportunities for undergraduate students to engage in faculty-mentored research and creative work as a complement to the classroom learning experience, has been extremely popular among students. As a testament to the program’s popularity, a recent survey of UROP students indicated that 93 percent were satisfied with their experience and would highly recommend the program to other undergraduate students.
Provost Bruno stated that the enrichment of the overall academic experience and development of lifelong academic, professional, and personal skills provided by UROP not only benefits and prepares students to be engaged community members and leaders in their professions, but also helps UHM with recruiting and retaining a wide-range of exceptional undergraduate students.

Provost Bruno spoke on some of the future challenges that UHM will face stating that it is imperative to continue supporting students, faculty, and staff through actions such as the continued provision of access to computers, the internet, safe study spaces, and mental health counseling. However, he also believes that exciting opportunities in the way members of the UHM ‘ohana work and learn that can expand and enhance employment and educational opportunities lie ahead.

**Student Report**

Donovan Kamakani Albano, President of ASUH-UHM gave a presentation on the work and achievements of ASUH, the undergraduate student government organization at UHM that represents over 10,000 students, stating that all meetings, events, and workshops continue to be conducted virtually. He shared some of the initiatives undertaken by ASUH over the past year, including the provision of free Hawaiian language classes; the introduction of resolutions supporting the Black Lives Matter movement and protections for international, immigrant, and undocumented students; and the continued offering of a variety of scholarships and financial awards to eligible undergraduate students.

ASUH has also established a number of ad hoc committees to address a variety of issues, concerns, and priorities that have been raised by students, including anti-racism; student support and access to resources, especially student mental health services; educational affordability; campus sustainability; and administrative and academic reorganization efforts. Mr. Albano noted that the committee addressing UHM’s administrative and academic reorganization efforts recently provided feedback on the phase II administrative reorganization proposal and continues to have conversations with the administration regarding the post-pandemic planning for the university.

Mr. Albano stated that ASUH looks forward to continuing its work on achieving the goals it established for 2021 and engaging with students to ensure that their voices are heard, as well as maintaining a collaborative relationship with the administration.

Maura Stephens-Chu, President of the UHM Graduate Student Organization (GSO), stated that GSO is the official representative body that advocates for and supports over 4,000 graduate students at UHM, and serves as a conduit between graduate students and the university administration which provides opportunities for graduate students to seek resolution to their expressed concerns.

Ms. Stephens-Chu stated that, similar to other governance organizations, GSO has been required to adapt to the impacts of the COVID-19 pandemic and conduct the majority of its activities, including meetings, professional development activities, and social events, in an online format. She highlighted the work and accomplishments of
GSO over the past year, including active participation in summer working groups for COVID-19 response planning for the fall 2020 semester and the introduction of a resolution in support of declaring the university system a sanctuary system to protect international, immigrant, and undocumented students. GSO has also been active in advocating for graduate students through engagement with the administration on issues such as the implementation of a sick-leave policy for graduate student employees; post-pandemic planning; and proposed administrative reorganization efforts.

GSO continues to forge ahead with its grants and awards program, as well as its merit-based awards program, both of which offer funding opportunities for graduate students to enhance their education through attendance at conferences as well as research projects. Ms. Stephens-Chu noted that GSO has been able to increase the number of awards and grants allocated as well as their monetary amounts.

Faculty Report

Paul McKimmy, UHM Faculty Senate Chair, reviewed the membership and committee structure of the Mānoa Faculty Senate (Faculty Senate) explaining that it is a governance body contained within the UHM Faculty Congress, the larger faculty-governance body of UHM that represents over 2,300 faculty members, and often serves as the representative for the Faculty Congress.

Dr. McKimmy spoke on efforts undertaken by faculty members to adapt to changing instructional methodologies, quickly pivoting from mainly in-person course instruction to a mostly online or hybrid form of instruction while maintaining excellence in teaching, research, and service. Although rapidly adjusting to the dynamic situation caused by the pandemic was not without its challenges, particularly regarding adequate resources and support, the faculty met these challenges with great aplomb and the Faculty Senate continues to work with campus administration on these issues.

Faculty also continue to perform research, productivity, and service activities impacting both the campus community and the state. Dr. McKimmy stated that a number of these efforts were directly related to pandemic response efforts and highlighted some of the initiatives undertaken including the development of online mask-making tutorials in response to mask shortages; active engagement in the provision of vaccination services and distribution of vaccines; and production of media presentations and public service announcements that provided information on the science, safety, and societal impacts of vaccinations to the community-at-large.

Dr. McKimmy reviewed some of the major issues discussed by the Faculty Senate in fall 2020, including consultation on planning for a post-pandemic Hawai‘i, as well as the development of policy changes concerning new graduate certification and the continued use of the credit/no-credit grading option. Work also continues on several ongoing issues including the development of a response to the UHM phase II administrative reorganization proposal and the standardization of general education curriculum and core requirements across all university campuses. Additionally, he mentioned resolutions passed by the Faculty Senate calling for all permanent EM positions to be subject to an open recruitment, search, and hiring process and expressing the Mānoa
faculty’s understanding of shared governance and noted faculty concerns about tenure and possible program reductions.

**Staff Report**

Jaret K.C. Leong, Chair of the Mānoa Staff Senate (MSS), began by providing background information on the establishment, membership, and work of the MSS which is a recently-formed campus governance organization. He noted that MSS is an officially-recognized shared governance body that serves as the voice for all staff at UHM and is responsible for collaborating with the UHM administration on university policies and operations that impact staff.

Mr. Leong reported on some of the top priorities of the MSS for 2021 including the quest for continued inclusion and consultation in UHM’s post-pandemic planning, as well as administrative and academic reorganization plans; the development of an All Campus Council of Staff Chairs; and the establishment of awards and recognitions for staff members. He also reviewed some its accomplishments such as gaining inclusion on the majority of significant campus committees and developing a greater awareness of the importance of staff to UHM administration, deans, directors, faculty, and students.

Provost Bruno concluded the campus report by stating that UHM’s oft-mentioned post-pandemic efforts have been quantified by a single document that has been posted on the administration’s website which lists the various suggestions and recommendations made, as well as the proposals and changes that have already been accomplished, or are currently underway, on the UHM campus.

Vice-Chair Moore stated that he was impressed with the UHM campus presentation and acknowledged the students, faculty, staff, and administration for all of the work and effort undertaken to adjust and adapt to the past year’s dynamic academic environment.

Regent Acoba echoed the remarks of Vice-Chair Moore stating that he was appreciative of all the work done by UHM to adapt to and manage all the intricacies involved in addressing the COVID-19 pandemic and recognized the various segments of the UHM community for their outstanding efforts, particularly the MSS.

V. COMMITTEE REPORTS

A. **Report from the Committee on Budget and Finance**

   Committee Chair Sullivan summarized the committee report.

B. **Report from the Joint Meeting of the Committee on Intercollegiate Athletics and Committee on Budget and Finance**

   Regent Acoba, Chair of the Committee on Intercollegiate Athletics, summarized the committee report. Regent Sullivan, Chair of the Committee on Budget and Finance, concurred with Committee Chair Acoba’s report.

C. **Report from the Committee on Personnel Affairs and Board Governance**
Committee Chair Westerman summarized the committee report.

**D. Report from the Committee on Planning and Facilities**

Committee Chair Tagorda summarized the committee report.

**E. Affiliate Reports**

Maunakea Management Board (MKMB): Vice-Chair Nahale-a reported that the Office of Maunakea Management continues to work on and navigate through issues related to the reorganization plan for the management structure of Maunakea. In addition, work continues on endeavors involving stewardship for the mauna, the future of astronomy on Maunakea, telescope decommissioning, and the construction of the Hoku Kea teaching telescope at Hale Pōhaku. Efforts have also been accelerated to develop, review, and finalize the Maunakea master plan since time is of the essence.

Chair Kudo remarked that reports on Maunakea management, as well as an independent audit of the university’s functioning under the Maunakea comprehensive management plan (CMP), were provided to the Board of Land and Natural Resources (BLNR) at a meeting on February 12, 2021, by Dr. Greg Chun and Dawn Chang, respectively. He noted that both reports were well-done and stated that it was his understanding that they were both well-received by BLNR.

Career and Technical Education Advisory Committee (CTEAC): Regent Westerman reported that a presentation regarding the annual report to the Governor on the allocation and distribution of Perkins V funds was made at a recent CTEAC meeting. He noted that the only issue encountered was a change made by the newly-appointed United States Secretary of Education to the methodology used to report certain data in relation to the way this data is collected and reported in Hawai‘i.

UH Student Caucus: Regent Acopan reported that the UH Student Caucus will be providing a presentation at the meeting of the Committee on Academic and Student Affairs in March and that its various standing committees continue to monitor several legislative measures that could have impacts on the university’s students.

**VI. AGENDA ITEMS**

**A. Consent Agenda**

1. **Approval to Retitle the Vice President for Academic Planning and Policy to Vice President for Academic Strategy**

2. **Approval of Amendments to Regents Policy (RP) 2.201, Officers of the University of Hawai‘i**

Regent Wilson moved to approve the consent agenda, seconded by Regent Westerman, and the motion carried with all members present voting in the affirmative.
B. Approval of the Establishment and Naming of the Joanna Lau Sullivan Professorship at the University of Hawai‘i at Mānoa William S. Richardson School of Law

Provost Bruno provided information on a financial commitment for the establishment and naming of the Joanna Lau Sullivan Professorship at the UHM William S. Richardson School of Law (Law School) in recognition of the generous philanthropic support of the late Maurice and Joanna Lau Sullivan. He stated that the gift of $500,000 would be used to establish an endowed professorship to provide support for the Ulu Lehua Scholars Program at the Law School.

Regent Westerman moved to approve the establishment and naming of the Joanna Lau Sullivan Professorship at the Law School, seconded by Regent Acoba, and the motion carried with all members present voting in the affirmative.

C. EM Salary Restoration Update

President Lassner provided the background on the 9.23 percent salary reduction for all EM personnel that was effectuated in fall 2020. He stated that this action was necessary to reduce personnel expenses in anticipation of a significant reduction in general fund revenues that would be received by the university due to the severe economic impact of COVID-19 and commended EM personnel for demonstrating leadership and accepting proactive and substantial salary reductions ahead of all other employees who are subject to collective bargaining while continuing to forge ahead in service to the university during this challenging period. While this action mirrored proposals by the Governor to achieve a similar percentage in personnel cost-savings through the initiation of furloughs, it differed in that EM salaries were reduced on a tiered basis with all salaries being reduced by 9.23 percent for the initial $200,000 and any amount in excess of this sum being subject to an 11 percent reduction, and the President’s salary being reduced by 20 percent. Additionally, pay reductions for EM personnel did not involve any associated reduction in work hours which would have been imposed for executive branch employees under the Governor’s proposed furlough plan. It was anticipated that the salary reductions would achieve cost-savings of $2.3 million for the period from November to June of the current fiscal year with an annualized cost-savings of $3.4 million.

Although salary reductions for all EM personnel were initiated on November 1, 2020, similar reductions did not materialize for executive branch employees as expected with the proposed furloughs initially being delayed and subsequently eliminated altogether as an option for reducing the State’s personnel expenses for 2021. As it did not appear reasonable to only implement salary reductions for a subset of employees, the administration began discussions on the restoration of EM salaries with a decision being made to restore salaries to the amounts at which they existed on October 31, 2020, retroactive to January 1, 2021. Other factors considered in this decision were also noted including the determination by the Governor that furloughs were no longer necessary to address budget shortfalls for this fiscal year; the salary reductions for EM personnel salary were intended to be temporary with an expectation that they would be restored when the salaries of all other university personnel were restored; and the fiscal
situation of the university for the current fiscal year, while still challenging, is not as grim as initially projected due to decreased reductions in general fund appropriations and better-than-projected tuition revenues for this fiscal year. It was also highlighted that both the University of Hawai‘i Professional Assembly (UHPA) and Hawai‘i Government Employees Association requested that EM salaries be restored, and that a resolution was passed by one of the faculty senates requesting the same.

While furloughs and pay reductions to help address budget shortfalls expected by the State over the next several fiscal years have been discussed during recent contract negotiations with labor representatives, President Lassner stated that these negotiations are at an impasse and the parties will head to arbitration. As the outcome of these negotiations are not yet known and the long-term fiscal conditions of both the State and university remain uncertain, he emphasized that the issue of temporary salary reductions for EM personnel may need to be revisited as the administration continues to prepare for the possibility of significant budget reductions in the near future.

D. Board Approval to Restore Salary Adjustments for EM Positions that Report to the Board of Regents

VP Gouveia explained that RP 9.212 requires the board to approve any salary adjustments for EM personnel reporting directly to the board which include the President, Board Secretary, and Director of the Office of Internal Audit. As such, the restoration of salaries for the direct reports in a manner consistent with those being made for all other EM personnel requires board action. Although the salaries of all of the direct reports were reduced, it was noted that the requested action is only applicable to the Board Secretary and Director of the Office of Internal Audit as the President has directed that his self-imposed salary reduction of 20 percent not be restored at this time.

Vice-Chair Moore moved to recommend board approval to restore salary adjustments for EM positions that report to the board, seconded by Vice-Chair Nahale-a.

A number of Regents commended President Lassner for continuing to show leadership during these difficult economic times and voluntarily offering to maintain his temporary salary reduction. Regents also recognized the hard work, dedication, sacrifice, and leadership demonstrated by all EM personnel in taking proactive and substantial salary reductions. It was noted that, unlike all other university employees who are subject to collective bargaining agreements and who received recent salary increases, EMs did not receive any salary increases prior to their salary reductions and were expected to work their full complement of work hours.

Regent Acoba recognized President Lassner for showing true leadership and placing the interests of the university before his own by offering to continue his self-imposed 20 percent salary reduction.

Regents also stated that, in fairness, the President’s salary should be restored in a manner that is on par with the other direct reports and EM personnel. Discussions ensued on possible scenarios by which this could be accomplished while still respecting the wishes of the President to forego his salary restoration at this time.
Chair Kudo underscored that restoration of these salaries should not be interpreted as an indication of an end to the fiscal crisis facing the university or the State, stating that it may become necessary to impose salary reductions or furloughs in the future as the financial picture for both the university and the State becomes clearer.

In view of these comments and discussions Vice-Chair Moore amended his original motion by recommending board approval of the restoration of salary adjustments for all EM positions that report to the board including the President, seconded by Vice-Chair Nahale-a, and the motion carried with Regent Sullivan voting no and all other members present voting in the affirmative.

E. **Appointment of a Permitted Interaction Group to Investigate Issues and Make Findings and Recommendations to the Board Related to Tenure**

Chair Kudo requested that the board approve the appointment of a permitted interaction group to be known as the Tenure Task Group (Task Group) whose purpose and scope is to review and investigate the issue of tenure in areas including the history and purpose of tenure at IHEs, particularly regarding the University of Hawai‘i (UH); the evolution of, and current views and developments on, tenure at institutions outside of UH; and the current process, criteria, and decision making on tenure at UH. Although tenure is a sensitive issue and a topic of great interest among many faculty members at UH, he noted that the landscape of higher education across the nation continues to evolve and change, particularly with regard to this concept. As such, it would be prudent for the board to gain a complete understanding of the concept of tenure as it relates to both UH, as well as other universities, before making future decisions, if any, on this issue. The Task Group, which will include Regent Jan Sullivan, who will serve as the Task Group chair, Board Chair Kudo, Regent Westerman, Chair of the Committee on Personnel Affairs and Board Governance, and Regent Wilson, Chair of the Committee on Academic and Student Affairs, is intended to assist the board in this regard.

Regent Wilson moved to approve the appointment of the Task Group, seconded by Regent Westerman, and the motion carried with all members present voting in the affirmative.

Regent Sullivan remarked that, while the issue of tenure can be very emotional and polarizing, she agreed to serve as chair of the Task Group because she believed that opposing parties could have thoughtful evaluation of, and discussion about, a difficult topic and work together to find common ground to achieve worthwhile goals while addressing individual concerns and ideas.

Chair Kudo noted that, unlike some of the other permitted interaction groups established by the board, the Task Group was not only comprised of Regents but would also include representatives of the major stakeholders concerned with tenure including faculty and administrators involved in research and tenure, a college dean, and UHPA. He opined that if something is not addressed it can never improve and that it was his hope that individuals on the Task Group will have valuable conversations on this issue.
Vice-Chair Moore stated that he had the utmost confidence in Regent Sullivan and was encouraged that the Task Group will contain a wide spectrum of members with diverse backgrounds that will allow various perspectives to be brought forward. He remarked that having rational discussions through the Task Group will allow the board to gain a better understanding of tenure.

F. **Update and Progress on Maunakea Management**

Dr. Greg Chun, Executive Director of Maunakea Stewardship, presented an update on management activities on Maunakea stating that the university is required to submit an annual report to BLNR specifically on the progress of implementation of the CMP. He noted that the CMP is a documented plan that is approved by BLNR, and in essence, is a representation of the State’s management plan for Maunakea. In July, 2020, the completed written report was submitted and subsequently scheduled by BLNR for presentation, with the actual presentation of the report taking place on February 12, 2021.

Historically, the university’s presentations to BLNR tended to focus on providing updates regarding management activities on Maunakea relative to the 103 management actions contained within the CMP. However, after consultation with the BLNR chair and staff at the Office of Conservation and Coastal Lands, a decision was made that this year’s presentation would focus on issues of a more strategic and broad nature. Dr. Chun reviewed some of the issues that were reported on including Maunakea governance; administrative rules related to Maunakea; telescope decommissioning efforts; planning activities involving the CMP, as well as the overall master plan for Maunakea; pursuit of new land authorizations; and a number of other ongoing management actions and initiatives. Updates on specific projects were also provided including those involving ingress/egress at the Visitor Information Station; the Hoku Kea teaching telescope at Hale Pōhaku; development of a managed access program; native plant propagation activities; cesspool closures; discussions with the Maunakea observatories regarding new occupancy and use agreements; and curriculum development and updated culture-based education, interpretation, and orientation being undertaken by the ‘Imiloa Astronomy Center. He remarked that, overall, the report and presentation were well-received by BLNR and allowed its members to garner a more strategic understanding of the university’s stewardship of Maunakea.

Dr. Chun stated that, in addition to the report and presentation to BLNR, the administration has begun conducting targeted outreach meetings with Hawai‘i’s congressional delegation, legislative leaders and elected officials, other government agencies, specific stakeholder groups, and Maunakea observatory directors to impart a better understanding of the scope and scale of management actions that are both necessary and required for the proper stewardship of Maunakea. Throughout these meetings, the two issues which have generated the most interest and a majority of questions have been the future governance of Maunakea and the pursuit of a new master lease. Information on both the administration’s in-depth analysis and development of the five alternative governance models for Maunakea that occurred in 2020 at the behest of the board and actions undertaken with regard to the new master lease is being provided at the outreach meetings.
He also briefly reviewed the process for the pursuit of a new master lease noting that an Environmental Impact Statement Preparatory Notice was published in 2018. Subsequent to publication of this notice, three open houses were held to discuss and solicit feedback on three specific alternatives regarding the master lease which included taking no action and allowing the current master lease to expire; seeking a new master lease that reduced the size of the more than 11,000 acres encompassed by the current master lease; and renewal of the existing master lease. At the conclusion of this process, the BLNR chair suggested that the administration update both the master plan and CMP for Maunakea and incorporate these updated plans in the new master lease application. As a result, the planned schedule for seeking a new master lease has been delayed. However, the administration continues to work diligently to complete this effort in a timely manner.

An update on the issue of the Thirty Meter Telescope (TMT) was also provided to BLNR with Dr. Chun noting that TMT has applied to the National Science Foundation for additional funding to complete the project. Should the NSF approve this application, additional steps for completion of the project would be required including the implementation of the Historic Preservation Section 106 process triggered by the use of federal funds. NSF has begun to have informal outreach meetings with a number of stakeholders, including Native Hawaiian groups, to establish relationships that will allow for productive conversations to occur, as well as to gather information and solicit ideas. A decision from the NSF on funding is not expected until the summer of 2021 at the earliest. It was also noted that there have been recent TMT project management transitions due to the retirement of personnel and that the relocation of certain TMT management functions from Pasadena, California, to Hilo has been placed on hold.

Dr. Chun addressed the recently completed independent review of the university’s implementation of the CMP commissioned by BLNR. The administration is currently examining and assessing this review to determine how the university can integrate its findings and recommendations into updating and implementing the CMP. He stated that the review, and its associated report, proved helpful and will serve as a useful tool in determining the progress made by the university in a variety of areas regarding management of Maunakea, as well as areas in which it needs to improve. He also stated that the review found that substantial progress has been made on the management, preservation, and conservation of cultural and natural resources on Maunakea and that much of the public opinion about the university’s stewardship of the mountain often depended upon whether an individual supported or opposed telescope development. The administration is committed to improving communication and engagement with the community, particularly the Native Hawaiian community, in the two areas noted as concerns in the independent review. Dr. Chun opined that for productive conversations on the future of Maunakea to occur, effort must be made to strike a balance between the recognition of Maunakea as a significant cultural resource and a place where a commitment has been made by the State to the study of astronomy.

Chair Kudo requested Dr. Chun to summarize the types of questions he received on the presentation made to BLNR. Dr. Chun replied that the majority of questions that
were raised regarding the recognition of Maunakea as a special place and the various
governance models for, and future management of, the mauna. He stated that several
members of BLNR also expressed their support for the actions being taken by the
university and improvements it has made in management of the mauna.

Vice-Chair Nahale-a stated that he believed recognition of the cultural significance of
Maunakea is an asset that can serve to enhance the rigors and pursuit of science on
the mauna. He also believed that this recognition could strengthen the university’s
status as the site’s most appropriate manager and asked Dr. Chun if he was optimistic
that discussions and conversations would move in this direction. Dr. Chun responded
that he was optimistic that conversations would move in this direction but reiterated that
the key to fruitful discussions among stakeholders is the striking of a balance between
all of the multiple values individuals associate with the mauna, including astronomy.

Regent Acoba requested clarification about the recommendation made by the BLNR
chair that efforts on obtaining a new land authorization be paused, asking if this referred
to the university seeking a new master lease and if so, was any indication given as to
when she believed these efforts should continue. Dr. Chun responded in the affirmative
and noted that no timeframe for the administration to proceed with its efforts was given.
However, he stated that time is of the essence since the implication of not securing a
new land authorization is that observatories have investment and decommissioning that
need to be made sooner rather than later.

Regent Acoba questioned whether the TMT project could advance without funding
from the NSF. Dr. Chun replied that it appears NSF financing is critical for the TMT
project to move forward.

Chair Kudo remarked that while substantial progress has been made in managing
Maunakea, the public and many Maunakea stakeholders are clamoring for tangible
improvement in addressing the weaknesses noted in the independent review
commissioned by BLNR, especially regarding community engagement, and it is
imperative that the administration continue to work quickly to resolve these issues.

G. Legislative Update

VP Young highlighted several measures and priority issues that the university is
following at the Legislature this year including bills relating to the State budget,
university budget and legislative package, and items of interest involving the
administration and board stating that the administration is actively tracking 579 of the
approximately 2,300 measures introduced this legislative session. He briefly reviewed a
number of these measures including legislation regarding technology, innovation, and
commercialization at the university; optional retirement systems; the repeal of, or
transfer of excess balances from, various special and revolving funds; board meetings;
academic tenure; tuition waivers; Maunakea; the board’s Independent Audit Committee
and selection of its chair; and the new Aloha Stadium entertainment district. VP Young
also reviewed the legislative calendar and timetable for the remainder of the session.
Regent Acoba asked if bills repealing certain special funds or transferring excess balances from these funds would impact the university. VP Young responded in the affirmative noting that this is particularly true of H.B. No. 1296 and H.B. No. 1297 which seeks to repeal the Hawai‘i Tobacco Settlement Special Fund and transfer tobacco tax and cigarette tax funds from the Department of Health to the general fund. These funds provide a source of revenue for the university and have been pledged on existing revenue bonds used to fund construction of the John A. Burns School of Medicine at UHM (JABSOM) and the Cancer Center. He noted that these actions will not only have dire consequences for the operations of JABSOM and the Cancer Center but could also have serious credit implications for the State and university.

Regent Acoba inquired about the reasoning for repealing the requirement that the moneys in the Tuition and Fees Special Fund (TFSF) for each university campus lapse to the credit of the university system (H.B. No. 1072). VP Young replied that the intent of the bill establishing the lapsing provision was to centralize control of the distribution of balances from the TFSF under the Chief Financial Officer. However, the methodology used for the distribution of TFSF funds makes this impractical and cumbersome. The bill is also unnecessary as the authority to determine TFSF fund distribution is already retained by the president.

Regent Acoba requested clarification on the administration’s support for H.B. No. 1348 regarding the new stadium development district noting that a statement was made referencing a voting seat on the stadium authority. VP Young responded that, while the university supports the new stadium development district, the administration believes there is an opportunity for the university to gain a larger voice in the future of the new stadium by amending the bill to change the university president’s current position on the Stadium Authority Board from an ex officio non-voting member to a voting member.

VII. EXECUTIVE SESSION (closed to the public)

Regent Sullivan made a motion to convene in executive session, seconded by Regent Higaki, and with all members present voting in the affirmative, the board approved convening in executive session to carry out deliberations concerning the solicitation and acceptance of private donations pursuant to Section 92.5(a)(7), Hawai‘i Revised Statutes (HRS); 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 pursuant to Section 92-5(a)(3), HRS; to consider the hire, evaluation, dismissal, or discipline of an officer or employee, where consideration of matters affecting privacy will be involved, pursuant to Section 92-5(a)(2), HRS; 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)(4), HRS.

The meeting recessed at 11:59 a.m.

Chair Kudo called the meeting back to order at 12:57 p.m. and announced that the board met in executive session to discuss several issues as stated on the agenda.
VIII.  ANNOUNCEMENTS

   Chair Kudo announced that the next board meeting was scheduled for March 18, 2021, at a location to be determined.

IX.  ADJOURNMENT

   There being no further business, Regent Sullivan moved to adjourn, seconded by Vice-Chair Moore and, with all members present voting in the affirmative, the motion carried and the meeting was adjourned at 12:58 p.m.

   Respectfully Submitted,

Kendra Oishi
Executive Administrator and Secretary
of the Board of Regents
Item IV.
Report of the President and COVID-19 Update

MATERIALS
Summary of Higher Education Emergency Relief Funds (HEERF)

March 18, 2021
UH Board of Regents
Three COVID Response Bills

1. CARES – Coronavirus Aid, Relief, and Economic Security Act
   - Signed into law on March 27, 2020

2. CRRSAA – Coronavirus Response and Relief Supplemental Appropriations Act
   - Signed into law on December 27, 2020

3. ARP - American Rescue Plan Act
   - Signed into law on March 11, 2021

• The Higher Education Emergency Relief Fund (HEERF) is the formula-funded support to higher education in all three packages

• These are sometimes referred to as HEERF I, II and III
## Higher Education Emergency Relief Funds Comparison Chart

**March 2021**

Any updates to this chart made after the initial publication on March 15, 2021 will appear in red text.

<table>
<thead>
<tr>
<th>Item</th>
<th>HEERF I Funds The Coronavirus Aid, Relief, and Economic Security Act (CARES Act)</th>
<th>HEERF II Funds The Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA Act)</th>
<th>HEERF III Funds The American Rescue Plan (ARP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total HEERF Funding Amount</td>
<td>$14 billion</td>
<td>$23 billion</td>
<td>$40 billion</td>
</tr>
</tbody>
</table>
| Required Student Spending | ● 50% of an institution’s allotment must go to emergency financial aid grants to students | ● Requires institutions to spend the same dollar amount on student grants as they were required to spend under the CARES Act  
● For-profits must use 100% of their allotment on student grants | ● At least 50% of an institution’s total allotment must go to student grants  
● For-profits must use 100% of their allotment on student grants |
| Allocation Formula | ● 75% on the enrollment of full-time equivalent (FTE) Pell Grant recipients  
● 25% on enrollment of FTE non-Pell Grant recipients  
● Students who were enrolled exclusively in online, distance education courses prior to the COVID-19 emergency were excluded from this calculation | ● 37.5% on FTE enrollment of Pell Grant recipients who were not enrolled exclusively in distance education courses prior to the qualifying emergency  
● 37.5% on headcount enrollment of Pell recipients who were not enrolled exclusively in distance education courses prior to the qualifying emergency  
● 11.5% on FTE enrollment of non-Pell recipients who were not enrolled exclusively in distance education courses prior to the qualifying emergency  
● 11.5% on headcount enrollment of non-Pell recipients who were not enrolled exclusively in distance education courses prior to the qualifying emergency  
● 1% based on FTE enrollment of Pell recipients who were exclusively enrolled in distance education course prior to the qualifying emergency  
● 1% based on headcount of Pell recipients who were exclusively enrolled in distance education courses prior to the qualifying emergency | ● 37.5% on FTE enrollment of Pell Grant recipients who were not enrolled exclusively in distance education courses prior to the qualifying emergency  
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● 1% based on headcount of Pell recipients who were exclusively enrolled in distance education courses prior to the qualifying emergency |
| Item | HEERF I Funds  
The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) | HEERF II Funds  
The Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA Act) | HEERF III Funds  
The American Rescue Plan (ARP) |
|------|---------------------------------------------------------------------|--------------------------------------------------------------------------------------------|------------------------------------------------------------------|
| Funding Breakdown | ● $1 billion to minority-serving institutions  
● $350 million to help colleges most affected by the crisis | ● $1.7 billion to minority-serving institutions  
● $113.5 million for institutions with the greatest unmet need related to the pandemic through FIPSE  
● $681 million for for-profit institutions (funds must only be used on student grants - for-profit institutions were not eligible for (a)(1) pot of funds) | ● $36 billion for public and private non-profits  
● $3 billion for MSI  
● $198 million unmet need  
● $396 million for for-profit institutions (funds must only be used on student grants) |
| Requirement to Prioritize Need | ● Not required by law, but ED guidance encouraged institutions to prioritize students with the greatest need | ● Yes | ● Yes |
| Student Portion Allowable Uses | ● Funds must go directly to students in the form of emergency financial aid grants for expenses related to the disruption of campus operations due to coronavirus  
● Can be used for eligible COA expenses such as food, housing, course materials, technology, health care, and child care | ● Any component of student’s cost of attendance  
● Emergency costs that arise due to coronavirus, such as: tuition; food; housing; health care (including mental); childcare | ● Any component of student’s cost of attendance  
● Emergency costs that arise due to coronavirus, such as: tuition; food; housing; health care (including mental); childcare |
| Institutional Portion Allowable Uses | ● Defray expenses due to significant changes to the delivery of instruction due to the coronavirus  
● Make additional financial aid grants to students | ● Defray expenses associated with coronavirus including:  
○ Lost revenue  
○ Reimbursement for expenses already incurred  
○ Technology costs associated with a transition to distance Education  
○ Faculty and staff trainings  
○ Payroll  
● Carry out student support activities authorized by the HEA that address needs related to coronavirus  
● Make additional financial aid grants to students | ● Defray expenses associated with coronavirus including:  
○ Lost revenue  
○ Reimbursement for expenses already incurred  
○ Technology costs associated with a transition to distance education  
○ Faculty and staff trainings  
○ Payroll  
● Make additional financial aid grants to students |
<table>
<thead>
<tr>
<th>Item</th>
<th>HEERF I Funds</th>
<th>HEERF II Funds</th>
<th>HEERF III Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>The Coronavirus Aid, Relief, and Economic Security Act (CARES Act)</td>
<td>The Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA Act)</td>
<td>The American Rescue Plan (ARP)</td>
</tr>
</tbody>
</table>
| Institutional Portion Allowable Uses (continued) | • No student eligibility requirements in the law, but ED guidance was that students must meet Title IV eligibility requirements in order to receive HEERF emergency grants  
• DACA students, undocumented students and international students prohibited by ED guidance  
• Non-degree seeking, non-credit, dual enrollment, and continuing education students eligible per ED guidance  
• Online students who were enrolled exclusively in online programs on March 13th are not eligible per the law | • No student eligibility requirements in the law  
• Non-degree seeking, non-credit, dual enrollment, and continuing education students eligible per ED guidance  
• Students exclusively enrolled in distance education may receive these funds  
• ED has not issued written guidance to clarify whether or not undocumented, DACA, or international students may receive these funds | • Institutions must use a portion of their allocation for:  
○ Implementing evidence-based practices to monitor and suppress coronavirus in accordance with public health guidelines; and  
○ Conduct direct outreach to financial aid applicants about the opportunity to receive a financial aid adjustment due to the recent unemployment of a family member or independent student, or other circumstances |
| Student Eligibility  | • None                                                                           | • No student eligibility requirements in the law  
• Non-degree seeking, non-credit, dual enrollment, and continuing education students eligible per ED guidance  
• Students exclusively enrolled in distance education may receive these funds  
• ED has not issued written guidance to clarify whether or not undocumented, DACA, or international students may receive these funds | • No student eligibility requirements in the law  
• Students exclusively enrolled in distance education may receive these funds  
• ED has not issued written guidance to clarify whether or not undocumented, DACA, or international students may receive these funds |
| Misc.                | • Institutions subject to the endowment excise tax had their allocations reduced by 50% and are required to spend those funds only on student emergency grants, or for sanitation, personal protective equipment (PPE), or other expenses associated with the general health and safety of the campus environment | • Institutions subject to the endowment excise tax had their allocations reduced by 50% and are required to spend those funds only on student emergency grants, or for sanitation, personal protective equipment (PPE), or other expenses associated with the general health and safety of the campus environment | • Institutions subject to the endowment excise tax would not be subject to restrictions on amount of allocations or uses of funds applicable to previous HEERF |

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| Item | HEERF I Funds  
The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) | HEERF II Funds  
The Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA Act) | HEERF III Funds  
The American Rescue Plan (ARP) |
|------|--------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|
| Application Required to Receive Funds? | ● Institutions must sign the Funding Certification and Agreement for Emergency Grants for both the student and institutional portions of funding | ● Institutions who received funds under the CARES Act do not need to complete any application or forms to receive their allocation  
● Institutions that did not receive either or both of the institutional share and student share of CARES Act funds will need to submit applications following the CARES Act process to receive supplemental allocations | ● Specific requirements related to the application process for these funds have not been released yet |
| Reporting Requirements | ● Institutions must report publicly on their primary websites on a quarterly basis for both student portion and institutional portion funds  
● Institutions are required to submit an annual report to the Department by February 8, 2021 covering CARES Act HEERF grant expenditures in calendar year 2020 | ● Specific requirements for reporting of these funds have not been released yet  
● The CRRSA language around reporting reads: “Recipient must promptly and timely report to the Department on the use of funds no later than 6 months after the date of this award in a manner to be specified by the Secretary pursuant to section 314(e) of the CRRSAA. Recipient must also promptly and timely provide a detailed accounting of the use of funds provided by this award in such manner and with such subsequent frequency as the Secretary may require. Recipient acknowledges the Department may require additional or more frequent reporting to be specified by the Secretary.” | ● Specific requirements related to the reporting of these funds have not been released yet |
| Deadline to Spend Funds | ● All institutions have one calendar year from the date of award in their HEERF Grant Award Notification (GAN) to complete the performance of their HEERF grant | ● An institution has one year from the date the school’s supplemental grant was processed to distribute the HEERF II funds | ● Specific requirements related to the spending deadline for these funds have not been released yet |
| Counted as EFA, taxable income, untaxed income? | ● No | ● No | ● No |
• SEC. 317. (a) At the time of award of funds to carry out sections 312 or 313 of this title, a State shall provide assurances that such State will maintain support for elementary and secondary education, and for higher education (which shall include State funding to institutions of higher education and state need-based financial aid, and shall not include support for capital projects or for research and development or tuition and fees paid by students) in fiscal year 2022 at least at the proportional levels of such State’s support for elementary and secondary education and for higher education relative to such State’s overall spending, averaged over fiscal years 2017, 2018, and 2019.
# UH System – Consolidated HEERF Summary

<table>
<thead>
<tr>
<th>HEERF</th>
<th>Institutional</th>
<th>Student Aid Minimum</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>$33,255,621</td>
<td>$12,009,865</td>
</tr>
<tr>
<td>II</td>
<td>$67,735,920</td>
<td></td>
</tr>
<tr>
<td>III</td>
<td>$40,422,160</td>
<td></td>
</tr>
</tbody>
</table>

**HEERF III - Unofficial Estimate Only**
Item IV.

Report of the President
WinCC Campus Report

MATERIALS
Windward Community College

Board of Regents  |  March 18, 2021
Chancellor Ardis Eschenberg
10 year UHCC enrollment trends

Fall Enrollment
**WCC Spring 2021 Enrollment Characteristics**

<table>
<thead>
<tr>
<th></th>
<th>Number</th>
<th>% Change</th>
<th># Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td>2,229</td>
<td>-10.2%</td>
<td>-252</td>
</tr>
<tr>
<td><strong>Regular</strong></td>
<td>1,154</td>
<td>+3.6%</td>
<td>+40</td>
</tr>
<tr>
<td><strong>Early Admit</strong></td>
<td>325</td>
<td>-38.2%</td>
<td>-201</td>
</tr>
<tr>
<td><strong>Not Home-Based</strong></td>
<td>750</td>
<td>-10.8%</td>
<td>-91</td>
</tr>
</tbody>
</table>
Target Population Enrollment

First Generation: 28.7%
Average age: 25
Full-time: 48.5%

*Classified, home campus students
Persistence

Fall 2019 to Spring 2020: **73%**
(Improved from 2019–69%, 2018–68%, 2017–68%)

Freshman to Sophomore: **58.3%**
(Improved from 2019–55.1%, 2018–45.4%, 2017–56.7%)
Graduation rate

First-time, Full-time: **21.6%**
(2019–27.7%, 2018–24.8%, 2017–14.4%)

Native Hawaiian, First-time, Full-time: **14.5%**
(2019–24.4%, 2018–20.5%, 2017–13.3%)

First-time, Part-time: **10.6%**
(Improved from 2019–9.7%, 2018–6.1%, 2017–8.6%)
## COVID-19 Impact

<table>
<thead>
<tr>
<th>Element</th>
<th>All Fall 2020 Students</th>
<th>Spring 2020 Students with Previous Enrollment</th>
<th>Comparison to Previous Semester</th>
<th>Difference from Previous Semester</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grade Point Average</td>
<td>2.79</td>
<td>2.79</td>
<td>2.91</td>
<td>-0.12</td>
</tr>
<tr>
<td>% Courses Passed</td>
<td>75.20%</td>
<td>76.23%</td>
<td>74.85%</td>
<td>1.38%</td>
</tr>
<tr>
<td>% Credits Earned</td>
<td>78.19%</td>
<td>78.71%</td>
<td>77.16%</td>
<td>1.55%</td>
</tr>
<tr>
<td>% Courses taken a W</td>
<td>5.82%</td>
<td>6.27%</td>
<td>8.02%</td>
<td>-1.75%</td>
</tr>
<tr>
<td>% Completely Withdrawn</td>
<td>4.05%</td>
<td>4.03%</td>
<td>4.24%</td>
<td>-0.22%</td>
</tr>
</tbody>
</table>
## Childcare Impact

<table>
<thead>
<tr>
<th>Population</th>
<th>Semester</th>
<th>% Credits Earned</th>
<th>Comparison (all)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student</td>
<td>Fall 2019</td>
<td>95%</td>
<td>79%</td>
</tr>
<tr>
<td>Parents of Toddlers</td>
<td>Spring 2020</td>
<td>61%</td>
<td>78%</td>
</tr>
</tbody>
</table>
Hoʻolei Scholarship

- 6-credit tuition for 1st and 2nd semesters
- Targets Windward area public & charter high school seniors with financial need
Hawaiʻiloa Hawaiian Studies AA degree

● Online series of 8-week classes
● Cohorts of 20; prepares for Hawaiian Studies BA
● Targets Hawai'i and Native Hawaiian diaspora participants
Kaʻohekani Hawaiian Music Certificate

- One-year online certificate
- Prepares students for music careers
- Targets Hawaiian music and performing arts participants
Pu‘uhonua
A place of refuge on Windward O‘ahu

Nicolas Logue, Faculty Senate Chair
Rene Hutchins, ASUH-WCC President
Certified Nurse’s Aide (CNA)–Online

- First-ever online training with cohort of nine (9) students
- Grant-funded tuition for all
- Title III grant supports curriculum move to online
- 40 skills available online for students to practice
TECH KITS FOR SKILLS PRACTICE:

1 Manikin
1 Blood Pressure kit with stethoscope
1 iPad with Google Drive
1 Tripod for self-recording of videos
STUDENT SUCCESSES IN A TIME OF NEED:
In December 2020, all nine (9) students transitioned to jobs during the last two weeks of online training.

All students who took the State CNA Certification Exam passed it.
CNA Student Results

- A follow-up report in February 2021 showed eight (8) students remain in their CNA jobs; one student moved to California
- Second cohort started in January 2021 with five (5) students
- All five students accepted jobs in the Employer Partner Network of 10 employers—created to support students’ transition to jobs
Response to the Pandemic

Hawai‘i Conservatory of Performing Arts

Nicolas Logue, Assistant Professor of Theatre
Micah Souza
Performing Arts Graduate Testimonial

https://youtu.be/0Wlj7jYTGQw
Hands-on practical training on stage and behind the scenes
Hawai‘i Conservatory of Performing Arts

- One-year professional Certificate of Achievement in Performing Arts
- Help students garner their first professional performing experience
- Launch student careers locally and nationally
National Recognition

- Kennedy Center American College Theatre Festival
- Invited to headline festival in Los Angeles four times in the last five years
International Connections

- England Study Abroad: Shakespeare Experience
- Two weeks in London and Stratford-upon-Avon
- Grant funds covered majority of costs for over 40 students
Integral part of the community

Paipai o Koʻolau

Rene Hutchins,
ASUH-WCC President
Duane “Nalu” Dias  
WCC Graduate Testimonial  
https://youtu.be/s0GQ_hdFrvI
PAIPAI O KOʻOLAU
MISSION:

To encourage non-college bound community members to attend and successfully complete a certificate or degree.
Paipai o Koʻolau

Successes

363 students served since 2013

Degrees Earned:

168 AA degrees
26 BA degrees
3 MA degrees
Meals with a Mission

- $20,000 raised per semester since Fall 2020 for meals so students can focus on their studies, not their hunger

Food Pantry

- Stocked by donations and used exclusively by students

Additional Student Support
MEMORANDUM

TO:       Ben Kudo
Chairperson, Board of Regents

VIA:      David Lassner, President
          For University of Hawai‘i System

FROM:     Tim Dolan, Vice President of Advancement
          University of Hawai‘i Foundation

SUBJECT:  UH Foundation Report

DATE:     March 11, 2021

Please find information submitted by the Foundation for the March 18, 2021 Board of Regents’ meeting:

- Development Operations Report – Fiscal Year 2021 Progress (as of 02/28/21)
- Endowment Executive Summary (as of 01/31/21)

Thank you for your assistance and please let us know if anything further is needed or required.

Attachments
The UH Foundation ended January with a $385.7 million value and posted a +11.6% return over the trailing 1-year period, outperforming the Total Assets Benchmark return of +9.2%.

Relative to current policy targets, the Foundation was overweight cash offset by an underweight to Fixed Income. Global Equites, Private Investments, and Marketable Alternatives were in line with targets.

U.S. Equity and Emerging Market Equity drove absolute returns over the trailing 1-year period, returning +22.7% and +18.6%, respectively. International Equity, Marketable Alternatives and Fixed Income also delivered positive absolute returns.

On a relative basis, the underweight to Real Assets (removed from the policy portfolio in 2020) contributed meaningfully to positive performance. U.S. and Private Equity managers also positively contributed to portfolio performance.

U.S. managers generated strong relative performance while foreign equity managers lagged. International Equites were the largest detractors from relative returns.
Fiscal Year 2021 Goal: $80.0 M
Fundraising Result (07/01/2020 - 02/28/2021): $69.5 M

Fundraising Result Summary

<table>
<thead>
<tr>
<th>Account Type</th>
<th>Gifts &amp; Pledges</th>
<th>Deferred Gifts</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Endowment</td>
<td>$12,054</td>
<td>$25</td>
<td>$12,079</td>
</tr>
<tr>
<td>Expendable</td>
<td>$33,409</td>
<td>$247</td>
<td>$33,656</td>
</tr>
<tr>
<td>Revocable Deferred Gifts</td>
<td>$0</td>
<td>$19,589</td>
<td>$19,589</td>
</tr>
<tr>
<td>Gifts-In-Kind</td>
<td>$461</td>
<td>$0</td>
<td>$461</td>
</tr>
<tr>
<td>Grants Directly to UH</td>
<td>$3,683</td>
<td>$0</td>
<td>$3,683</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$49,607</strong></td>
<td><strong>$19,861</strong></td>
<td><strong>$69,468</strong></td>
</tr>
</tbody>
</table>

Comparison to Previous Fiscal Year

<table>
<thead>
<tr>
<th></th>
<th>Number of Major Gifts $25k+</th>
<th>Major Gifts Total</th>
<th>Number of Annual Gift &lt;$25k</th>
<th>Annual Gift Total</th>
<th>Gift Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Fiscal Year</td>
<td>235</td>
<td>$62,358</td>
<td>16,407</td>
<td>$7,110</td>
<td>$69,468</td>
</tr>
<tr>
<td>Previous Fiscal Year</td>
<td>217</td>
<td>$31,572</td>
<td>17,437</td>
<td>$8,231</td>
<td>$39,803</td>
</tr>
<tr>
<td>Comparison Favorable/(Unfavorable)</td>
<td>18</td>
<td>$30,786</td>
<td>(1,030)</td>
<td>($1,121)</td>
<td>$29,665</td>
</tr>
</tbody>
</table>

Current Fiscal Year

- Major Gifts $: 90%
- Annual Gift $: 10%

Previous Fiscal Year

- Major Gifts $: 79%
- Annual Gift $: 21%

235 major gifts accounted for 90% of the total funds raised
217 major gifts accounted for 79% of the total funds raised
Funds Raised Leadership Report  
Fiscal Years 2014-2021  
As of February 28  
*All dollars in thousands*  
(Gifts, Pledges, Matching Gifts, Gifts in Kind, Grants and Planned Gifts)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Manoa</td>
<td>$23,656</td>
<td>$94,247</td>
<td>$24,685</td>
<td>$29,564</td>
<td>$26,791</td>
<td>$28,765</td>
<td>$27,329</td>
<td>$54,128</td>
</tr>
<tr>
<td>Hilo</td>
<td>$1,938</td>
<td>$1,747</td>
<td>$2,835</td>
<td>$1,971</td>
<td>$2,618</td>
<td>$1,845</td>
<td>$2,317</td>
<td>$2,009</td>
</tr>
<tr>
<td>West Oahu</td>
<td>$232</td>
<td>$66</td>
<td>$1,009</td>
<td>$139</td>
<td>$620</td>
<td>$349</td>
<td>$857</td>
<td>$536</td>
</tr>
<tr>
<td>Hawaii CC</td>
<td>$121</td>
<td>$70</td>
<td>$291</td>
<td>$201</td>
<td>$625</td>
<td>$1,149</td>
<td>$554</td>
<td>$1,510</td>
</tr>
<tr>
<td>Honolulu CC</td>
<td>$141</td>
<td>$129</td>
<td>$585</td>
<td>$140</td>
<td>$212</td>
<td>$1,249</td>
<td>$258</td>
<td>$473</td>
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<tr>
<td>Kapiolani CC</td>
<td>$1,150</td>
<td>$1,448</td>
<td>$1,329</td>
<td>$813</td>
<td>$1,514</td>
<td>$1,834</td>
<td>$1,745</td>
<td>$2,014</td>
</tr>
<tr>
<td>Kauai CC</td>
<td>$601</td>
<td>$559</td>
<td>$690</td>
<td>$347</td>
<td>$275</td>
<td>$578</td>
<td>$604</td>
<td>$152</td>
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<tr>
<td>Leeward CC</td>
<td>$786</td>
<td>$130</td>
<td>$369</td>
<td>$211</td>
<td>$88</td>
<td>$107</td>
<td>$211</td>
<td>$114</td>
</tr>
<tr>
<td>Maui College</td>
<td>$749</td>
<td>$455</td>
<td>$847</td>
<td>$567</td>
<td>$612</td>
<td>$347</td>
<td>$899</td>
<td>$663</td>
</tr>
<tr>
<td>Windward CC</td>
<td>$472</td>
<td>$405</td>
<td>$438</td>
<td>$1,428</td>
<td>$275</td>
<td>$72</td>
<td>$1,538</td>
<td>$327</td>
</tr>
<tr>
<td>Multi-Campuses</td>
<td>$3,657</td>
<td>$4,025</td>
<td>$13,305</td>
<td>$8,348</td>
<td>$5,970</td>
<td>$4,894</td>
<td>$3,490</td>
<td>$7,542</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>$33,502</strong></td>
<td><strong>$103,282</strong></td>
<td><strong>$46,383</strong></td>
<td><strong>$43,729</strong></td>
<td><strong>$39,600</strong></td>
<td><strong>$41,189</strong></td>
<td><strong>$39,803</strong></td>
<td><strong>$69,468</strong></td>
</tr>
</tbody>
</table>

*Beginning in FY2020, present value (PV) is used in funds raised calculations for deferred gifts. Prior to FY2020, face value (FV) is used.*
Funds Raised By Source, Gift Type, Account Category and Purpose

Fiscal Year 2021
As of 2/28/2021
All dollars in thousands

Funds Raised by Source

- Alumni: $1,521 (2%)
- Faculty & Staff: $5,290 (8%)
- Other Individuals: $11,163 (2%)
- Corporations: $19,440 (28%)
- Foundations: $11,844 (17%)
- Other Organizations: $30,211 (43%)

Funds Raised by Gift Type

- Gifts and Pledges: $45,463 (65%)
- Deferred Gifts: $19,861 (29%)
- Gift-In-Kind: $461 (1%)
- Grants: $3,683 (5%)

Funds Raised by Account Category

- Endowment: $33,656 (49%)
- Expendable: $12,079 (17%)
- Revocable Gifts: $461 (1%)
- Gift-In-Kind: $19,589 (28%)

Funds Raised by Purpose

- Capital Improvement: $25,016 (36%)
- Faculty and Academic Support: $17,656 (25%)
- Research: $19,031 (27%)
- Student Aid and Services: $7,260 (11%)
- Other Programs: $505 (1%)

All dollars in thousands
### Funds Expended by UH Programs

**Fiscal Years 2018-2021**

*As of February 28*

*All dollars in thousands*

<table>
<thead>
<tr>
<th>Year</th>
<th>Student Aid &amp; Services</th>
<th>Faculty &amp; Academic Support</th>
<th>Research</th>
<th>Capital Projects</th>
<th>Athletics</th>
<th>Other Programs</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$6,841</td>
<td>$5,306</td>
<td>$5,155</td>
<td>$1,310</td>
<td>$1,482</td>
<td>$5,320</td>
<td>$25,414</td>
</tr>
<tr>
<td>2019</td>
<td>$8,568</td>
<td>$4,952</td>
<td>$5,383</td>
<td>$173</td>
<td>$1,521</td>
<td>$4,494</td>
<td>$25,091</td>
</tr>
<tr>
<td>2020</td>
<td>$10,104</td>
<td>$7,288</td>
<td>$7,952</td>
<td>$978</td>
<td>$1,462</td>
<td>$6,090</td>
<td>$33,873</td>
</tr>
<tr>
<td>2021</td>
<td>$10,541</td>
<td>$4,119</td>
<td>$4,878</td>
<td>$677</td>
<td>$942</td>
<td>$5,433</td>
<td>$26,590</td>
</tr>
</tbody>
</table>
Funds Expended by UH Programs, continued
Fiscal Years 2018-2021
As of February 28
All dollars in thousands

Funds Expended by UH Mānoa Programs

Funds Expended by UH Hilo Programs

Funds Expended by UH West Oahu Programs

Funds Expended by Community College Programs

Funds Expended by UH System Programs
History of the University of Hawai‘i Foundation

- On 6/15/1955 nine members of the UH Board of Regents met in the Regents' Room Administration Building to organize a charitable corporation to be known as “The University of Hawai‘i Foundation.”
- The nine incorporators each contributed a membership fee and UHF was founded with $900.
- Today, we are contracted by the BOR to provide fundraising and alumni services.
- The UHF team includes specialists in major gifts, foundation and corporate giving, annual giving, tax and planned giving and donor stewardship.
- UHF manages more than 6,000 donor accounts for UH.
Purpose and Benefits of University Foundations

University foundations are separate 501(c)3 charitable organizations that exist solely to support students, research, and learning at a college, university, university system, or college unit.

- Philanthropic funds for students, faculty, research and programs
- Engage alumni and volunteers in the life of the college or university
- Able to accept and sell gifts of real estate more efficiently and competitively than state entities
- Protect donor confidentiality
- Separate public and private funds

1,400
College and University Foundations in the United States

500
Affiliated with public four-year colleges and universities

900
Affiliated with community colleges
Who Governs the UH Foundation?

The Board of Trustees

- These business and community leaders provide external oversight of the Foundation's operations.
- Committees include Audit, Development and Investment.
- Many are UH alumni.
- Trustees serve without compensation, contributing their time, wisdom, and resources for the university.
<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted gifts</td>
<td>$511,068</td>
<td>$364,366</td>
<td>$564,392</td>
<td>$674,705</td>
</tr>
<tr>
<td>Income from expendable accounts</td>
<td>1,677,466</td>
<td>2,249,402</td>
<td>2,562,184</td>
<td>(29,918)</td>
</tr>
<tr>
<td>Income from endowment accounts</td>
<td>2,548,543</td>
<td>2,698,579</td>
<td>2,802,521</td>
<td>2,521,922</td>
</tr>
<tr>
<td>Service fee on gifts and non-gifts</td>
<td>1,515,962</td>
<td>1,568,505</td>
<td>1,913,058</td>
<td>1,538,224</td>
</tr>
<tr>
<td>Alumni Relations revenue</td>
<td>21,638</td>
<td>22,669</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>UH contract for services</td>
<td>2,000,000</td>
<td>2,000,000</td>
<td>2,000,000</td>
<td>2,000,000</td>
</tr>
<tr>
<td>Other payments for services from</td>
<td>198,974</td>
<td>225,886</td>
<td>291,744</td>
<td>214,299</td>
</tr>
<tr>
<td>UH &amp; UHAA</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>$8,473,652</td>
<td>$9,169,385</td>
<td>$10,153,900</td>
<td>$6,919,232</td>
</tr>
<tr>
<td><strong>EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Development</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel</td>
<td>$4,118,216</td>
<td>$4,102,220</td>
<td>$3,936,964</td>
<td>$3,664,423</td>
</tr>
<tr>
<td>Program</td>
<td>895,018</td>
<td>764,945</td>
<td>820,089</td>
<td>768,166</td>
</tr>
<tr>
<td>Campaign</td>
<td>76,089</td>
<td>30,045</td>
<td>3,200</td>
<td>-</td>
</tr>
<tr>
<td>Alumni Relations</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel</td>
<td>313,025</td>
<td>344,026</td>
<td>357,871</td>
<td>299,060</td>
</tr>
<tr>
<td>Program</td>
<td>40,175</td>
<td>47,975</td>
<td>37,394</td>
<td>58,562</td>
</tr>
<tr>
<td>Service &amp; Support</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel</td>
<td>2,088,715</td>
<td>2,296,971</td>
<td>1,971,209</td>
<td>1,960,480</td>
</tr>
<tr>
<td>Program</td>
<td>637,613</td>
<td>800,776</td>
<td>423,600</td>
<td>356,180</td>
</tr>
<tr>
<td>UH Support Fund</td>
<td>100,000</td>
<td>100,000</td>
<td>100,000</td>
<td>100,000</td>
</tr>
<tr>
<td>King Street Office</td>
<td>-</td>
<td>123,725</td>
<td>371,459</td>
<td>357,126</td>
</tr>
<tr>
<td>Atherton</td>
<td>215</td>
<td>46,635</td>
<td>20,223</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>$8,269,068</td>
<td>$8,657,318</td>
<td>$8,042,010</td>
<td>$7,561,996</td>
</tr>
<tr>
<td><strong>Total Net Revenues Over(Under) Expenses</strong></td>
<td>$204,584</td>
<td>$512,068</td>
<td>$2,111,890</td>
<td>($642,764)</td>
</tr>
</tbody>
</table>
Investment Management

- Manage $385.7 million* endowment for prudent growth
- Manage investments related to planned giving, including charitable gift annuities and charitable remainder trusts

* Market Value as of 1/31/21
Recap on FY 2020 (7/1/19 – 6/30/20)

<table>
<thead>
<tr>
<th>Category</th>
<th>FY2020 Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funds Raised for UH</td>
<td>$84.7 million</td>
</tr>
<tr>
<td>Largest Gift</td>
<td>$4.9 million</td>
</tr>
<tr>
<td>Smallest Gift</td>
<td>$1</td>
</tr>
<tr>
<td>Average Gift</td>
<td>$4,021</td>
</tr>
<tr>
<td>Student Aid Awards</td>
<td>9,051</td>
</tr>
<tr>
<td>Student Aid Recipients</td>
<td>6,611</td>
</tr>
<tr>
<td>Endowment Value</td>
<td>$341.4 million</td>
</tr>
<tr>
<td>Total Endowment Accounts</td>
<td>1,591</td>
</tr>
<tr>
<td>Payout to UH from Endowment</td>
<td>$12.1 million</td>
</tr>
<tr>
<td>Percentage of Gifts to Endowment</td>
<td>20%</td>
</tr>
</tbody>
</table>
Fundraising Momentum

Major Uptick
$69,284,405 raised this FY to date

Gift Total

## Comparative YTD Donor/Dollar Results

<table>
<thead>
<tr>
<th></th>
<th>Donor Count</th>
<th>Gift Count</th>
<th>Gifts of $100K or more</th>
<th>Gift Total</th>
<th>FY Goal</th>
<th>% of Goal</th>
</tr>
</thead>
<tbody>
<tr>
<td>3/9/2021</td>
<td>15,273</td>
<td>16,991</td>
<td>$54,639,178</td>
<td>$69,284,405</td>
<td>$80,000,000</td>
<td>87%</td>
</tr>
<tr>
<td>3/9/2020</td>
<td>14,819</td>
<td>16,508</td>
<td>$27,268,191</td>
<td>$43,039,344</td>
<td>$75,000,000</td>
<td>57%</td>
</tr>
<tr>
<td>3/9/2019</td>
<td>14,226</td>
<td>15,649</td>
<td>$28,895,864</td>
<td>$42,417,917</td>
<td>$75,000,000</td>
<td>57%</td>
</tr>
</tbody>
</table>
Pre-Campaign Planning

- What is a comprehensive campaign?
- Why are campaigns important for public universities?
- What is UHF doing to prepare for its next successful campaign?
Agenda Items:

A. Student Caucus Presentation

Student Caucus representatives shared the impacts of the COVID-19 pandemic on students and spoke about their experiences over the past year, which included a mixture of both academic and personal challenges. In addition to adjusting to a fully online modality of instruction, students faced a number of issues including the lack of readily-available technology; conflicting and competing academic, family, and personal priorities; increased emotional and mental stress exacerbated by reduced health services on some campuses; loss of a traditional student experience; finances; a lack of, or limited access to, campus support services; decreased motivation; and an inability to focus on the pursuit of academia given the events of the past year. They also identified several positive outcomes from the COVID-19 experience and the switch to online instruction including increased interaction with a larger and more diverse set of peers; increased accessibility to coursework more convenient to personal schedules; and an increase in campus support services being provided online.

Regents recognized and acknowledged the outstanding work of the Student Caucus and thanked them for sharing their thoughts, ideas, and perspectives with the committee as it provided a better understanding of the impacts of the pandemic on students and student learning and resiliency.

B. Plans for General Education (Gen Ed)

President Lassner provided a brief history of the development of the Gen Ed core requirements at the university. He stated that a review of Gen Ed requirements developed at UHM in the late 1990s, which have since been adopted by all ten campuses, unveiled concerns with dated content and program structure and governance, as well as transfer and articulation challenges between campuses. Although UHM initiated a project to revise its Gen Ed core requirements, the administration believed that reform should be accomplished through a systemwide initiative since curriculum requirements affect all campuses and students. He also provided a review of the plans, goals, timelines, process, and approach that will be taken by the university to initiate the revamping of the Gen Ed requirements and stated that once work has been completed, approval would be sought from the board to initiate the proposed changes.

C. Small Program Report and Overview of Program Review Process

Debora Halbert, Associate Vice President (AVP) for Academic Programs and Policy, provided a report on the annual small program review conducted by each campus, as well as required academic program reviews for the 2-year and 4-year campuses. She noted the overall impact of these reports in current unit level planning for program redesign and collaboration, as well as determining plans for future academic programming. The small program report and list of program reviews that have been completed were provided in the meeting materials.
Agenda Items:

A. Use and Distribution of Legacy Endowment Funds

VP Young provided a brief overview and history of the Legacy Endowment Fund (Fund) noting that its corpus was received and invested on behalf of the university prior to the creation of the University of Hawai‘i Foundation (UHF) and stating that the Fund is currently managed by UBS Financial Services. He reviewed the process used for the distribution of the Fund’s assets and provided a comparative analysis of restricted versus unrestricted fund allocations, as well as authorized versus actual Fund distributions. A breakdown of the various purposes for which allocations from the Fund were made, which included scholarships, faculty and staff awards, research, athletics, and faculty support, along with the actual disbursement amounts for each purpose was also provided.

B. Recommend Board Approval of Amendments to Regents Policy (RP) 8.204, University Budget (Operating and Capital Improvements)

Chair Sullivan provided a brief historical background of discussions that have occurred on amendments to RP 8.204 to better align the policy with current practice with regard to the university’s budget. Although the committee had initially recommended board approval of the proposed amendments, the board did not take immediate action and instead provided more time for Regents to review the proposed policy changes. Since that time, no additional recommendations have been made by Regents.

Action: The Committee recommended board approval of the amendments to RP 8.204.

C. Recommend Board Approval of Amendments to RP 8.207, Investments

VP Young gave an overview of the proposed amendments to RP 8.207, stating that they would provide the administration with greater flexibility to diversify the university’s investment portfolio through strategic investments in real estate and thereby enhance its revenue-generating opportunities. More specifically, the amendments would allow for the direct investment of Fund monies in real estate and establishes parameters for the administration via the Chief Financial Officer to pursue board approval for these investments. Mr. Richard Wacker, Chair of the UHF Board of Trustees, also provided his insight into the requested policy amendment.

Action: The Committee recommended board approval of the amendments to RP 8.207.

D. Status of Higher Education Emergency Relief Funds (HEERF)

VP Young provided a report on the status of the expenditure of HEERF funds received by the university from the Coronavirus Aid, Relief, and Economic Security (CARES) Act noting that, as of December 31, 2020, the university expended about $11,900,000 of the approximately $12 million received for direct disbursement to students in the form of grants and about $3.87 million of the approximately $12 million received for institutional expenses related to the prevention of, preparation for, and response to the COVID-19 crisis. The university received an additional $20 million in HEERF funds for its status as a minority serving institution, the majority of which remains unspent. It was noted that the university will also receive approximately $45 million in HEERF funds from the
recently enacted Coronavirus Response and Relief Supplemental Appropriations Act and also anticipates receiving additional funding from the “American Rescue Plan”.
Agenda Items:

A. Review and Acceptance of Status of Corrective Action of the University of Hawai‘i at Mānoa (UHM) Student Housing Services

Glenn Shizumura, Director of the Office of Internal Audit (OIA), explained the background of a report issued in 2018 on the status of corrective actions taken by UHM Student Housing Services and a subsequent review in 2019 which determined that some actions were still in the process of being initiated. In a follow-up evaluation of an updated corrective action plan and the status of corrective actions taken, OIA has validated and concluded that all corrective actions have been implemented and specifically noted improvement shown in receivable collection efforts.

Action: The Committee voted to accept the report with Regent Acoba abstaining.

B. Review and Acceptance of Status of Corrective Action of University Housing Program

Internal Auditor Shizumura stated that audits of the University Housing Program (Program) conducted in 2010 and 2013 identified issues with the Program’s processes and procedures, as well as instances of non-compliance with university policies. In its re-evaluation of the Program in 2019, OIA concluded that corrective actions were taken and compliance with applicable university policies was achieved but suggested several additional enhancements to the Program’s standard operating procedures manual. OIA has since determined that all additional recommendations have been implemented by the Program.

Action: The Committee voted to accept the report.

C. Review and Acceptance of the OIA Review of Associated Students of the University of Hawai‘i (ASUH) – Recognition Awards for Service (Service Awards) and Graduate Test Preparation Awards (GTPAs)

D. Review and Acceptance of the Status of Corrective Action of ASUH – Service Awards and GTPAs

Chair Moore stated that, as agenda items C and D were related, the report, committee discussions, and voting would occur simultaneously for both agenda items with no objections from the committee members.

Internal Auditor Shizumura explained that, for the fiscal year ended June 30, 2018, ASUH requested an operational audit of Service Awards, also known as stipends, and GTPAs. OIA conducted an audit and issued a report noting its findings, determinations, and recommendations for corrective actions to address identified issues and potential risks. Some delays occurred due to the timing of the issuance of this report and the onset of restrictions and other factors associated with the COVID-19 pandemic, which resulted in the presentation of the initial audit report at the same time as the status of corrective action and ASUH’s written response. OIA has determined that issues contained within the original report have been addressed and that all recommendations and corrective actions have been implemented.
Action: The Committee voted to accept both reports.


Mr. Cory Kubota, with Accuity LLP, recapped and reviewed topics covered last calendar year including the primary duties, roles, functions, and responsibilities of the committee. He also reviewed the roles and responsibilities of the committee regarding the hiring, compensation, and evaluation of the university’s external auditor, providing specific examples of qualities the committee should be looking for during the evaluation, and the issue of single audits, which are federally required audits performed on non-federal entities that expend $750,000 or more in federal awards during the entity’s fiscal year and consist of both financial and compliance reviews regarding federal rules and regulations.

F. Whistleblower Report

Internal Auditor Shizumura provided an overview of the whistleblower summary and tracking reports noting changes in the report format to reflect the expanded collection of information and further breakdown and analysis of data points regarding whistleblower cases in response to requests made by the committee. He reviewed some of the specific information contained within these reports noting that the primary type of whistleblower complaints being made continues to be cases involving employment or human-resources related issues.

G. Enterprise Risk Management (ERM) Update

VP Gouveia provided an ERM update noting that the administration continually assesses risk exposures to the university as part of its internal control process and the committee’s internal control program. She stated that this provides the administration with the opportunity to report to the committee on any areas of concern, from a risk-management standpoint, that it believes should be addressed by the board. Key risks and risk categories were reviewed with VP Gouveia noting that the top risk categories identified by the administration were financial resiliency and the maintenance of health and safety. The risk categories of information technology and governance and compliance are also being closely monitored.

The Committee also met in Executive Session to discuss and consider the evaluation of the Director of the Office of Internal Audit.
Intercollegiate Athletics Committee Report
Summary of March 3, 2021 Meeting

Agenda Items:

A. Coaches Corner: Todd Graham, University of Hawai‘i at Mānoa (UHM) Head Football Coach

A talk story session was held with UHM Head Football Coach Todd Graham who spoke about a number of the challenges faced by the football program in 2020 including delays and difficulties in recruiting, conducting training camps and practices, and developing in-person bonding opportunities between players and coaches. Nevertheless, the football program was able to persevere and experienced success both on and off the field due in large part to the resilience, effort, and work ethic of players and staff. He stated the football program was able to successfully compete in a nine-game season, which culminated in a bowl game victory, and was one of only a few programs across the nation to compete in its full complement of games. The bowl victory was especially poignant in that it was only the third time a UHM football team has gone to the mainland to participate in a bowl game. Given all of the adversity faced by the football program, it was especially satisfying to obtain a dominant victory over the University of Houston on Christmas Eve on national television. He also noted the academic accomplishments of the student athletes highlighting that the grade point average for players increased from 2.7 to 3.0 in 2020.

B. Update on Health and Safety Matters Relating to Student Athletes, Coaches, and Staff

Jonathan Sladky, M.D, UHM team physician, and UH Hilo (UHH) Athletic Director (AD) Patrick Guillen discussed the various health and safety issues involving their respective athletics departments. They reported on each athletic department’s established COVID-19 screening and testing protocols, as well as actions taken to protect and monitor the health and safety of student-athletes and staff. To date, UHM Athletics has conducted approximately 9,740 tests, 24 of which were COVID-19 positive, and UHH has conducted 2,135 tests, five of which were COVID-19 positive. There remains no evidence that on-campus athletic activity has played a role in any of the positive cases attributed to either athletic department.

C. Update of the Athletic Budget and Financial Integrity of the UHM and UHH Athletic Departments

UHM AD David Matlin provided an update to the fiscal report provided to the committee on February 4, 2021, stating that UHM Athletics’ projected net deficit decreased slightly from $8.3 to $8.2 million for fiscal year (FY) 2021 and that it continues to search for opportunities to decrease expenses and enhance revenues.

AD Guillen reported on the FY 2021 fiscal projections for UHH Athletics stating that UHH Athletics is anticipating net revenues of $2,404,728 and net overall expenses of $2,022,335 which will result in a surplus of $382,393 for FY 2021. AD Guillen attributed the anticipated surplus to the cancellation of some sports and absence of travel.

D. Scheduling of Athletic Events UHM and UHH

Updates on the status of athletic competition and activities for both UHM and UHH were provided. At UHM, a successful football season was recently concluded, men’s and
women’s basketball have completed their regular seasons and are currently in post-season play, and schedules have just been approved and released for spring sports including baseball, softball, and water polo. It is anticipated that UHM teams will compete in 203 events in spring 2021.

At UHH, spring sports are beginning with baseball and softball scheduled to play 24 games each. The men’s basketball team is completing its regular season and is on the verge of making its first appearance in post-season competition in 16 years. The Pacific West Conference (PacWest) has also begun discussions on the establishment of a framework for fall competition although a final decision on this matter is not expected for several months.

E. Update on Strategic Visioning Committee (SVC) Recommendations

AD Matlin provided an update on the recommendations of the SVC which were outlined in a report to the committee on February 4, 2021, and reviewed some of the recommendations being implemented by UHM Athletics. He also stated that UHM Athletics has also been advocating for an increase in the university’s role with regard to the development of a new stadium by supporting efforts to elevate the university president to a voting position on the Stadium Authority and communicating the university’s desired business model regarding any new stadium to the Stadium Authority and other State officials. UHM Athletics will continue to build on the efforts of the SVC and pursue any recommendations it determines to be feasible and in the best interest of the university.

F. Aloha Stadium and Football Facilities Update

AD Matlin provided an update to the report on Aloha Stadium and football facilities that was provided to the committee on February 4, 2021. As previously noted, the decision to demolish Aloha Stadium required UHM Athletics to find a venue that would potentially allow fan participation to host home games for the university’s football team for the foreseeable future, possibly three to four years, and that the venue selected as the most suitable location was the Clarence T.C. Ching Athletic Complex (Ching Athletic Complex) on the UHM campus. He summarized the most current information available on necessary facility upgrades and improvements; the budget for the upgrades and improvements; fiscal implications for UHM Athletics; and timelines for completion. It was noted that bleachers for the Ching Athletic Complex, which UHM Athletics initially considered renting, will now be purchased as it was decided that this would be the most fiscally responsible course of action. Although it will be challenging given the timelines, AD Matlin was optimistic that the facility will be ready to host UHM football’s first home game on September 4, 2021.

UHM Athletics will continue dialogues with the Stadium Authority and others in establishing partnerships regarding a new stadium facility, as the development of a new, modern stadium complex is a game-changer for any college football program and could provide significant revenue-generating activities that would not only be beneficial for UHM Athletics, but for the entire university system.
Agenda Items:

A. University of Hawai‘i Research: “Pacific Health Analytics Collaborative”
   Presentation by Dr. Victoria Fan, Interim Director and Associate Professor, Center on
   Aging – Thompson School of Social Work & Public Health at the University of
   Hawai‘i at Manoa

   Dr. Victoria Fan provided a synopsis of the fields of data science and health analytics
   stating that the COVID-19 pandemic has brought these scientific disciplines to the fore due
   in part to increased public demand for healthcare information and the importance of
   healthcare data in guiding public health response efforts. She reviewed and highlighted a
   number of projects undertaken by the Pacific Health Analytics Collaborative (PHAC)
   including the creation and development of various data dashboards. It was stated that the
   data analytics difficulties and challenges faced by the State during the pandemic also
   emphasized the need to build the next-generation local health analytics workforce. Of
   particular concern was the lack of trained data scientists, statisticians, and epidemiologists
   in the healthcare field, as well as the use of antiquated and fragmented data technology
   systems. Given current events, PHAC anticipates that the field of health analytics will
   experience future growth and that there will be a continual need for qualified professionals,
   which PHAC seeks to address.

B. Fiscal Year (FY) 2020-2021 1st and 2nd Quarter Extramural Awards Update

   VP Syrmos reported on the receipt of extramural awards for the first and second quarters of
   FY 2021 and provided a breakdown of trends, significant awards, and award amounts by
   campus. He noted that, for FY 2021, the university received $188.3 million in award
   revenues for the first quarter and $114.6 million for the second quarter, which was 6.9
   percent and 44.9 percent higher than the same period in FY 2020, respectively. Overall,
   the university received $340 million in extramural awards to date, an almost 17 percent
   increase over last year, and is cautiously optimistic that it will receive close to $500 million
   by the end of the fiscal year. VP Syrmos also provided information on approximately $47.3
   million in both formula-funded and competitively awarded COVID-19 related extramural
   awards received by the university as of January 8, 2021.

C. Review and Update on Metrics and Goals Used to Measure Success in Research and
   Innovation.

   VP Syrmos provided a brief historical background on efforts undertaken by the
   administration to gain a better understanding of the university’s strengths and weaknesses,
   in addition to its successes and failures, with regard to the pursuit and receipt of extramural
   funding. He reviewed some of the proposed changes that the administration believes are
   needed to portray a more accurate picture of the university’s extramural funding as a result
   of its review of historical data, as well as the various assumptions and parameters used
   concerning the receipt of extramural awards.
Item VI.F.

Affiliate Reports

NO MATERIALS

ORAL REPORTS
February 26, 2021

MEMORANDUM

TO: Benjamin Kudo
   Chair, Board of Regents

   Jan Sullivan
   Chair, Committee on Budget and Finance

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

SUBJECT: Recommend Board Approval of Amendments to Regents Policy (RP) 8.204, University Budget (Operating and Capital Improvements)

SPECIFIC ACTION REQUESTED:

It is requested that the Committee on Budget and Finance (B&F Committee) recommend that the Board of Regents (Board) approve the proposed changes to RP 8.204, University Budget (Operating and Capital Improvements).

BACKGROUND:

During its April 4, 2019, meeting, the B&F Committee held discussion on RP 8.204 and whether the language in the policy is appropriate and being followed. Discussion included a suggestion that provisions for a 6-year rolling operating budget, similar to the provisions for the capital improvement budget, be added to the policy. It was also noted that the budget policy paper and process has not been an effective tool. Administration was requested to review and address the following topics:

- Dashboard of metrics
- Financial management best practices
- Comprehensiveness of the budget
- Budget policy paper
- Ease of reporting
- Rolling six-year plans
A subsequent discussion was held during the May 2, 2019, B&F Committee meeting where Administration reviewed the history and context of RP 8.204, an assessment of the policy, and areas for policy enhancements.

Administration submitted proposed revisions for consideration by the B&F Committee at its September 5, 2019, meeting to address the topics that were discussed during the aforementioned meetings. The B&F Committee recommended board approval of the proposed changes to RP 8.204, with one minor additional amendment. At the September 26, 2019, Board meeting, it was requested that RP 8.204 be removed from the consent agenda and that additional time be provided to review the proposed changes, and the Board did not take action on the item.

The proposed revisions presented in the attached are substantively the same as presented during the September 26, 2019, Board meeting with some formatting and minor technical changes. Highlights of the proposed revisions include:

- Requiring the annual operating and capital improvement project (CIP) expenditure plan to be presented in the context of a 6-year rolling plan;
- Specifying that operating and CIP budgets advance Board-approved systemwide strategies, priorities, and plans;
- Adjusting the policy-specified reporting periods to allow for flexibility;
- Specifying that the CIP reports identify projects with estimated expenditures exceeding $5 million in construction and $1 million in design costs, which reflects current practice;
- Removing provisions relating to the preparation of a budget policy paper; and
- Specifying that budget requests be realistic about the State's ability to invest in public higher education and shall emphasize strategic goals, plans, directions, and priorities approved and/or provided by the Board.

**ACTION RECOMMENDED:**

The B&F Committee is requested to recommend board approval of the aforementioned revisions to RP 8.204.

Attachments:
- RP 8.204 original
- RP 8.204 redline
- RP 8.204 clean
I. **Purpose:**

To set forth policy on the university's fiscal management, budget process, and legislative budget proposal and preparation process.

II. **Definitions:**

No policy specific or unique definitions apply.

III. **Policy:**

A. The board recognizes its fiduciary obligation to ensure that the university is managing its resources in a fiscally responsible manner. Leading practices encourage boards to establish policies and practices to ensure that institutional priorities and budget expenditures are aligned and to ensure that resources are strategically invested in the university’s mission, vision, and plans.

B. The administration shall support the board to ensure that it can properly fulfill its fiduciary responsibilities. To this end, the president and administration shall:

1. Provide the necessary information to keep the board informed on key fiscal indicators, including through a dashboard with relevant metrics that allow high level tracking of progress against key financial performance indicators;

2. Institute best practices in financial management in concert with the board;

3. Establish uniform reports that shall be utilized for financial management and reporting across the university; and

4. Establish operational and management processes and policies to ensure uniformity in budget building and financial reporting across the university.

C. Budgets are one component of a comprehensive system of planning, programming and financing the programs of the university. The system shall consist of:

1. The articulation of overall articulation of overall university and campus missions; the development, coordination and review of long-range goals, objectives and
directions to achieve these missions; and the development of programs and plans to implement these goals, objectives and directions;

2. An integrated, orderly system for the continuous review and evaluation of programs and needs that results in the establishment, modification and termination of programs as appropriate. This review shall include the regular appraisal and reporting of program performance across both qualitative and quantitative dimensions. It shall also include the evaluation of alternatives to existing, policies, plans, practices and procedures that offer more efficient and effective use of university resources to achieve the institution’s highest priority goals and objectives;

3. The preparation and implementation of a comprehensive budget organized to focus available resources required to undertake programs and program changes necessary to implement the long-range goals and objectives of the university. The development of the university’s budget shall include consideration of non-general funds and operating reserves; and

4. This comprehensive system shall be characterized as much as possible by openness and collaboration among students, faculty, administrators and policymakers.

D. The board shall, at a minimum, conduct the following:

1. Annual review and approval of budgets.
   a. The board shall approve an annual operating budget for all campuses, the system and the board office. The operating budget shall account for all sources of funds, as well as all major categories of expenditures.
   b. The board shall approve an annual capital improvement project budget for the university. The capital improvement budget shall account for all major projects that will be in the planning, design or construction stages. The budget shall be presented in the context of a rolling 6-year capital improvement plan and budget, which shall be approved and updated by the board on an as-needed basis.
   c. The operating and capital improvement budgets shall be transmitted to the board for review and approval following each legislative session and shall incorporate the most recent legislative appropriations and actions.

2. Quarterly reviews.

The administration shall provide reports to the board on a quarterly basis. The reports shall include:

   a. A financial report that is based upon the board approved operating budget and that shows budget to actual performance, along with explanations for
significant deviations from the approved budget. The financial report shall provide initial balances, revenues, expenditures and any updates to projected year-end balances based on activity in the previous quarter. It shall also include an explanation of significant trends or events that are reflected. The report shall show board-established reserve targets for the major units, along with actual reserves for the quarterly period.

b. A capital improvement report that is based upon the board approved capital improvement plan and that shows progress against the board approved CIP budget. The report shall also indicate projects that are significantly deviating from the approved budget or schedule and give an explanation for the deviation.

c. A financial dashboard report to indicate progress and status against agreed-upon metrics.

3. Annual reports.

The administration shall provide reports to the board on an annual basis that includes balance sheets, income statements, and records of cash flow.

Policy and Governing Principles for the Biennial and Supplemental Budget Proposals to the Legislature

A. Each year, the president, upon approval by the board, shall submit to the governor and the legislature, the university’s proposed biennial or supplemental budget, as applicable, which shall be designated the “Board of Regents’ Budget.” This budget proposal shall comply with applicable statutes and directives from the governor and legislature.

1. The major activities of the legislative budget preparation process shall consist of the following:

   a. Preparation of budget policy paper

      (1) Using input from key stakeholders at the state and the university, as well as a review of university and campus planning goals and plans, the president shall direct the preparation of a budget policy paper and approve its submittal for review and approval by the board. The paper shall set forth the environmental context for budget building, as well as general program, policy and management objectives, and institutional priorities to guide the preparation of the budget request.

   b. Preparation and issuance of budget instructions

      (1) Upon board approval of the budget policy paper, the president shall issue formal instructions and directions for the preparation of the legislative budget request. The instructions and directions shall include,
as a minimum, the budget objectives included in the board approved budget policy paper.

c. Administrative and executive approval of budgets

(1) The president shall review and approve for submittal to the board, the operational and capital improvement budget requests for the major units of the university based on the submittals from senior executives for their respective units, the budget policy paper including the environmental context for the state and higher education.

d. To the extent possible, the budget information that is provided to the board accompanying the budget proposal shall include context for the request that would affect or complement the legislative budget request. Upon board approval, the proposed budget shall be referred to as the “Board of Regents’ Budget” and shall be transmitted to the governor and the legislature in accordance with applicable statute.

IV. Delegation of Authority:

There is no policy specific delegation of authority.

V. Contact Information:

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

VI. References:

A. http://www.hawaii.edu/offices/bor/

Approved as to Form:

________________________________________  ______
Cynthia Quinn                                      Date
Executive Administrator and Secretary of the Board of Regents
I. Purpose:

To set forth policy on the university's fiscal management, budget process, and legislative budget proposal and preparation process.

II. Definitions:

No policy specific or unique definitions apply.

III. Policy:

A. The board recognizes its fiduciary obligation to ensure that the university is managing its resources in a fiscally responsible manner. Leading practices encourage boards to establish policies and practices to ensure that institutional priorities and budget expenditures are aligned and to ensure that resources are strategically invested in the university’s mission, vision, and plans.

B. The administration shall support the board to ensure that it can properly fulfill its fiduciary responsibilities. To this end, the president and administration shall:

1. Provide the necessary information to keep the board informed on key fiscal indicators, including through a dashboard with relevant metrics that allow high level tracking of progress against key financial performance indicators;

2. Institute best practices in financial management in concert with the board; and

3. Establish uniform reports that shall be utilized for financial management and reporting across the university; and

4. Establish operational and management processes and policies to ensure uniformity in budget building and financial reporting across the university.

C. Budgets are one component of a comprehensive system of planning, programming and financing the programs of the university. The system shall consist of:

1. The articulation of overall articulation of overall university and campus missions; the development, coordination and review of long-range goals, objectives and
directions to achieve these missions; and the development of programs and plans to implement these goals, objectives and directions;

2. An integrated, orderly system for the continuous review and evaluation of programs and needs that results in the establishment, modification and termination of programs as appropriate. This review shall include the regular appraisal and reporting of program performance across both qualitative and quantitative dimensions. It shall also include the evaluation of alternatives to existing, policies, plans, practices and procedures that offer more efficient and effective use of university resources to achieve the institution’s highest priority goals and objectives;

3. The preparation and implementation of a comprehensive budget organized to focus available resources required to undertake programs and program changes necessary to implement the long-range goals and objectives of the university. The development of the university’s budget shall include consideration of non-general funds and operating reserves; and

4. This comprehensive system shall be characterized as much as possible by openness and collaboration among students, faculty, administrators and policymakers.

D. The board shall, at a minimum, conduct the following:

1. Annual review and approval of operating and capital budgets, and expenditure plans, and acceptance of 6-year rolling plans.
   a. The board shall approve an annual operating budget request for the upcoming fiscal year(s) which is intended to be the university’s annual request to the Legislature (see Section D below). The board shall also approve an annual operating budget expenditure plan for all campuses, the system, and the board office. The operating budget expenditure plan shall account for all sources of funds, as well as all major categories of expenditures.

   The annual operating expenditure plan shall incorporate the most recent legislative appropriations and actions and be presented in the context of a rolling 6-year financial plan. For each year, the 6-year financial plan shall provide initial balances, projected revenues, projected expenditures, and projected closing balances. The annual operating budget request, the annual operating expenditure plan, and the 6-year financial plan shall advance the board-approved strategies, priorities, and plans across the University of Hawai‘i System.

   b. The board shall approve an annual capital improvement project budget for the university, request for the upcoming fiscal year(s) which is intended to be the university’s annual request to the Legislature (see Section D below). The
capital improvement budget shall account for all major projects that will be in the planning, design, or construction stages.

The budget board shall also approve an annual capital improvement project expenditure plan that incorporates the latest legislative appropriations and actions, which shall be presented in the context of a rolling 6-year capital improvement plan and budget, which shall be approved and updated by the board on an as-needed basis. For each year, the 6-year capital improvement plan shall also provide expected beginning and ending levels of estimated deferred maintenance backlog by major unit. The annual capital improvement project budget and 6-year plan shall advance the board-approved strategies, priorities, and plans across the University of Hawai’i System.

c. The operating and capital improvement budgets shall be transmitted to the board for review and approval following each legislative session and shall incorporate the most recent legislative appropriations and actions.

2. Quarterly reviews—Review and oversight.

The administration shall provide reports to the board at least semi-annually, or on a quarterly-as-directed basis. The reports shall include:

a. A financial report that is based upon the board-approved operating budget expenditure plan and that shows budget-to-actual performance, along with explanations for significant deviations from the approved budget expenditure plan. The financial report shall provide initial balances, revenues, expenditures and any updates to projected year-end balances based on year-to-date activity in the previous quarter. It shall also include an explanation of significant trends or events that are reflected. The report shall show board-established reserve targets for the major units, along with actual reserves for the quarterly period.

b. A capital improvement report that is based upon the board-approved capital improvement plan and that shows progress against the board approved CIP budget. The report shall also indicate projects that are significantly deviating from the approved budget or schedule and give an explanation for the deviation. It shows the status of all major CIP projects which have estimated expenditures exceeding $5 million in construction and $1 million in design.

c. A financial dashboard may be made available to provide more real-time visibility into financial performance between reports to the board, report to indicate progress and status against agreed-upon metrics.

3. Annual reports.
The administration shall provide reports to the board on an annual basis that includes balance sheets, income statements, and records of cash flow.

D. Policy and Governing Principles for the Biennial and Supplemental Budget Proposals\Requests to the Legislature.

Each year, the administration president, upon approval by the board, shall develop submit to the governor and the legislature, the university's proposed biennial or supplemental\budget, as applicable, operating and capital budget requests, including any requests for new state support for consideration and approval by the board. The following policy and principles shall apply to the budget requests: which shall be designated the “Board of Regents’ Budget.” This budget proposal shall comply with applicable statutes and directives from the governor and legislature.

1. The major activities of the legislative budget preparation process shall consist of the following:

   a. Preparation of budget policy paper

      (1) Using input from key stakeholders at the state and the university, as well as a review of university and campus planning goals and plans, the president shall direct the preparation of a budget policy paper and approve its submittal for review and approval by the board. The paper shall set forth the environmental context for budget building, as well as general program, policy and management objectives, and institutional priorities to guide the preparation of the budget request.

   b. Preparation and issuance of budget instructions

      (1) Upon board approval of the budget policy paper, the president shall issue formal instructions and directions for the preparation of the legislative budget request. The instructions and directions shall include, as a minimum, the budget objectives included in the board approved budget policy paper.

   c. Administrative and executive approval of budgets

      (1) The president shall review and approve for submittal to the board, the operational and capital improvement budget requests for the major units of the university based on the submittals from senior executives for their respective units, the budget policy paper including the environmental context for the state and higher education.

1. Proposed budget requests for legislative support shall be realistic about the ability of the State to invest in public higher education in any given year and shall emphasize strategic goals, plans, directions, and priorities approved and/or provided by the board.
d-2. To the extent possible, the budget information that is provided to the board accompanying the budget proposal shall include context for the requests that explains, affects, and complements the legislative budget requests, would affect or complement the legislative budget request.

3. Upon board approval, the proposed budget requests shall be referred to as the “Board of Regents' Budget” and shall be transmitted to the governor and the legislature in accordance with applicable statutes and directives.

IV. Delegation of Authority:

There is no policy specific delegation of authority.

V. Contact Information:

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

VI. References:

A. http://www.hawaii.edu/offices/bor/

Approved as to Form:

_______________________________  
Cynthia Quinn  Kendra Oishi  
Executive Administrator and  
Secretary of the Board of Regents
I. **Purpose:**

   To set forth policy on the university’s fiscal management, budget process, and legislative budget proposal and preparation process.

II. **Definitions:**

   No policy specific or unique definitions apply.

III. **Policy:**

   A. The board recognizes its fiduciary obligation to ensure that the university is managing its resources in a fiscally responsible manner. Leading practices encourage boards to establish policies and practices to ensure that institutional priorities and budget expenditures are aligned and to ensure that resources are strategically invested in the university’s mission, vision, and plans.

   B. The administration shall support the board to ensure that it can properly fulfill its fiduciary responsibilities. To this end, the president and administration shall:

      1. Provide the necessary information to keep the board informed on key fiscal indicators, including through a dashboard with relevant metrics that allow high level tracking of progress against key financial performance indicators;

      2. Institute best practices in financial management in concert with the board; and

      3. Establish operational and management processes and policies to ensure uniformity in budget building and financial reporting across the university.

   C. Budgets are one component of a comprehensive system of planning, programming and financing the programs of the university. The system shall consist of:

      1. Annual review and approval of operating and capital budgets, and expenditure plans, and acceptance of 6-year rolling plans.
a. The board shall approve an annual operating budget request for the upcoming fiscal year(s) which is intended to be the university’s annual request to the Legislature (see Section D below). The board shall also approve an annual operating expenditure plan for all campuses, the system, and the board office. The operating expenditure plan shall account for all sources of funds, as well as all major categories of expenditures.

The annual operating expenditure plan shall incorporate the most recent legislative appropriations and actions and be presented in the context of a rolling 6-year financial plan. For each year, the 6-year financial plan shall provide initial balances, projected revenues, projected expenditures, and projected closing balances. The annual operating budget request, the annual operating expenditure plan, and the 6-year financial plan shall advance the board-approved strategies, priorities, and plans across the University of Hawai‘i System.

b. The board shall approve an annual capital improvement project budget request for the upcoming fiscal year(s) which is intended to be the university’s annual request to the Legislature (see Section D below). The capital improvement budget shall account for all major projects that will be in the planning, design, or construction stages.

The board shall also approve an annual capital improvement project expenditure plan that incorporates the latest legislative appropriations and actions, which shall be presented in the context of a rolling 6-year capital improvement plan. For each year, the 6-year capital improvement plan shall also provide expected beginning and ending levels of estimated deferred maintenance backlog by major unit. The annual capital improvement project budget and 6-year plan shall advance the board-approved strategies, priorities, and plans across the University of Hawai‘i System.

2. Review and oversight.

The administration shall provide reports to the board at least semi-annually, or on an as-directed basis. The reports shall include:

a. A financial report that is based upon the board-approved operating expenditure plan and that shows budget-to-actual performance, along with explanations for significant deviations from the approved expenditure plan. The financial report shall provide initial balances, revenues, expenditures and any updates to projected year-end balances based on year-to-date activity. It shall also include an explanation of significant trends or events. The report shall show board-established reserve targets for the major units, along with actual reserves.
b. A capital improvement report that shows the status of all major CIP projects which have estimated expenditures exceeding $5 million in construction and $1 million in design.

c. A financial dashboard may be made available to provide more real-time visibility into financial performance between reports to the board.

3. Annual reports.

The administration shall provide reports to the board on an annual basis that includes balance sheets, income statements, and records of cash flow.

D. Policy and Governing Principles for the Biennial and Supplemental Budget Requests to the Legislature.

Each year, the administration shall develop proposed biennial or supplemental, as applicable, operating and capital budget requests, including any requests for new state support for consideration and approval by the board. The following policy and principles shall apply to the budget requests:

1. Proposed budget requests for legislative support shall be realistic about the ability of the State to invest in public higher education in any given year and shall emphasize strategic goals, plans, directions, and priorities approved and/or provided by the board.

2. The budget information that is provided to the board accompanying the proposed budget requests shall include context for the requests that explains, affects, and complements the legislative budget requests.

3. Upon board approval, the proposed budget requests shall be referred to as the “Board of Regents’ Budget” and shall be transmitted to the governor and the legislature in accordance with applicable statutes and directives.

IV. Delegation of Authority:

There is no policy specific delegation of authority.

V. Contact Information:

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

VI. References:

A. http://www.hawaii.edu/offices/bor/

Approved as to Form:
Kendra Oishi
Executive Administrator and
Secretary of the Board of Regents
MEMORANDUM

TO: Benjamin Kudo
Chair, Board of Regents

Jan Sullivan
Chair, Committee on Budget and Finance

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

SUBJECT: Recommend Board Approval of Amendments to Regents Policy (RP) 8.207, Investments

SPECIFIC ACTION REQUESTED:

It is requested that the Committee on Budget and Finance (B&F Committee) recommend that the Board of Regents (Board) approve the proposed changes to RP 8.207, Investments.

BACKGROUND:

RP 8.207 was substantially revised in March 2020 in response to recommendations from the Board’s permitted interaction group on investments, which was dissolved in October 2019, and related discussions. Parallel to the in-depth review that took place specific to investments, Administration has continued to consider alternative forms of revenue-generation through strategic partnerships and property development. The purpose of the proposed revisions to RP 8.207 is to allow for flexibility to diversify the University’s investment portfolio in the future with strategic investments in real estate.

The proposed revisions are summarized as follows:

1. Explicitly charges the B&F Committee and Vice President for Budget and Finance/Chief Financial Officer with the responsibility of reviewing matters related to the direct investment of legacy endowment funds in real estate and making recommendations to the Board as appropriate;

2. Removes alternative investments from the asset allocation table, and specifies that the asset allocation table is for assets directed by the investment advisor;
(3) Specifies that the Board may authorize the investment of up to 10% of the legacy endowment corpus directly in real estate;

(4) Provides guidelines for direct investments in real estate, including that control of the property is strategic to the University, as determined by the Board, and that the property is projected to earn a rate of return not lower than the current rate on 10-year U.S. Treasury securities; and

(5) Making other technical and clarifying amendments.

ACTION RECOMMENDED:

The B&F Committee is requested to recommend Board approval of the aforementioned revisions to RP 8.207.

Attachments:
RP 8.207 original
RP 8.207 redline
RP 8.207 clean
Regents Policy Chapter 8, Business and Finance
Regents Policy RP 8.207, Investments
Effective Date: March 19, 2020
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\(^1\) 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

\(^1\) 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:

<table>
<thead>
<tr>
<th></th>
<th>Maximum</th>
<th>Minimum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Listed stocks</td>
<td>80%</td>
<td>40%</td>
</tr>
<tr>
<td>S&amp;P 500</td>
<td>60%</td>
<td>15%</td>
</tr>
<tr>
<td>Russell midcap (bottom 800 of largest 1000)</td>
<td>15%</td>
<td>*</td>
</tr>
<tr>
<td>Russell 2000 (smallest 2000 in the Russell 3000)</td>
<td>15%</td>
<td>*</td>
</tr>
<tr>
<td>MSCI EAFE</td>
<td>40%</td>
<td>*</td>
</tr>
<tr>
<td>MSCI emerging markets</td>
<td>15%</td>
<td>*</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>60%</td>
<td>20%</td>
</tr>
<tr>
<td>US Treasuries, agencies, and US corporate bonds rating Baa or higher</td>
<td>60%</td>
<td>20%</td>
</tr>
<tr>
<td>High-yield US corporate bonds</td>
<td>10%</td>
<td>0%</td>
</tr>
<tr>
<td>Municipal bonds rated Baa or higher</td>
<td>10%</td>
<td>0%</td>
</tr>
<tr>
<td>Alternative investments (only if the maximum and minimum values are exceeded)</td>
<td>10%</td>
<td>0%</td>
</tr>
<tr>
<td>Specific non-marketable investments are authorized in advance by the board</td>
<td>Maximum</td>
<td>Minimum</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Cash and equivalents</td>
<td>10%</td>
<td>0%</td>
</tr>
</tbody>
</table>

*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:
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\(^2\)

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

\(^2\) 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/](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.
Reserve Board. The terms and conditions of this custodial 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:

<table>
<thead>
<tr>
<th>Benchmark</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>S&amp;P 500 stock index</td>
<td>40%</td>
</tr>
<tr>
<td>Russell midcap index (bottom 800 of the largest 1000)</td>
<td>5%</td>
</tr>
<tr>
<td>Russell 2000 index (smallest 2000 in the Russell 3000)</td>
<td>5%</td>
</tr>
<tr>
<td>MSCI EAFE-NR index (net of foreign withholding taxes)</td>
<td>15%</td>
</tr>
</tbody>
</table>
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:

/S/ Kendra Oishi  3/19/2020
Executive Administrator and
Secretary of the Board of Regents

Date
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. **Recommend to the board for approval the direct investment of legacy endowment funds in real estate;**

   bc. Establish and periodically review the policies and guidelines concerning the management of the Funds set forth herein; and

   cd. 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. **Recommend to the board the approval of direct investment of legacy endowment funds in real estate**;

   c. Manage and implement the contracts with the investment advisors;

   d. Review investment results monthly; and

   e. 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 for Investments Directed by Investment Advisors

1. The board shall adopt This section of the policy sets forth the 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\(^1\) 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.

(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:

<table>
<thead>
<tr>
<th>Minimum</th>
<th>Maximum</th>
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<tr>
<td>Listed stocks</td>
<td>80%</td>
</tr>
<tr>
<td>S&amp;P 500</td>
<td>60%</td>
</tr>
<tr>
<td>Russell midcap (bottom 800 of largest 1000)</td>
<td>15%</td>
</tr>
</tbody>
</table>

---
\(^1\) Resulting from income from dividends, interest and option writing, and from realized and unrealized appreciation in securities and other investments.
<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Maximum</th>
<th>Minimum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Russell 2000 (smallest 2000 in the Russell 3000)</td>
<td>15%</td>
<td>*</td>
</tr>
<tr>
<td>MSCI EAFE</td>
<td>40%</td>
<td>*</td>
</tr>
<tr>
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<td>15%</td>
<td>*</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>60%</td>
<td>20%</td>
</tr>
<tr>
<td>US Treasuries, agencies, and US corporate bonds rating Baa or higher</td>
<td>60%</td>
<td>20%</td>
</tr>
<tr>
<td>High-yield US corporate bonds</td>
<td>10%</td>
<td>0%</td>
</tr>
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<td>Municipal bonds rated Baa or higher</td>
<td>10%</td>
<td>0%</td>
</tr>
<tr>
<td>Alternative investments (only if the specific non-marketable investments are authorized in advance by the board)</td>
<td>40%</td>
<td>0%</td>
</tr>
<tr>
<td>Cash and equivalents</td>
<td>10%</td>
<td>0%</td>
</tr>
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*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

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2 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
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 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 of Investments Directed by Investment Advisors

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.

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.
(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:

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

(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. Direct Investments in Real Estate

1. This section of the policy is applicable to the direct investment of legacy endowment funds in real estate.

2. The board may authorize the investment of up to 10% of the legacy endowment corpus directly in real estate. This limit shall not be interpreted to require the sale of any fund-owned real estate in the event a decline in the market value of the fund or an increase in the market value
of the real estate causes the direct real estate component to exceed 10% of the market value of the fund.

3. The VP/CFO or designee is authorized to execute any documents necessary or desirable to accomplish the direct investment of legacy endowment funds in real estate approved by the board.

4. The guidelines for the direct investment in real estate are:
   a. Control of the property is strategic to the university, as determined by the board.
   b. The property is projected to earn a rate of return for the fund that is not lower than the current rate on 10-year U.S. Treasury securities.

F.G. 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
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. Recommend to the board for approval the direct investment of legacy endowment funds in real estate;

   c. Establish and periodically review the policies and guidelines concerning the management of the Funds set forth herein; and

   d. 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. Recommend to the board the approval of direct investment of legacy endowment funds in real estate;
   
c. Manage and implement the contracts with the investment advisors;
   
d. Review investment results monthly; and
   
e. 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 for Investments Directed by Investment Advisors

1. This section of the policy sets forth the 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\(^1\) within reasonable levels of annual volatility to ensure the long-term growth of the Funds; and (ii) to generate

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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.

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(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

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

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- 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 companies²

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

² 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.
Reserve Board. The terms and conditions of this custodial relationship shall be detailed in a written agreement with the custodian.

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2. Custody of securities:

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3. Name:

All securities held by the university shall be registered in the name, “University of Hawai‘i.”

D. Monitoring and Evaluation of Investments Directed by Investment Advisors

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:

<table>
<thead>
<tr>
<th>Benchmark</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>S&amp;P 500 stock index</td>
<td>40%</td>
</tr>
<tr>
<td>Russell midcap index (bottom 800 of the largest 1000)</td>
<td>5%</td>
</tr>
<tr>
<td>Russell 2000 index (smallest 2000 in the Russell 3000)</td>
<td>5%</td>
</tr>
<tr>
<td>MSCI EAFE-NR index (net of foreign withholding taxes)</td>
<td>15%</td>
</tr>
</tbody>
</table>
(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. Direct Investments in Real Estate

1. This section of the policy is applicable to the direct investment of legacy endowment funds in real estate.

2. The board may authorize the investment of up to 10% of the legacy endowment corpus directly in real estate. This limit shall not be interpreted to require the sale of any fund-owned real estate in the event a decline in the market value of the fund or an increase in the market value of the real estate causes the direct real estate component to exceed 10% of the market value of the fund.

3. The VP/CFO or designee is authorized to execute any documents necessary or desirable to accomplish the direct investment of legacy endowment funds in real estate approved by the board.

4. The guidelines for the direct investment in real estate are:

   a. Control of the property is strategic to the university, as determined by the board.
b. The property is projected to earn a rate of return for the fund that is not lower than the current rate on 10-year U.S. Treasury securities.

G. 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
MEMORANDUM

TO: Benjamin Kudo
    Chairperson, Board of Regents

VIA: David Lassner
     President

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

VIA: Carrie K. S. Okinaga
     Vice President for Legal Affairs and University General Counsel

FROM: Vassilis L. Syrmos
      Vice President for Research and Innovation

SUBJECT: Request to Approve Indemnification Provision in a Material Transfer Agreement (MTA) between the University of Hawai‘i and the National Institutes of Health (NIH) HIV Reagent Program

SPECIFIC ACTION REQUESTED:

It is respectfully requested that the Board of Regents authorize the University to accept certain indemnification provisions set forth in an Individual Material Transfer Agreement and an Institutional Material Transfer Agreement ("MTAs") with the National Institutes of Health (NIH) HIV Reagent Program ("Program").

These MTAs will allow University researchers to register with the Program and receive Program materials to conduct research to prevent diseases caused by HIV and other infections agents. This request is made pursuant to Hawai‘i Revised Statutes, § 304A-111 (Material Transfer Agreements), appended as "Attachment 1" to this memorandum.

RECOMMENDED EFFECTIVE DATE:

It is recommended that the University shall be authorized to accept the indemnification obligations and register with the Program upon Board approval.
ADDITIONAL COST:

There are no additional costs associated with this request.

PURPOSE:

Agreeing to these individual and institutional material transfer agreements will allow the University’s individual researchers to register and receive research materials held and cataloged in a repository maintained by the NIH HIV Reagent Program. The University does not have an executed MTA with the Program.

BACKGROUND:

Background on NIH HIV Reagent Program

The NIH HIV Reagent Program serves as a central resource for a range of infections agents, and pathogens, biological materials and chemicals that can be distributed to the scientific community to support extramural basic and applied research. The program was established in 1988 and currently provides materials to over 3,000 qualified investigators located in 65 countries.

Registrants must be affiliated with a public, private academic, non-profit or for-profit institution. Registrants must work in an established institution with facilities and safety programs appropriate for the level of materials requested.

The Program is currently managed for the NIH under a contract with the American Type Culture Collection (“ATCC”). ATCC handles the registration process and requires as part of the registration that recipients execute Material Transfer Agreements prior to releasing the reagents to the requesters.

ATCC uses two (2) standard form material transfer agreements: one for individual registrations that covers one researcher at an entity; and one for institutional registrations for institutions that have more than one eligible researcher.

Specific Research Project

At this time, the University has a specific individual researcher, Dr. William Boisvert, a professor of medicine at the John A. Burns School of Medicine (JABSOM). The materials requested by Dr. Boisvert and the research project is described as follows:
We are requesting an HIV non-infectious clone and an Integrase inhibitor. We aim at studying the effect that HIV integration may have on human monocytes and macrophages in vitro. This work will be done within the grant 2U54MD0007601-31 (Ola Hawai'i), NIH/National Institute on Minority Health and Health Disparities, Monocytes and macrophages in HIV cardiovascular risk.

In anticipation that there may be other researchers at JABSOM or the UH Cancer Center who may also wish to obtain research materials, this request seeks approval for the University to provide an indemnification to allow the University to sign the MTA as an institution in order for individual researchers to register with the Program. The NIH HIV Reagent Program encourages organizations to use the institutional registration process when more than one qualified researcher at the organization is interested in receiving materials from the Program.

Indemnification Requested

ATCC uses its standard form material transfer agreement (MTA) to process requests for research materials for both individual requests and institutional requests. In pertinent part, the respective MTAs require as follows:

For Individual MTA, at page 4.

**INDEMNIFICATION**

RECIPIENT assumes all liability for damages that may arise from RECIPIENT’s use, storage or disposal of MATERIAL and MODIFICATIONS. To the extent permitted under Federal or State law, RECIPIENT agrees that it will indemnify and hold harmless The U.S. Government, ATCC, their suppliers and CONTRIBUTORS from any claims, cost damages, or expenses.

For Institutional MTA, at page 5

**INDEMNIFICATION**

RECIPIENT assumes all liability for damages that may arise from RECIPIENT’s use, storage or disposal of MATERIAL and MODIFICATIONS. To the extent permitted under Federal or State law, RECIPIENT agrees that it will indemnify and hold harmless The U.S.
Chairperson Benjamin Kudo
March 9, 2021
Page 4

Government, ATCC, their suppliers and CONTRIBUTORS from any claims, cost damages, or expenses.

Attempts were made to negotiate alternative language, but ATCC requires the use of its standard MTA templates.

It is noteworthy that ATCC does not identify specific parameters to the scope or nature of the indemnification. Rather, the ATCC requests that the proposed recipient of the materials provide indemnification “to the extent permitted under Federal or State law.”

The phrasing of the indemnification within the ATCC standard form was most likely developed for use by thousands of different recipients, each with its own laws, limits, and scope regarding indemnification.

Indemnification Permissible Under Applicable Hawai‘i Law

This request for indemnification is made pursuant to HRS § 304A-111. In pertinent part, this section allows the Board to indemnify for the following occurrences (emphasis added by bold faced font):

[§304A-111] Indemnification of collaborating institutions. (a) The board of regents may indemnify collaborating institutions from claims arising against them for the gross negligence or wilful misconduct of the university’s officers, employees, and agents in the course of their employment, in connection with the university’s use, storage, or disposal of materials owned or licensed by a collaborating institution that are purchased by the university from or transferred to the university by the collaborating institution for research or training purposes.

Risk Analysis:

The indemnification will be invoked only when the University employees or officers are grossly negligent or engage in wilful misconduct in connection with the use of the Program materials.

The possession, use and transfer of biological materials are tightly regulated by the federal government. The Program requires that the registration package must contain a Biosafety Level 2 Certification signed by the University’s Biosafety Officer.
This registration request has been vetted with the University’s Biosafety Program. The individual researchers are aware and will comply with all applicable biosafety standards, and the University will carefully manage and supervise the activities of its researchers to assure full compliance with all regulations applicable to the biosafety level of the received materials.

**ACTION RECOMMENDED:**

It is recommended that the Board authorize the University to accept certain indemnification provisions set forth in an Individual Material Transfer Agreement and an Institutional Material Transfer Agreement with the NIH HIV Reagent Program.

Attachment (HRS §304A-111)

c: Executive Administrator and Secretary to the Board of Regents
§304A-111 Indemnification of collaborating institutions.

(a) The board of regents may indemnify collaborating institutions from claims arising against them for the gross negligence or wilful misconduct of the university's officers, employees, and agents in the course of their employment, in connection with the university's use, storage, or disposal of materials owned or licensed by a collaborating institution that are purchased by the university from or transferred to the university by the collaborating institution for research or training purposes.

(b) The university shall use the materials transfer agreements recommended and approved by the Association of University Technology Managers to confer the indemnification authorized by this section.

(c) Indemnification claims authorized by this section shall be payable solely from the moneys and property of the university and shall not constitute a general obligation of the State or be secured directly or indirectly by the full faith and credit of the State or the general credit of the State or by any revenues or taxes of the State. The board of regents may obtain loss insurance to cover the liability of the university that may arise under this section; provided that loss insurance for the university shall be at the university's expense.
Update on Progress of the University of Hawai‘i Cancer Center & Status of the Early Phase Clinical Research Center

Randall Holcombe, MD, MBA
Director, University of Hawai‘i Cancer Center
March 18, 2021

Background

- Strategic and Financial plan for UH Cancer Center presented to BOR October 21, 2016
- Major concerns at that time:
  - Financial insolvency
  - Imperiled NCI designation
  - Research productivity negatively impacted by leadership concerns
- 13 point strategic plan presented
- Financial plan with forecasts through FY2021 presented
Overall

• NCI Designation was renewed, with a 5-year term and a rating of “Excellent”.
• The Hawaii Cancer Consortium (HCC) MOU was renewed.
  • The HCC was strengthened with the addition of Adventist Health Castle and HMSA.
• New sites were incorporated into the UH Cancer Center-led clinical trials network.
• Based on OVPRl reports, Cancer Center contract and grants awards increased from $25.87 million in FY2016 to $30.11 million in FY2020.

Status update – Strategic Goals

<table>
<thead>
<tr>
<th>10/21/2016 Strategic Plan Short-term Goals</th>
<th>Current Status, 3/18/2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Strengthen current research program in cancer epidemiology</td>
<td>• Achieved</td>
</tr>
<tr>
<td></td>
<td>• 4 additional faculty, all with substantial extramural funding, recruited</td>
</tr>
<tr>
<td></td>
<td>• Multiethnic cohort study successfully renewed (NCI)</td>
</tr>
</tbody>
</table>
### 10/21/2016 Strategic Plan Short-term Goals

<table>
<thead>
<tr>
<th>Current Status, 3/18/2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Achieved</td>
</tr>
<tr>
<td>• Expansion of healthcare delivery research</td>
</tr>
<tr>
<td>• Pacific Island Partnership for Cancer Health Equity successfully renewed (NCI, w/ Univ. Guam)</td>
</tr>
<tr>
<td>• On hold</td>
</tr>
<tr>
<td>• Recruitment of a new program leader – halted due to pandemic</td>
</tr>
</tbody>
</table>

**Short-term Goals**

- Strengthen current research program in cancer prevention

- Achieved
  - Expansion of healthcare delivery research
  - Pacific Island Partnership for Cancer Health Equity successfully renewed (NCI, w/ Univ. Guam)

- On hold
  - Recruitment of a new program leader – halted due to pandemic

**Current Status, 3/18/2021**

- Achieved
  - Major legislature-supported effort on liver cancer research

- On hold
  - Recruitment of a new co-program leader and additional faculty – halted due to pandemic
### Status update – Strategic Goals

#### 10/21/2016 Strategic Plan

**Short-term Goals**

<table>
<thead>
<tr>
<th>10/21/2016 Strategic Plan</th>
<th>Current Status, 3/18/2021</th>
</tr>
</thead>
</table>
| • Enhance clinical trials capabilities | • Achieved  
  • HCC expanded  
  • NCORP grant supporting clinical trials infrastructure successfully renewed (NCI)  
  • Network sites expanded (incl. Guam)  
  • Annual inc. in interventional enrollment; 75% of enrollment is non-white |
|                           | • On hold  
  • Recruitment of an Associate Director for Clinical/Translational Research – halted due to pandemic, to resume |

#### 10/21/2016 Strategic Plan

**Short-term Goals**

<table>
<thead>
<tr>
<th>10/21/2016 Strategic Plan</th>
<th>Current Status, 3/18/2021</th>
</tr>
</thead>
</table>
| • Renew NCI-designation   | • Achieved  
  • 5-year renewal  
  • Rating of “Excellent” |
|                           | • Next renewal 7/2023  
  • Submission 9/2022 |
### Status update – Strategic Goals

#### Short-term Goals

<table>
<thead>
<tr>
<th>10/21/2016 Strategic Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Status, 3/18/2021</strong></td>
</tr>
<tr>
<td>• Adhere to financial plan</td>
</tr>
</tbody>
</table>

- Achieved
  - Balanced operating budget
  - Prevented exhaustion of “Cig Tax Reserve Fund”

#### Long-term Goals

<table>
<thead>
<tr>
<th>10/21/2016 Strategic Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Status, 3/18/2021</strong></td>
</tr>
<tr>
<td>• Enhance UH Cancer Center’s role in teaching mission of UH</td>
</tr>
</tbody>
</table>

- Achieved
  - Enhanced support of graduate, medical student and post-doctoral trainees (NIH T32 award)
  - New opportunities to engage undergraduates in biomedical research (NIH R25 award and Provost Office Program)
  - New ORU-based undergraduate course
  - New course for clinical research professional training with Outreach College

- In Progress
  - Establishing MOU with School of Life Sciences to facilitate undergraduate teaching by UH Cancer Center faculty
## Status update – Strategic Goals

### 10/21/2016 Strategic Plan

<table>
<thead>
<tr>
<th>Long-term Goals</th>
<th>Current Status, 3/18/2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enhance ties across UH Departments and Schools</td>
<td>Achieved</td>
</tr>
<tr>
<td>• Research collaborations with CNS, Pharmacy, JABSOM, CTAHR</td>
<td></td>
</tr>
<tr>
<td>• Teaching collaborations with JABSOM, MBBE, Public Health</td>
<td></td>
</tr>
<tr>
<td>• Shared Resource collaborations with JABSOM, CNS</td>
<td></td>
</tr>
<tr>
<td>• Operational and Medical Journal collaborations with COHS (JABSOM, UHCC, Nursing, Public Health, Pharmacy)</td>
<td></td>
</tr>
</tbody>
</table>

### 10/21/2016 Strategic Plan

<table>
<thead>
<tr>
<th>Long-term Goals</th>
<th>Current Status, 3/18/2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development of new research programs and initiatives</td>
<td>Achieved</td>
</tr>
<tr>
<td>• Trans-Pacific Partnership for Cancer Prevention</td>
<td></td>
</tr>
<tr>
<td>• Cancer Health Disparities (expanded)</td>
<td></td>
</tr>
<tr>
<td>• Body composition and cancer</td>
<td></td>
</tr>
<tr>
<td>• Cancer Organoids</td>
<td></td>
</tr>
<tr>
<td>• In Progress</td>
<td></td>
</tr>
<tr>
<td>• Cancer Immunology</td>
<td></td>
</tr>
</tbody>
</table>
**Status update – Strategic Goals**

<table>
<thead>
<tr>
<th>10/21/2016 Strategic Plan Long-term Goals</th>
<th>Current Status, 3/18/2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Expansion of disease focused translational research initiatives</td>
<td>• Achieved</td>
</tr>
<tr>
<td></td>
<td>• Liver cancer research program</td>
</tr>
<tr>
<td></td>
<td>• Lung cancer</td>
</tr>
<tr>
<td></td>
<td>• Breast cancer</td>
</tr>
<tr>
<td></td>
<td>• Pediatric oncology</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>10/21/2016 Strategic Plan Long-term Goals</th>
<th>Current Status, 3/18/2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Early Phase Clinical Trials Unit</td>
<td>• Achieved</td>
</tr>
<tr>
<td></td>
<td>• Funding for construction obtained</td>
</tr>
<tr>
<td></td>
<td>• State CIP</td>
</tr>
<tr>
<td></td>
<td>• NIH C06 award</td>
</tr>
<tr>
<td></td>
<td>• Design phase completed</td>
</tr>
<tr>
<td></td>
<td>• In progress</td>
</tr>
<tr>
<td></td>
<td>• Recruitment of EPCT Director</td>
</tr>
</tbody>
</table>
### Status update – Strategic Goals

<table>
<thead>
<tr>
<th>10/21/2016 Strategic Plan Long-term Goals</th>
<th>Current Status, 3/18/2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Expand Research and Clinical Collaborations across Asia</td>
<td>• Achieved</td>
</tr>
<tr>
<td></td>
<td>• Multiple pre-existing collaborations remain</td>
</tr>
<tr>
<td></td>
<td>• Not achieved</td>
</tr>
<tr>
<td></td>
<td>• New collaborations not achieved</td>
</tr>
<tr>
<td></td>
<td>• Climate for collaboration at the Federal level impeded efforts</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>10/21/2016 Strategic Plan Long-term Goals</th>
<th>Current Status, 3/18/2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Build out of UH Cancer Center shell space</td>
<td>• Achieved</td>
</tr>
<tr>
<td></td>
<td>• First 2 floors, and ¼ of third floor for EPCRC and Organoid Generation Facility</td>
</tr>
<tr>
<td></td>
<td>• Lease of 3rd and 4th floors to Disney (short-term)</td>
</tr>
</tbody>
</table>
**Significant Achievements not listed in 2016 strategic plan**

- Increased efforts at community outreach and engagement
  - A public education campaign about the value of clinical trials
  - Efforts in conjunction with Quest to ensure coverage of routine care costs for cancer patients participating in clinical trials
  - Establishment of a Community Advisory Board with representatives from multiple different sectors and neighbor islands
  - Establishment of a Native Hawaiian Clinical Research Advisory Board
  - Establishment of a Patient Advocacy Committee.

**Status update - Financial Plan**

- The Cancer Center has a balanced operating budget.
- Almost every financial benchmark forecast in the October 2016 business plan has been achieved.
- The cigarette tax reserve fund, forecast to be exhausted by eternal consultants in 2019, was preserved with an approximately $10 million unencumbered balance
  - The External Advisory Committee for the Cancer Center has advised that these funds would be best utilized to support of new initiatives and faculty recruitments.
• Success was achieved without the $5 million additional funding from the legislature that was recommended in the October 2016 business plan (Holcombe), two preceding business plans submitted by Dean Hedges, and the Warbird external consultants. The legislature never appropriated these additional funds.

• Despite continued declines in cigarette tax revenues, substantial reductions in expenditures and rewriting of the building bonds has allowed for funding of the majority, of building expenses though the cigarette tax.

• Cancer Center permanent faculty collectively support over 25% of their salary from extramural sources.

• Philanthropic donations to the Cancer Center have increased significantly, particularly with gifts in support of the Early Phase Clinical Research Center project, including endowments of $3.5M, nearly $500,000 as current utilizable cash, and over $7M in bequests.

<table>
<thead>
<tr>
<th>Category</th>
<th>FY2021 Forecast - 2016 Financial Plan</th>
<th>FY2021 Actuals</th>
</tr>
</thead>
<tbody>
<tr>
<td>State &amp; University Allocations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cig Tax Fund Allocation</td>
<td>$13,788,002</td>
<td>$12,920,131</td>
</tr>
<tr>
<td>State General &amp; TSF Allocation</td>
<td>$8,117,590 *</td>
<td>$5,115,354</td>
</tr>
<tr>
<td>RTRF Allocation</td>
<td>3,433,045</td>
<td>$3,505,230</td>
</tr>
<tr>
<td>Patient-derived Revenue</td>
<td>$300,000</td>
<td>$230,111</td>
</tr>
<tr>
<td>Annex Lease Revenue</td>
<td>$100,000</td>
<td>$200,000</td>
</tr>
<tr>
<td>Facilities Operations &amp; Debt Service</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt Service</td>
<td>$7,947,379</td>
<td>$7,850,272</td>
</tr>
<tr>
<td>Facilities and IT Personnel</td>
<td>$1,558,815</td>
<td>$1,927,434</td>
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<tr>
<td>Facilities operations, maintenance, repair</td>
<td>4,479,741</td>
<td>$2,882,233</td>
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<tr>
<td>Ending Unencumbered Balance, Cig Tax Res.</td>
<td>$463,974</td>
<td>$10,694,735</td>
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</tbody>
</table>

* Was to include $5M allocation from the State legislature; that allocation was never provided.
## Consolidated budget FY2021

### Revenues

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<thead>
<tr>
<th>Revenue/Appropriations</th>
<th>Amount</th>
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<tr>
<td>G/TSF funds</td>
<td>$5,115,354</td>
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<tr>
<td>RTRF</td>
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<td>Extramural</td>
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<td>Hawaii Cancer Consort.</td>
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<td>Clinical Operations</td>
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<td>Lease revenue</td>
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<tr>
<td>UHF (Expendable)</td>
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<td>Other Special (Cig Tax)</td>
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<td><strong>Total</strong></td>
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</table>

### Expenditures

<table>
<thead>
<tr>
<th>Expenditures</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Regular employee payroll</td>
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<tr>
<td>Student Payroll</td>
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<td>Other personnel</td>
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<td>Scholarships/Stipends</td>
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<td>Indirect Costs</td>
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<td>Other (Res.) Operating</td>
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<td>Utilities</td>
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<td>Repairs &amp; Maintenance</td>
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<td>Debt Service</td>
<td>$7,850,272</td>
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<td><strong>Total</strong></td>
<td><strong>$46,221,375</strong></td>
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### EPCRC - Rationale

- Provides access to novel clinical trials for patients in Hawai‘i
- Creates a Clinical Research Center with physician and staff expertise to conduct EPCT safely and efficiently
- Facilitates UHCC-based drug discovery, novel trials and translational research, in alignment with the mission to reduce the burden of cancer for the people of Hawai‘i
EPCRC

• Construction funding
  • State legislature (2019)
    • $6.5 million CIP
  • Federal grant (2019)
    • NIH, C06OD028381
    • $6.5 million
    • “Ho‘ōla Early Phase Clinical Research Center”

EPCRC – Operational team

• Architects/Project Management:
  • EPRIM Architects, LLC
  • Scope: Lead Architect, Project Management/Construction Management, Office Furnishings
  • Design Leader: Eddie Ebert, AIA

• Coffman Engineers
  • Scope of Work: Civil, Mechanical, Electrical, Plumbing, Telecom Security, Acoustical, LEED Modeling Requirements, Fire Protection, Lab/Pharmacy HVAC, MEP
  • Design Leader: William Lee, PE

• Palekana Permitting and Planning
  • Scope of Work: 3rd Party Review Permit Expeditor with City & County of Honolulu DPP
  • Design Leader: Dennis Enomoto

• Cultural Consultants
  • Wesley Kaiwi Yoon
  • Herman P. Clark

• Financial Impact Consultants
  • EMSI
    • Scope of Work: Economic Impact Study

• Independent 3rd Party Consultants to the UH
  • InSynergy Engineering, Inc.
    • Scope of Work: Building Commissioning Authority (CxA)

• NIH Consultants- Design Approval
  • Gavin Wilkom, M.I.M.
    • Supervisory Grants Management Specialist
    • NHLBI – ORIP Team
  • Malgorzata Klosek, PhD
    • Division of Construction and Instruments (DCI)
    • Office of Research Infrastructure Programs (ORIP)
EPCRC – Community Stakeholders

- Hawaii Cancer Consortium
  - JABSOM
  - Queens Health System
  - Hawaii Pacific Health
  - Kuakini Medical Center
  - Hawaii Medical Services Administration (HMSA)
  - Adventist Health Castle
- UHCC Native Hawaiian Community Advisory Board
- UHCC Patient Advocacy Committee (PAC)
- Community Oncology Providers
- UHCC Community Advisory Board
  - American Cancer Society
  - Susan G. Komen Foundation, Hawaii
  - Hawaii Primary Care Association
  - Compassion for Cancer Caregivers
  - Agent of Aloha
  - UH Foundation
  - Hawaii State Department of Health
  - Friends of the Cancer Center
  - Queens Health Systems
  - Hawaii Pacific Health
  - UH Manoa
  - Permanente Medical Group
  - Cancer Survivors
  - Native Hawaiian Medical Case Management

EPCRC – Timelines

- October 2016 – Concept initiation
- 2016-2018 – Vetting with community stakeholders
- October 2018 - Concept development (UH Community Design Center, School of Architecture)
- January 2020 - Submission of 35% schematic design to NIH for review
- July 2020 - Submission of 65% design development plans to NIH for review
- November 2020 - Submission of 100% Construction Documents for NIH review; Initial Permit Review with Consultant
- January 2021 - Received Comments from NIH Reviewers
- March 2021 - Permit Review Process - Submit to City DPP
- March 2021 - NIH to approve FRD, release restricted award funds
- March 2021 - UHCC permitted to advertise bids
- May/Jun 2021 - Summary table of construction bids provided to NIH
- June 2021 - Construction contract awarded within six months of date of release of funds through revised NoA
- Anticipated construction start - mid 2021
EPCRC – Business Plan

- Included in BOR packet
- Assumptions based on experience at peer institutions, including newly established units
- Principal revenues are from pharmaceutical contracts supporting individual trials
- Philanthropy, HCC and grant support also contribute

- Note: Philanthropy to date has exceeded projections
  - Includes $3 million endowment and endowed professorship
  - Over $400,000 committed over the past 4 months

EPCRC – Economic Impact

- Short run
  - $8.1M
  - 35-40 jobs
- Long Run
  - $16.1M over next 10 years
  - 67 jobs
- Potential medical tourism
  - $14.4M over next 10 years
- Total economic impact
  - $38.5M
EPCRC – Next Steps

• Construction bids
• Recruitment EPCT Director
• Begin plans for operations
Hoʻōla

Early Phase Clinical Research Center
University of Hawaiʻi at Mānoa
March 9, 2021
Overview

Hoʻōla represents “healing” in Hawaiian. The Hoʻōla project involves the creation of an Early Phase Clinical Research Center (EPCRC) that will be the only such facility in the State of Hawaiʻi, providing access to clinical research for patients across multiple disciplines, and expanding the research capabilities of the only research university in the State, the University of Hawaiʻi (UH) at Mānoa.

The goals of this project are:

1. Build out of approximately 50% of available shell space contiguous with the NCI-designated University of Hawaiʻi Cancer Center (UHCC) building, to house the Early Phase Clinical Research Center and Organoid Generation Facility.

2. Provide a Statewide clinical and translational research resource for investigators at UHCC, UH Mānoa and investigators at other Hawaiʻi-based institutions.

3. Provide patients across the State with access to early phase clinical trials that befit the needs of our population so that they do not have to suffer the financial and emotional distress associated with going to the mainland for these kinds of treatments.

Background: Hawaiʻi has 1.4 million people and a diverse population with no ethnic majority. There are 7,011 cancer cases annually with substantial disparities in mortality across these different ethnic groups, with significantly poorer outcomes among Native Hawaiians. Several cancers have higher incidence in Hawaiʻi than in the rest of the United States including gastric cancer (2nd in incidence among States), liver cancer (2nd), breast cancer (4th) and pancreatic cancer (8th). Hawaiʻi also has the largest proportion of individuals identifying as LGBTQ (5.1%) of all States, trailing only Washington DC. This ethnic and cultural diversity drives much of the NIH supported research at UHCC, the John A. Burns School of Medicine (JABSOM), and other research and academic units within the UH System.

Currently, cancer clinical trials are provided through a network of the major medical systems in the State and Oahu private practice locations. This network is led by UHCC under a formal 501(c)(3) called the Hawaiʻi Cancer Consortium (HCC). These trials include national trials through the Hawaiʻi Minority/Underserved National Community Oncology Research Program (NCORP), industry studies and investigator-initiated studies developed by UHCC faculty. This network provides access to clinical trials for over 2/3 of the cancer patients in the State, yet no
Phase I facility currently exists in Hawai‘i. Over 75% of all patients enrolled to trials through the UHCC network are non-White. Non-cancer trials, focused on GI diseases and HIV, are directed by JABSOM faculty. Because of the lack of an appropriate facility, few of these trials are early phase and patients desiring access to these trials must travel 3000+ miles to a mainland center.

**Description of space:** The Kaka‘ako campus of UH Mānoa houses both UHCC and JABSOM in close proximity to hospital partners. The Cancer Center building opened in 2013 and includes 187,000 ft² of research space housing 35 Faculty, 8 shared resources, over 250 researchers and staff, the Hawai‘i Tumor Registry and 4 research divisions: Cancer Epidemiology, Cancer Biology, Cancer Prevention in the Pacific and Translational & Clinical Research. JABSOM has 184,008 ft² of research space supporting over 40 research faculty. When the Cancer Center was built, 37,404 ft² of adjacent shell space, over 4 floors, was constructed. This space has separate entry but is also directly accessible from the Cancer Center on each floor. It is in this space that the Early Phase Clinical Research Center (EPCRC, floors 1 and 2) and an Organoid Generation Facility (approximately ¼ of floor 3) will be constructed.

**Benefits:** Ho‘ōla will be the only dedicated EPCRC in the State of Hawai‘i. This will provide a resource for investigators to conduct these clinical studies that will lead to critical information about the effects of new agents on diverse populations. Note that enrollment will be primarily from minority groups. This contrasts with ethnicity of clinical trials enrollment in the remainder of the country, which is 80-90% White. Members of the HCC have committed to ongoing operational support to ensure sustainability (see business financials, later in this document). The Ho‘ōla project will also establish the only Organoid Generation Facility in the State. Organoids are the very latest in pre-clinical analysis of cancer and are derived from patient biopsies. This will be developed in collaboration with Cold Spring Harbor Laboratory that has substantial expertise in this area. Organoids are used to test new drug leads, to identify molecular differences that cause disparities in cancer, and to identify the specific mechanisms that drive the cancer in different patients. By having this capacity located in Hawai‘i, there will be an opportunity to improve our
understanding of cancer and to better treat it specifically in the diverse ethnicities here. To facilitate this work, tissue samples from Native Hawaiians, and other ethnic groups, will be obtained under a robust mechanism that involves individual consent, local generation and storage, local review by the UHCC Native Hawaiian Scientific Advisory Board, and ongoing feedback to the community.

The early phase clinical research center will provide access to trials for patients in Hawai‘i who have failed or progressed on standard medical treatments, without the need to travel 3,000 miles to a mainland center. Travel for patients with advanced disease is difficult and, even if the cost of the experimental therapies is covered by the study, patients incur significant financial hardship to relocate to a mainland city, often for 3-4 months while receiving treatment on the clinical trial. In addition, patients are then often away from support of their family and friends incurring additional physical and emotional distress. The EPCRC will therefore provide substantial benefit for patients with advanced cancer and other chronic diseases.

By expanding research capabilities and capacity, researchers who will benefit from Hoʻōla include faculty at UHCC and JABSOM, other researchers in the UH System, as well as other Hawai‘i based institutions. More importantly, the resource will also provide substantial benefit to the people of Hawai‘i, including Native Hawaiians and LGBTQ individuals, generate knowledge about the efficacy of novel agents in diverse populations, facilitate access to novel trials, and provide a resource for research on tumor-derived organoids from a racially and ethnically diverse population.

Why is an EPCRC Needed?

The current clinical trials network is decentralized, with trials coordinated through the University and conducted in community hospital and private office settings. This is an exceptional strategy to bring clinical trials to patients where they receive the bulk of their treatment, but this decentralized approach does not support complex early phase trials. An EPCRC will allow for centralization of activities and concentration of appropriately trained physicians and staff in a single location. This will facilitate efficiencies in contracting, research drug and specimen handling, data management coordination of care and comprehensive oversight of clinical trial activities. More importantly, a centralized facility and operational location will improve the ability to provide quality assurance oversight, facilitate frequent auditing, enable data and safety monitoring, and ensure that research studies are conducted maximizing both patient safety and the opportunity to produce generalizable knowledge in support of the study research goals. The oncology providers who enroll their patients onto clinical trials have indicated that early phase trials are an unmet need for their patients and enthusiastically support such a program. However, they recognize that such a program requires specialized expertise and a facility that is currently lacking in the community settings. An EPCRC will provide added value to the community.

Biomedical Research Capabilities in Hawai‘i – Organoid Generation Facility

Hoʻōla will increase biomedical research capabilities and capacity in the State of Hawai‘i through development of a facility, the Early Phase Clinical Research Center (EPCRC) to conduct early phase clinical research studies and complementary establishment of an ethnically diverse living biobank through creation of an Organoid Generation Facility (OGF). It will leverage existing resources at the NCI-designated UHCC and support research by NIH-funded investigators at UHCC, JABSOM, and other units at UH Mānoa. No similar facility currently
exists within the State of Hawai‘i; it will serve as a resource for patients across the State for access to novel, early phase trials.

Development of normal and tumor organoid models is an innovative emerging field that offers many significant advantages over other models. Organoids are cellular structures derived from small tissue samples and maintained in 3D gels that recapitulate the original organ tissue or tumor microenvironment; they better reflect the genetics and 3D biology of the patient’s cancer and they can be generated from biopsies - including ones done pre-treatment. The OGF component will support researchers engaged in basic investigation of cell growth and differentiation, and also support new drug development by providing a resource for the testing of novel compounds to 1) define or validate intracellular targets; 2) confirm signaling pathway specificity prior to in vivo testing; and 3) develop and test appropriate patient biomarkers. It is anticipated that a significant number of tissue samples obtained for the OGF will derive from patients receiving treatment on early phase clinical trials, and this will provide an important benefit to the trials in the characterization and development of biomarkers for personalized therapies. Additional samples processed in the OGF will represent newly diagnosed cancers, and normal tissues, encompassing the rich racial and ethnic diversity of the population in Hawai‘i; as such, the resource will be unique among all such facilities within the United States. This will provide new tools to uncover underlying molecular differences between ethnicities that are responsible for disparities in cancer incidence and mortality and this may lead to better therapeutic strategies that are guided by patient ethnicity. This component of Ho‘ōla is strongly supported by the NIH which provided construction funding for the project, and, along with the plans for the EPCRC overall, by the Cancer Center External Advisory Committee.

**Location of Building and Project**

The UHCC building was completed in October 2012 and is owned by the University of Hawai‘i. In January 2013, the US Green Building Council (USGBC) issued to UHCC its GOLD LEED Certification for New Construction. UHCC is one of the most energy efficient buildings within the University of Hawai‘i System and we will adhere to these standards with construction proposed under this application.

UHCC, along with JABSOM, is situated in the Kaka‘ako area of Honolulu city on the island of Oahu. Nearly 1 million of the 1.4 million residents of Hawai‘i live on the island of Oahu, in Honolulu county. The area of impact for this project is the city and county of Honolulu, encompassing 601 mi² (land area) of the island of Oahu and housing 974,563 residents. Realistically, however, because of the relatively small size of the State of Hawai‘i and its remote location from any other state, the impact of this project will extend state-wide.

UHCC is located on 9.898 acres of State Land owned and controlled by the State of Hawai‘i – Hawai‘i Community Development Authority (HCDA) in Honolulu, Hawai‘i, Tax Map Key: 2-1-060: Parcel 009. The property is further identified for zoning purposes as a part of the “Makai Area of the Kaka‘ako Development District.” The University of Hawai‘i currently has a fifty-seven (57) year ground lease for this Kaka‘ako campus property with HCDA commencing on October 24, 2002 and ending October 23, 2059. UHCC is at 701 Ilalo Street in Kaka‘ako sharing the Campus with JABSOM. The co-localization with JABSOM promotes synergy

**Existing Cancer Center Space**

UHCC’s mission is to reduce the burden of cancer through research, education, and patient
care with an emphasis on the unique ethnic, cultural, geographic, and environmental diversity found in Hawai‘i and the Pacific. UHCC is an organized research unit within UH Mānoa with its own line of tenure. Since 1996, UHCC has been one of 71 NCI-designated cancer centers and serves as the only NCI-designated Cancer Center in the Pacific Region. UHCC works in a matrix model with other units at UH Mānoa (JABSOM, Department of Chemistry, College of Engineering, School of Life Sciences, College of Tropical Agriculture and Human Resources, Pacific Biosciences Research Center, Thompson School of Social Work and Public Health), College of Pharmacy at UH Hilo and in collaborations with other academic institutions to facilitate innovative science.

The state of the art UHCC building, which is certified as LEED Gold by the US Green Building Council, has approximately 187,000 ft² of space, of which approximately ~57,000 ft² are assigned to wet lab space, ~60,000 ft² dry lab, conference and administrative space, ~37,000 ft² of shell space, the balance of space assigned for common areas and building functional equipment. The building has two wings, one dedicated to administration and “dry lab” research activities and a research wing with bench laboratory space; these are connected by a shared elevator and open lanai. One of the wings extends West and the other to the East. The West Wing has 5 stories, with a mechanical equipment room comprising the 5th floor. It currently houses wet laboratories, laboratory support spaces, facilities services and a loading dock. Connected to the West Wing in the West direction is the Shell Space where the proposed project will be situated. The East Wing has seven stories and houses dry lab computational laboratories, administrative offices, conference rooms, a large seminar facility, and a mechanical equipment room on the 7th floor. The facility also includes the Sullivan Conference Center on the ground floor, used for a variety of functions including seminars, presentations, training sessions, video conferencing, and community events. All core research facilities and shared resources are within easy access of all UHCC, JABSOM and UH Mānoa faculty.

The building features a glass and steel exterior with large windows to maximize views and natural daylight to interior spaces. Throughout the building, numerous work and meeting spaces have been strategically placed to facilitate collaboration among work groups. The building consolidates all the center’s programs under one roof, enabling interdisciplinary interactions between faculty focusing on cancer biology, prevention and control, epidemiology studies as well as clinical and translational research. About half of the 37,404 ft² of shell space will be utilized to construct the EPCRC and OGF, the subject of this business plan.

UHCC members work through an affiliation of local hospitals, established in February 2011,
called the Hawai'i Cancer Consortium (HCC). This UHCC-led affiliation was created as a 501(c)(3) entity for the purpose of removing barriers to executing clinical and translational cancer research in Hawai'i and includes the major health systems in the State and Oahu-based oncology practitioners. UHCC obtains clinical trials grants and contracts, and works with the HCC clinical partners to accrue cancer patients to these national clinical trials, as well as clinical trials developed by researchers at UHCC. While research activities on these trials are funded through grants and contracts, any standard of care treatment is provided through the clinical partner sites, reimbursement for which is obtained through medical insurance.

UHCC is centrally located in close proximity to each of the main clinical sites represented within the HCC. All members of the HCC use the UHCC Protocol Review and Monitoring System, UHCC Quality Assurance, UHCC study coordination and data management through the Clinical Trials Office (CTO), and the UHCC Data and Safety Monitoring Committee. IRB submissions are coordinated through the UHCC regulatory affairs group within the CTO. In addition, UHCC has established a Native Hawaiian Scientific Review Committee that provides input to UHCC researchers about the needs of the community and also reviews all research protocols that involve Native Hawaiian participation to ensure cultural appropriateness. The formation and involvement of this committee has significantly enhanced accrual of Native Hawaiians to research studies, particularly those studies involving tissue biobanking. Lastly, the Patient Advocacy Committee was formed to help promote the mission of UHCC including promoting clinical trials that address the broad diversities of the people of Hawai'i. This committee also provides valuable input in the process of determining the appropriateness and feasibility of new clinical trials including review of the protocol logistics and consent forms from the patient and caregiver perspectives. The involvement of these key community groups will contribute to the success of the EPCRC.

Financial Plan for EPCRC Project

A consolidated business plan for the EPCRC is presented below, updated from prior plans for March 2021. Overall, based on input from other similar centers nationally, including some that have recently been established, growth to target capacity is expected to occur over 4 years. After a period of investment for operational start-up, the EPCRC should attain a balanced operating budget, as outlined, between years 4 and 5, when target patient enrollment has been achieved. Because the EPCRC will be located at an NCI-designated cancer center, the opportunity to leverage existing clinical research infrastructure, such as clinical trials data management and regulatory affairs professionals for early phase clinical trials activities will allow for progressive-sequential hiring approaches, maximizing efficiency and minimizing cost during operational ramp up.

Construction Financing: In 2018 the Hawai‘i state legislature appropriated $6.5 million toward construction of the EPCRC as a Capital Improvement. Dr. Holcombe and his senior leadership team at the UH Cancer Center then applied for a competitive construction grant to the National Institutes of Health for the remaining funding needed for the EPCRC and OGF. The application was scored highly and approved for funding, for an additional $6.5 million, as an NIH C06 construction grant award. Concept drawings were originally developed by UH students at the UH Mānoa Community Design Center at the School of Architecture and these were utilized in the C06 application. Subsequently, RIM Architects has developed detailed architectural designs and construction documents. The documents have been vetted through the NIH for approval at each stage of the process, with approval of the 100% construction documents in
March, 2021. [See Attachment 1 – floor diagrams, construction grade; see Attachment 2 – renderings].

Contingencies for construction are in two forms to address any future cost overruns:

1. Financial contingencies – Contingencies of approximately 13% are built into the construction budget, totaling $1.692 million of the overall $12.978 million budget.

2. Structural contingencies – Structural contingencies have been discussed to alter the location of the planned OGF, resulting in a reduction of approximately $1 million, if required. The secondary location is less capable but would still allow the minimum needed proposed research.

**Calculation of Target Enrollment:** In 2013, 119,536 patients enrolled onto phase I cancer clinical trials nationally [https://www.statista.com/statistics/645285/enrollments-for-clinical-trials-in-us/]; there were 1,660,290 cases of invasive cancer in 2013 [Siegel R, et al. Cancer Statistics, 2013, https://doi.org/10.3322/caac.21166]. This equates to a phase I participation case rate of 0.072. Since 2013, the number of available phase I, and other phase, trials has increased 4-fold [clinicaltrials.gov]. The number of new cancer cases in Hawai‘i in 2020 was 7011 [Hawai‘i Cancer Statistics, www.uhcancercenter.org]. Therefore, the anticipated enrollment to phase I trials, just for a cancer diagnosis is (7011*0.072 =) 504. However, it is anticipated that only 20% of patients will meet eligibility requirements for the available trials. Therefore, the enrollment target is estimated at 100 annually. The number may actually be higher because these calculations do not take into account the following:

1. Increase in available trials from 2013 to 2021
2. Non-cancer early phase clinical trial enrollment
3. Medical tourism from Asia for participation in early phase trials

**Calculation of Per-Patient Reimbursement:** The pharmaceutical industry invests substantial amounts of money into drug development and the key determinant of whether a pipeline agent progresses through clinical trial testing toward FDA approval is success in early phase clinical trials. Pharmaceutical company pass through expenses for early phase trials total $64,636/patient [https://www.sofpromed.com/how-much-do-phase-1-clinical-trials-cost-in-the-united-states/]. 50% ($32,318) of this represents reimbursements to sites for personnel providing clinical research services, data management and regulatory affairs, laboratory testing and radiology imaging.

Of the amount received at the phase I site, approximately 2/3 supports research personnel and activities ($21,545), and 1/3 laboratory and radiology testing. For the UHCC EPCRC, ancillary clinical tests, including lab and radiology, will be performed by clinical partners. Reimbursement will be directly from the pharmaceutical sponsor, via contract or direct pass-through invoice. Each patient enrolled on an early phase trial will generate approximately $10,772 of revenue for the clinical site(s). These funds may be distributed across different medical tourism for the early phase clinical trials program is estimated by external consultants to generate over $14 million in economic impact over the next 10 years.
entities depending on the exact tests required for the study and the initial referral site for individual patients.

Thus, $20,000 represents an average revenue for the EPCRC site per patients to support personnel and research activities. The exact reimbursement will depend on the nature of the trial, and the degree of complexity, and will range from $10,000 to $25,000 per patient, though examples of higher reimbursement for very complex trials, up to $40,000 per patient, have been experienced by centers at peer institutions. This average per patient reimbursement of $20,000 is utilized for the financial plan.

**Philanthropy:** In concert with the UH Foundation, fundraising to support the EPCRC has been initiated, with a long-term goal of $12 million in addition to the $13 million already obtained for construction support. The business plan initially envisioned $2,500,000 support for the EPCRC start-up operations over 5 years. However, this goal has already been surpassed as of March, 2021, with commitments for gifts secured in the amount of $3,925,000. A $500,000 endowed professorship has also been secured to provide partial support for the EPCRC director position as well as a $3 million endowment, providing ongoing annual support for the initiative. Endowments through the UH Foundation provide 4% annual return to the Cancer Center which can then be allocated toward the EPCRC project. Over the past 4 months, $425,000 has been secured that can be utilized, or expended, in an unrestricted fashion in support of the project. Given this success, and the enthusiasm of the community for this project, projections for initial and ongoing philanthropic support for the EPCRC program have been revised in the attached financial plan; it is anticipated that a minimum of $1 million additional expendable funds will be committed prior to implementation of operations in FY2023. Since it is difficult to predict if additional endowment funds will be forthcoming, only endowments currently in place are included in the business plan.

**Hawai‘i Cancer Consortium:** The Hawai‘i Cancer Consortium is a 501(c)(3) organization formed to support the mission of the UH Cancer Center and assist in retention of NCI designation. Members include the University of Hawai‘i, JABSOM, The Queens Health System, Hawai‘i Pacific Health, Kuakini Medical Center, HMSA, and Adventist Health Castle. Monetary support from participant members supports the clinical research infrastructure led by UHCC, providing access to national, NCI- and FDA- approved clinical trials to each of the sites within the network. UHCC coordinates data management, regulatory affairs and compliance activities for clinical research and works closely with research personnel at each of the affiliated entities. The HCC also provides support for clinician investigators hired by UHCC or hired jointly by UHCC and a clinical partner. The EPCRC has been discussed with HCC members since 2016. The current budget, renewed annually and reviewed and approved by the HCC Board of Directors quarterly, includes $500,000 committed to directly support EPCRC personnel, including the Director and Clinician Investigator. No additional support of the EPCRC operations by the clinical partners, beyond that already committed through the HCC, is anticipated. Clinical pass-through revenue (e.g. radiology, pathology, clinical labs) from industry contracts will flow directly to clinical partners and is not included within the financial plan.

**Support of EPCRC Director and Clinician Investigator:** As noted, above, clinician leaders of the early phase clinical trials program will derive salary support from multiple different sources, including the Hawai‘i Cancer Consortium and philanthropic donations. In addition, a $500,000 endowed professorship has been secured to support the EPCRC Director. Further, because the early phase clinical trials program is in direct alignment with the mission of UHCC,
and is supported by the NCI-mandated external advisory committee, and other agencies at the NIH for construction support, partial funding for both the Director and Clinician Investigator will be available through the Cancer Center Support Grant (CCSG, 5P30CA71789-20; this is the source of UHCC NCI-Designation). The Director will receive 10% salary support from this source and the clinician investigator 40% for 2 years. Partial support is also anticipated from collaborative grants obtained by other UHCC investigators including the current NCORP award, estimated at 10% salary support for the Director years 2-5 and 10% for the clinician investigator in year 2, increasing to 25% in years 3 through 5. These percentages are consistent with the experience of other clinician investigators at UHCC. These funding sources have been included in the financial plan and include fringe benefits. Finally, partial salary support for clinician effort, directly from the pharmaceutical contracts supporting individual trials, will be obtained but is not included in the financial plan as each contract, with different pharmaceutical companies, will have unique reimbursement specifics. In the accompanying budget, the pharmacy director is included in the clinician category.

**Research Training and Revolving Fund (RTRF):** RTRF represents indirect costs recovered with grants and contracts. At UH, the indirect cost rate for pharmaceutical contracts is 36.5% (Other Sponsored Activities), resulting in $36.50 of additional indirect costs for every $100 awarded in Direct Costs. Direct Costs are used to describe industry grants and contracts revenues in the financial plan below. Because reimbursement for direct costs for clinical services (labs, x-rays) is excluded from indirect cost calculation [NIH Grants Policy Statement: https://grants.nih.gov/grants/policy/nihgps/HTML5/section_19/19.4_allowable_costs.htm], these costs, considered pass-through expenses to the clinical partners, are not included as revenue to the EPCRC. In general, the individual unit at UH Mānoa supporting a grant or contract (e.g., UHCC), receives slightly less than 50% of the overall RTRF obtained as an allocation from UH Mānoa. This allocation occurs in the year following completion of the contracted activity. The indirect costs are in addition to the direct contractual payments for per patient enrollment. For the purposes of the business plan, the indirect cost recovery is estimated as 15% of the contract support, not including any clinical pass-through that will be invoiced directly by the clinical partners.
**Assumptions/Comments:**

[1] Patient enrollment target of 100 as described in text. Ramp up over 3 years anticipated.

[2] Average reimbursement per patient as described in text. Clinical care reimbursement for imaging and laboratory testing to be billed directly by clinical partners, and not included in budget.

[3] Pharmaceutical industry contract revenue based on anticipated enrollment and average reimbursement. Pass-through and indirect costs are excluded.

[4] RTRF represents indirect cost funding generated to UH Mānoa and returned to unit (UHCC). Return based on UH policy estimated at 15% of direct costs, with recovery in following fiscal year. See also explanation in text, below.

[5] Fundraising for this project through philanthropy has exceeded expectations and has led to revised projections. Based on the rate and size of philanthropic commitments over the past 3-4 months, substantial expendable funds should be available for year 1. Subsequent annual philanthropic support conservatively estimated.

[6] Based on current endowments, already in place, with 4% annual return on investment. If additional endowments are obtained, additional annual funding will be available for programmatic support.

[7] Funds currently available at UHCC and encumbered for this initiative.


[9] See explanation in text. Represents support for director and clinician investigator from other grants, including the cancer center support grant (p30).

[10] Clinician personnel includes Director (MD), clinician investigator (MD) and pharmacy director (PharmD). Expenditures include anticipated salary plus UH fringe, calculated at 64%. Annual cost of living adjustments included.

### Hoʻōla Early Phase Clinical Research Center

**Five Year Start-up/Operations Projected Budget**

<table>
<thead>
<tr>
<th></th>
<th>Year 1 (FY23)</th>
<th>Year 2 (FY24)</th>
<th>Year 3 (FY25)</th>
<th>Year 4 (FY26)</th>
<th>Year 5 (FY27)</th>
<th>5-Year Net</th>
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<tbody>
<tr>
<td><strong>Operations</strong></td>
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<td>Patient enrollment</td>
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<td>40</td>
<td>75</td>
<td>100</td>
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<td>Av. Reimbursement/patient</td>
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<td>20,000</td>
<td>20,000</td>
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<td><strong>Revenues/Investments</strong></td>
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<td>Industry Grants and Contracts</td>
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<td>$1,500,000</td>
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<td>$2,000,000</td>
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<td>RTRF (Indirect costs)</td>
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<td>$120,000</td>
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<td>Philanthropy, endowments</td>
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<td>$820,000</td>
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<td>UHCC encumbered funds</td>
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<td>$-</td>
<td>$-</td>
<td>$705,000</td>
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<td>HCC [8]</td>
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<td>P30, other grant support</td>
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<td>Clinical testing pass-through</td>
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<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
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<td><strong>Revenue Subtotal</strong></td>
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<td>$1,979,600</td>
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<td>$3,443,225</td>
<td>$3,615,881</td>
<td>$16,927,806</td>
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<td><strong>Expenditures</strong></td>
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<td></td>
<td></td>
<td></td>
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<td>Personnel (clinician)</td>
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<td>$(1,137,504)</td>
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<td>$(1,183,459)</td>
<td>$(1,207,128)</td>
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<td>Personnel (non-physician)</td>
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<td>$(903,650)</td>
<td>$(1,355,475)</td>
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<td>$(1,807,300)</td>
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<td><strong>Revenue Less Expenses</strong></td>
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<td>$(671,554)</td>
<td>$(355,629)</td>
<td>$(72,534)</td>
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<td><strong>Running Cash Balance</strong></td>
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<td>$562,967</td>
<td>$490,433</td>
<td>$641,886</td>
<td>$641,886</td>
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</table>
Non-physician personnel includes all ancillary staff supporting patient participation in early phase trials and includes positions indicated below. Full employment costs estimated at $1,807,300. Ramp up to full employment estimated based on patient volumes at 50% in year 1, 50% in year 2, 75% in year 3, and 100% in years 4 and 5.

- Regulatory coordinator
- Research compliance office
- Fiscal/contracting officer
- Clinical research associates (x2)
- Laboratory technician/pharmacokinetic sample processor
- Billing/invoicing coordinator
- Research pharmacist coordinator
- Oncology nursing (x4)
- Advanced practice RN
- Medical assistant (x4)

Annual operational costs estimated at $450,000 at full capacity. Ramp up to full operations estimated based on patient volumes at 60% in year 1, 80% in year 2, and 100% in years 3, 4 and 5.

Collaborators and Community Partners

The EPCRC project has numerous collaborators and community partners. All have been involved in the planning for the center. In addition to the entities listed (see Attachment #3), the project has been vetted through medical oncology, radiation oncology, nursing society and surgical oncology organizations and practitioners across the State of Hawai‘i. The Native Hawaiian Community Advisory Board has been specifically incorporated by RIM Associates into the design processes.

Economic Impact of the Early Phase Clinical Trials Center

An economic analysis was conducted with the assistance of Emsi, a leading provider of economic impact studies and labor market data for educational institutions, workforce planners and regional developers in the US (see Attachment #4). This economic analysis quantifies the economic impacts on the City and County of Honolulu from the proposed creation of Early Phase Clinical Research Center (EPCRC).

**Short-run capital spending impacts:** For EPCRC activities, from FY2020 to FY2029, the short-run capital spending impacts will create a significant amount of new economic activity that will ripple throughout the City and County of Honolulu economy and across the entire State of Hawai‘i. These impacts span from FY2020, when capital spending began, until FY2023, when capital spending on this component is expected to be completed. From FY2020 to FY2023, the capital spending will create a present value of $8.1
million in total added income for the City and County of Honolulu economy. This will generate 35-40 construction jobs and related industry jobs annually for 3+ years of construction.

**Long-run operations spending impacts:** From FY 2025 to FY2029, the EPCRC activities, will add $16.1 million in income to the regional economy from operations spending. Operational spending resulting from the EPCRC will create a present value of $16.1 million in total added income to the regional economy. After FY2029, the long run operations spending impact will benefit the local economy with $3.0 million in added income annually, supporting 67 jobs per year.

**Long-run biomedical “tourism” impacts:** This initiative will establish the only early phase clinical research center in the Pacific. The EMSI analysis suggests that this will lead to substantial economic impact due to utilization by patients from across Asia. From FY2023 to FY2029, spending from medical trial participants and their support people will create a present value of $14.4 million in total added income to the City and County.

**Total economic impacts:** The combined short- and long-run economic present value impact of the overall initiative, prior to sustainability phase which will add additional value, is **$38.5 million**, with $5.9 million in subsequent, ongoing annual economic impact.

**Attachments**

1. Floor diagrams
2. Renderings
3. List of Collaborators and Community Partners
4. Economic impact analysis
Attachment #1

EPCRC Construction Diagrams
Floor Plans
FLOOR PLAN - FOURTH FLOOR

FLOOR PLAN - THIRD FLOOR

KEYNOTES

NOTES

1. DO NOT SCALE DRAWINGS.
2. REFER TO SHEET G0.02 FOR BUILDING CODE INFORMATION.
3. REFER TO SHEET G0.04 FOR ABBREVIATIONS, GENERAL NOTES, AND GRAPHIC SYMBOLS.
4. REFER TO SHEET G0.05 FOR ACCESSIBILITY AND MOUNTING HEIGHTS.
5. REFER TO SHEET A6.01 FOR DOOR SCHEDULE
6. REFER TO SHEET A6.03 FOR ROOM FINISH SCHEDULE
7. REFER TO SHEET A6.04 FOR FINISH KEY
8. REFER TO SHEETS INTERIOR ELEVATION SHEET FOR WINDOW OPENING DIMENSIONS.
9. FOR ALL MECH, PLUMB, & ELECTRICAL FIXTURES - REFER TO M, P & E DWGS
10. DIMENSIONING GUIDE: ALL DIMENSIONS ARE TAKEN TO/FROM GRID LINE, FACE OF CONCRETE AND MASONRY, AND FACE OF METAL/WOOD STUD PARTITION UNLESS OTHERWISE NOTED. CLEAR DIMENSIONS BETWEEN SURFACES WILL BE NOTED WHERE APPLICABLE FROM MATERIAL FINISHES. ALL DIMENSIONS REFERENCED HEREIN ARE IMPERIAL STANDARDS, UNLESS OTHERWISE NOTED.
11. DEMOLITION NOTES: REFERENCE CORRESPONDING DEMOLITION SHEETS FOR CROSS REFERENCING TO THE SAME FLOOR PLAN.
12. REFER TO LAB DRAWINGS FOR ADDITIONAL LABORATORY REQUIREMENTS.
Attachment #2

EPCRC Renderings
EXISTING UNIVERSITY OF HAWAII CANCER CENTER

PROPOSED HO‘OLA EARLY PHASE CLINIC RESEARCH CENTER

MAUKA
(MOUNTAIN)

MAKA
(OCEAN)
Attachment #3

EPCRC Consultants and Community Partners
UH Cancer Center Ho`ola Early Phase Clinical Research Center
Consultants, Design Team and Community Partners

Architecture and Design
RIM Architects. LLC
55 Merchant Street, Suite 1400
Honolulu, HI 96813
(808) 550-0844
Scope: Lead Architect, Project Management/Construction Management, Office Furnishings
Design Leader: Eddie Ebert, AIA

Sub-Consultants to RIM Architects, LLC
Coffman Engineers
745 Fort Street Mall, Suite 400
Honolulu, HI 96813
(808) 687-8884
Scope of Work: Civil, Mechanical, Electrical, Plumbing, Telcom Security, Acoustical, LEED Modeling Requirements, Fire Protection, Lab/Pharmacy HVAC, MEP
Design Leader: William Lee, PE

Mark Osborn Laboratory Consultancy, LLC
4327 NE Rhodes End
Bainbridge, WA 98110
(206) 802-5775
Scope of Work: Lab Planner
Design Leader: Mark Osborn R. A.

The Clark Enersen Partners
Science and Research Design Group
Scope of Work: Pharmacy and Lab Review for NIH DRM Conformance
Design Leader: Andrew Stepp, Senior Principal

Rider Levett Bucknall
American Savings Bank Tower
1001 Bishop Street, Suite 2960
Honolulu, Hawaii 96813
(808) 521-2641
Scope of Work: Cost Estimator
Elevations, Inc.
2514 Malama Place
Honolulu, HI  96822
(808) 988-6583
Scope of Work:  Elevator Design Review Services
Design Leader:  Neil Kunihisa, Principal

Palekana Permitting and Planning
765 Amana Street, Suite 208
Honolulu, HI  96814
(808) 941-3232
Scope of Work:  3rd Party Review Permit Expeditor with City & County of Honolulu DPP
Design Leader:  Dennis Enomoto

RWDI USA LLC
421 SW 6th Ave., Suite 450
Portland, OR  97204
(503) 467-4710
Scope of Work:  LEED and WELL Certification Consultant
Design Leader:  Alicia Snyder-Carson, LEED AP ID+C, Fitwell Ambassador

Gamma Corporation
850 W. Hind Drive, # 214
Honolulu, HI  96821
(808) 373-7009
Scope of Work:  X-Ray Shielding Evaluation, X-Ray Room Radiation Protection Survey
Design Leader:  Ron Frick, M.S., CHP, DABR

Cultural Consultants
Wesley Kaiwi Yoon
2230 Citron Street, Suite E
Honolulu, HI  96826
Scope of Work:  Cultural Consultant

Herman P. Clark
Pili Pacific Artistic Vision and Planning
Honolulu, Hawaii
Scope of Work:  Cultural Consultant
Financial Impact Consultants
EMSI
409 S. Jackson St.
Moscow, ID  83843
(208) 882-3567
Scope of Work: Economic Impact Study
Consultant: Aaron Olanie

Independent 3rd Party Consultants to the University of Hawaii
InSynergy Engineering, Inc.
828 Fort Street Mall, Suite 500
Honolulu, HI  96813
(808) 521-3773
Scope of Work: Building Commissioning Authority (CxA)
Consultant: Barry Jim On, PE, Vice-President

NIH Consultants- Design Approval
Gavin Wilkom, M.I.M.
Supervisory Grants Management Specialist
NHLBI – ORIP Team
6705 Rockledge Drive, Suite 200F
Bethesda MD 20817
301-827-7078

Malgorzata Klosek, PhD
Director
Division of Construction and Instruments (DCI)
Office of Research Infrastructure Programs (ORIP)
Division of Program Coordination, Planning, and Strategic Initiative (DPCPSI)
Office of the Director, NIH (OD/NIH)
Phone: 301-435-0766

Community Stakeholders
Hawaii Cancer Consortium
JABSOM
Queens Health System
Hawaii Pacific Health
Kuakini Medical Center
Hawaii Medical Services Administration (HMSA)
Adventist Health Castle
UHCC Native Hawaiian Community Advisory Board

UHCC Patient Advocacy Committee (PAC)

UHCC Community Advisory Board
  American Cancer Society
  Susan G. Komen Foundation, Hawaii
  Hawaii Primary Care Association
  Compassion for Cancer Caregivers
  Agent of Aloha
  UH Foundation
  Hawaii State Department of Health
  Friends of the Cancer Center
  Queens Health Systems
  Hawaii Pacific Health
  UH Manoa
  Permanente Medical Group
  Cancer Survivors
  Native Hawaiian Medical Case Management
Attachment #4

EPCRC Financial Impact
Emsi Analysis on Community Benefits
THE ECONOMIC IMPACT OF
the Hoʻōla Early Phase
Clinical Research Center

EXECUTIVE SUMMARY
This analysis quantifies the economic impacts from the University of Hawaii Cancer Center’s (UHCC’s) proposed Hoʻola Early Phase Clinical Research Center (HEPCRC). Short-run capital spending for the HEPCRC will amount to $15.3 million from FY 2020 to FY 2023. Beyond the medical value provided to its patients, the center’s medical trials will attract out-of-region participants to the region, as well as serve in-region participants who will have to leave the region for treatment if the HEPCRC does not exist. The money that the medical trial participants and their support people spend in the region will positively impact the City and County of Honolulu. Three types of impacts are estimated:

- Short-run capital spending impacts
- Long-run operations spending impacts
- Long-run medical tourism impacts

This analysis spans from FY 2020, when capital spending began, to FY 2029, the final year of this analysis. We estimate the total impacts that will be created by FY 2029, as well as the annual impacts that will occur long after FY 2029. The impacts from the HEPCRC do not include the increased activity from the build out of the Biotech Incubator; this impact is measured separately.

Short-run capital spending impacts

As the $15.3 million is spent on the construction of the HEPCRC, it will create a significant amount of new economic activity that will ripple throughout the City and County of Honolulu economy. These impacts span from FY 2020, when capital spending began, until FY 2023, when capital spending is expected to be completed. From FY 2020 to FY 2023, the capital spending will create a present value of $8.1 million in total added income for the City and County of Honolulu economy. This is equivalent to creating an average of 20 new jobs for every year of construction.¹

¹ Note that these jobs are temporary and therefore do not continue past FY 2023.
In addition, the HEPCRC plans to create a Biotech Incubator on the 3rd and 4th floors of the building. Plans for the Biotech Incubator began in FY 2020 and the Biotech Incubator construction will be completed in FY 2028. From FY 2020 to FY 2028, the short-run capital spending impacts from the construction of the Biotech Incubator will amount to a present value of $4.3 million in added income. Summing the total capital spending impacts from the HEPCRC and the Biotech Incubator, we arrive at a total short-run capital spending impact of $12.5 million between FY 2020 and FY 2028. This is equivalent to creating an average of 15 new jobs for every year of construction.

**Long-run operations spending impacts**

Once the HEPCRC is constructed, it will begin to utilize its newly added capacities. The spending of the center on its employees and associated day-to-day operations will create further impacts across the regional economy.

These operations spending impacts will begin in FY 2023. From FY 2023 to FY 2029, the final year of analysis, the operations spending resulting from the HEPCRC will create a present value of **$16.1 million** in total added income for the regional economy. Of the $16.1 million in total added income, $11.3 million stems from industry contract support for pharmaceutical trials.

The Biotech Incubator will first become operational in FY 2025, even before construction is complete. From FY 2025 to FY 2029, the final year of analysis, the Biotech Incubator will add a present value of $8.2 million in income to the regional economy from its operations spending. Of the $8.2 million in income, $7.9 million stems from the National Institute of Health (NIH) research grant funding the Biotech Incubator will receive.

Summing the total operations spending impacts from the HEPCRC and the Biotech Incubator, we arrive at a present value total long-run impact of $24.3 million between FY 2023 and FY 2029. Much of the $24.3 million impact stems from the NIH funding the center and incubator will generate for the region. The HEPCRC and Biotech Incubator will generate $2.8 million per year (after year 2027) in NIH research grants. Around $500 thousand of the research grants are beyond those directly funding the center and incubator.2

**Long-run medical tourism impacts**

The HEPCRC will conduct medical trials that will attract participants from outside the City and County of Honolulu and outside the state. When these participants and their support of family and

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2 The $500 thousand in additional NIH research grants is not included in the total operations spending impact of HEPCRC and the Biotech Incubator.
friends come to or remain in the City and County of Honolulu, they will spend money on lodging, food, transportation, and personal expenditures. In addition, regional residents will participate in the medical trials and many of these in-region participants will have to leave the region for treatment if the HEPCRC does not exist. The medical trials will begin in FY 2023, when the HEPCRC becomes operational.

From FY 2023 to FY 2029, spending from the medical trial participants and their support people will create a present value of $14.4 million in total added income.

**HEPCRC total impacts**

From FY 2020 to FY 2029, the present value of short-run and long-run impacts created by the HEPCRC will provide a total economic impact on the City and County of Honolulu economy of $38.5 million in added income. Beyond the timeframe of this analysis, the total annual impact from the HEPCRC will be at least $5.9 million in added income. This is equivalent to supporting 67 jobs every year.

The implicit multiplier is the present value of added income divided by initial spending on the HEPCRC. From FY 2020 to FY 2029, every dollar of the $15.3 million in funding of the HEPCRC’s initial capital investment will create a present value of $2.53 in added income throughout the City and County of Honolulu.

By FY 2025, **5.8 years** after construction begins, it is expected that the impacts generated by the HEPCRC will have grown significantly enough to recover the costs of not only the initial capital investment, but the annual costs of keeping the center operational.

**HEPCRC TOTAL IMPACT FROM FY 2020 TO FY 2029, UNDISCOUNTED**

There will be recurring annual medical trial participant attraction as long as the medical trials are held by the HEPCRC. By FY 2026, when the number of participants in the medical trials will stabilize, the long-run medical tourism impact will benefit the City and County of Honolulu economy with $2.9 million in added income annually, equivalent to supporting 38 jobs each year.
The Economic Impact of the Ho'ōla Early Phase Clinical Research Center

EXECUTIVE SUMMARY

For the Biotech Incubator, we combine the impacts from short-run capital spending and long-run operations to arrive at a present value total impact of **$12.6 million**. After FY 2029, the Biotech Incubator will add **$2.5 million** in income to the City and County of Honolulu every year. This is equivalent to supporting **32 jobs** every year.

**Grand total impacts**

Since the Biotech Incubator’s capital and operations spending is not included in the HEPCRC results, we can sum the impacts together to arrive at a total impact of the HEPCRC and Biotech Incubator. The combined impacts from FY 2020 to FY 2029 come to a present value of **$51.1 million** in added income. After FY 2029, this is an annual impact of **$8.3 million**, equivalent to supporting **99 jobs** every year.

The implicit multiplier is the present value of added income divided by initial spending on the HEPCRC and Biotech Incubator. From FY 2020 to FY 2029, every dollar of the $24.9 million in funding of the HEPCRC and Biotech Incubator’s initial capital investment will create a present value of **$2.06** in added income throughout the City and County of Honolulu.

By FY 2026, **6.3 years** after construction begins, it is expected that the impacts generated by the HEPCRC and Biotech Incubator will have grown significantly enough to recover the costs of not only the initial capital investment, but the annual costs of keeping the center and incubator operational.
Conclusion

The results of this study demonstrate that the HEPCRC will create value for the City and County of Honolulu economy through many avenues. From the very beginning, its construction phase, the center will positively impact the regional economy. Once the HEPCRC is operational, it will bring money into the region, generating additional spending impacts. The HEPCRC will provide medical trials that will not only attract local participants, but also participants from outside the region and the state. The spending of these medical trial participants will positively impact the regional economy.

About the study

Data and assumptions used in the study are based on several sources, including data from the UHCC, industry and employment data from the U.S. Bureau of Labor Statistics and U.S. Census Bureau, outputs of Emsi’s Multi-Regional Social Accounting Matrix model. The study applies a conservative methodology and follows standard practice using only the most recognized indicators of economic impact. For a full description of the data and approach used in the study, please contact the UHCC for a copy of the main report.

Emsi is a leading provider of economic impact studies and labor market data to educational institutions, workforce planners, and regional developers in the U.S. and internationally. Since 2000, Emsi has completed over 2,000 economic impact studies for educational institutions in three countries. Visit www.economicmodeling.com for more information about Emsi’s products and services.
REPORT OF THE COVID-19 STRATEGIC RESPONSE AND ECONOMIC RECOVERY PERMITTED INTERACTION GROUP
March 12, 2021

The purpose of this final report is to share the resulting findings and recommendations of the COVID-19 Strategic Response and Economic Recovery Permitted Interaction Group ("Task Group") with the full Board of Regents ("Board"). Deliberation and decision making regarding the final report and dissolution of the Task Group will take place during a subsequent meeting, pursuant to permitted interactions under the Sunshine Law, Section 92-2.5(b), Hawai‘i Revised Statutes.

I. Background

A. The Task Group was established by the Board as a permitted interaction group at its May 21, 2020, meeting “to support and monitor the university's strategic response to the impacts engendered by COVID-19 upon the health and safety of the university community, the continuation of academic education and programs, research and technology infrastructure, revenues, operating costs and expenses, and the overall present and future viability of the university system.” Because “it is not anticipated that a sense of normalcy will be returned to until a vaccine is developed, it is important that the board engage more actively in the strategic planning by the university administration to better inform key board and administration decisions in the near- and long-term. The Task Group is intended to assist the board in this regard.”¹

B. The Task Group included the following Regents:
   1. Ben Kudo, Board Chair
   2. Randy Moore, Board Vice-Chair
   3. Alapaki Nahale-a, Board Vice-Chair
   4. Jan Sullivan, Budget and Finance Committee Chair
   5. Robert Westerman, Personnel Affairs and Board Governance Committee Chair

   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, and VP for Budget and Finance/Chief Financial Officer Kalbert Young participated in most of the Task Group meetings. Kendra Oishi, Executive Administrator and Secretary of the Board of Regents, provided support to the Task Group.

C. The Task Group met almost weekly between May 29, 2020, and March 12, 2021, holding a total of 35 meetings, to discuss various issues with the

¹ Minutes of the Board of Regents meeting of May 21, 2020
The ultimate goal of better utilizing resources for strategic decision making in the wake of the economic impacts caused by the COVID-19 pandemic.

The Task Group focused its efforts on three strategic areas:

1. Campus operations: safety measures, educational challenges and shifts, and the student experience.

2. Financial impacts to operations: anticipated order of magnitude impacts and scenarios, desired strategy to address fiscal constraints, emergency measures or changes to procedure to enable timely, strategic, and cohesive actions on budgetary matters.

3. The University’s role in economic recovery: what is required to make higher education relevant and critical to Hawai‘i’s economic recovery and the growth of a healthy, diversified economy.

D. The Task Group received regular updates from Administration on matters related to the budget, employment-related discussions, and legislative proposals and initiatives. The Task Group also held frequent discussions on communication and outreach with the University community and beyond, particularly with regard to a vision for the University’s future. Additionally, the Task Group held meetings with invited guests:

1. During a meeting held on June 12, 2020, the chancellors of each of the ten campuses were invited to provide a report on the impacts of COVID-19 on their specific campus, their response, and challenges and opportunities.

2. During a meeting held on July 10, 2020, the Task Group received a report on remote learning from the technology and academic programming perspectives, and an assessment of the student experience and future adaptation.

II. Recommendations

The Task Group recommends:

A. Adoption of the attached *University of Hawai‘i Board of Regents Resolution Requesting a Comprehensive Plan to Achieve a Reimagined University of Hawai‘i* (Resolution). The Resolution includes findings of the Task Group and recommends seven specific action items.

1. Develop and articulate a vision for a modern rightsized, highly-integrated statewide system of public higher education that reimagines the effective and efficient delivery of education and supports statewide needs without diminution of quality of educational programs, or research level and impact. The vision should present a holistic view of the University System, rather than a view siloed by units and campuses.
2. Develop a plan to achieve that vision that is strategic and focused on the priorities for a reimagined University and not simply an elimination of programs and services or delineation of budget reductions.

3. Continue to engage with campus constituencies and stakeholders to the maximum extent possible over the next months to gather input and ideas on the vision and plan, using all available and relevant background documents and studies.

4. Present to the Board for review and approval at its July 2021 meeting, a proposed long-term vision on the reimagined University.

5. Fully develop a plan that can accomplish the necessary reorganization and realignment of programs and functions to achieve the vision for a reimagined University in a manner that does not avoid hard choices but: respects collective bargaining contracts and our employees, enables current undergraduate and graduate students to complete their programs of study, creates spending efficiencies, invests in high-priority programs, creates new revenue streams and opportunities, and positions the University to better serve its students and all islands within its allocated general fund appropriation while holding tuition at current rates with any necessary increases at levels not to exceed inflation.

6. Present to the Board for review and approval at its November 2021 meeting a plan that includes specific measures that will be taken to achieve the long-term vision with annual milestones, and the associated budgetary implications and projections with underlying assumptions for fiscal years 2022, 2023, 2024, and 2025. The presentation to the Board should include details on the consultation and collaboration with University students, faculty, staff, and other stakeholders that occurred in developing the plan and the criteria used to reach decisions. This plan should also be consistent with the actions requested in Board Resolution 20-03.

7. Following the presentation to the Board in November 2021 and with full consideration of all comments and suggestions received, finalize the vision and plan by the end of calendar year 2021.

B. The dissolution of the Task Group.

III. Conclusion

The Task Group has concluded its task as identified when the Board approved its creation during its May 21, 2020, meeting. Its specific recommendations and call to action are included in the attached Resolution.

While the Task Group recommends dissolution at this time since it has concluded its current scope of work, it recognizes that the underlying issue of long-term sustainability will continue to impact the University and the State as
a result of the long-range economic impacts caused by the COVID-19 pandemic. This creates an opportunity for the University to assess its priorities in the context of benefits to the State of Hawai‘i, and to solidify a vision for a reimagined University of Hawai‘i.

**ATTACHMENT**

Draft Board Resolution 21-01 Requesting a Comprehensive Plan to Achieve a Reimagined University of Hawai‘i
REQUESTING A COMPREHENSIVE PLAN TO ACHIEVE A REIMAGINED UNIVERSITY OF HAWAI‘I

WHEREAS, Hawai‘i is a special place where diverse people and communities live, work, learn, and play with empathy for others and in a sustainable manner; and

WHEREAS, the University of Hawai‘i (“University”) System is the single most important contributor to the future of Hawai‘i and provides the intellectual capacity to address Hawai‘i’s challenges and opportunities, and stimulates the economy through its research and scholarship; and

WHEREAS, in 2020, the COVID-19 pandemic dramatically and suddenly changed the course of the University’s operations spanning course delivery, health and safety measures, and severe financial impacts, thereby prompting the Board of Regents (“Board”) to adopt Resolution 20-03, Proclaiming an Emergency and Directing Action by the University of Hawai‘i Administration, including consideration of budgetary actions and programmatic and administrative restructuring; and

WHEREAS, while the economy is starting to recover, economic forecasts indicate that Hawai‘i’s general fund revenues are not likely to return to pre-pandemic levels within a three to six-year timeframe and federal assistance is only a temporary stop-gap measure and mostly restricted to specific uses; and

WHEREAS, the University and the State still face long-term fiscal challenges ahead, including the likelihood that even when the economy does recover, the University may not receive the levels of State general fund support it has received in the past, particularly after adjusting for inflation; and

WHEREAS, the Board recognizes that a forward-looking University System that is highly focused on the needs of Hawai‘i now and in the future, as identified in the Budget Policy Paper approved by the Board in October 2020, will play a critical role in the State’s overall recovery and that the Board’s engagement with the University Administration on strategic planning is critical to ensure the University’s ability to thrive in its multi-faceted mission; and

WHEREAS, as a result of anticipated permanent general fund base budget reductions (after adjusting for inflation), the major University units (four-year campuses, community college system, and system administration) have held extensive discussions and conducted post-pandemic planning since spring 2020 to identify specific actions that can help ensure the long-term sustainability and viability of the University while focusing on the most important needs of the State for recovery and beyond; and

WHEREAS, the economic impact of the COVID-19 pandemic has brought forth the opportunity to redesign UH to be a university system driven by strategic priorities and initiatives that advance the entire State of Hawai‘i, a system that reduces its heavy reliance on general fund
support by containing costs and creating new revenue streams, while keeping tuition affordable; and

WHEREAS, the approach to navigating the future of the University as an anchor in the Pacific linking Hawai‘i to the rest of the world must be driven not by its budget, but by a long-term vision of a reimagined institution of higher education that supports the State of Hawai‘i in providing a thriving economy for Hawai‘i’s people to live, work, learn, and play, a vision for “What should the University of Hawai‘i look like in 2030?”; and

WHEREAS, the vision for the University should support the needs of the State by educating more of Hawai‘i’s citizens to strengthen communities, preparing more Hawai‘i residents for jobs to meet current and emerging workforce needs, helping develop new economic sectors and refocusing those in need of a refresh, continuing to grow the University’s research enterprise, strengthening philanthropy and community partnerships, and developing alternative sources of revenue; and

WHEREAS, actions taken to meet those needs should reflect the distinctive missions of each unit while also creating greater synergies to form a more cohesive university system that is collectively stronger than the sum of its parts and is both more effective and efficient as a whole in serving communities across the islands; and

WHEREAS, the University’s budget should support its vision and prioritize maintaining tuition at affordable levels, ensuring equitable statewide access to high-quality programs, maximizing success for students regardless of backgrounds, serving new constituencies across the State, and providing quality environments for students, researchers, faculty, and staff to thrive in education and research; and

WHEREAS, the University Administration must continue to actively pursue significant reorganization, realignment, and rightsizing of programs and functions to support a positive vision for the future in a manner that respects bargaining unit contracts and enables students to complete their programs of study while creating spending efficiencies that can enable new investments in high-priority programs that position the university to better serve its students and the community in an environment that relies less on state general funds; and

WHEREAS, although the Board is mindful of the possibility that the Hawai‘i State Legislature may view this acknowledgment by the University that it may need to rely less on state funds as a trigger to reduce the University’s base budget, the Regents hope and believe that legislators will instead appreciate the willingness and good faith effort of the University to accept this possibility and will continue to allow the University the flexibility and management authority it needs, including full use of reserves in its special funds and removal of sunset dates on authorities that have already been granted so the university can continue to successfully navigate through the next four to six years until realignment and stability are achieved on the path to a reimagined future.

NOW, THEREFORE, BE IT RESOLVED that the University Administration is
requested to perform the following actions:

1. Develop and articulate a vision for a modern rightsized, highly-integrated statewide system of public higher education that reimagines the effective and efficient delivery of education and supports statewide needs without diminution of quality of educational programs, or research level and impact. The vision should present a holistic view of the University System, rather than a view siloed by units and campuses.

2. Develop a plan to achieve that vision that is strategic and focused on the priorities for a reimagined University and not simply an elimination of programs and services or delineation of budget reductions.

3. Continue to engage with campus constituencies and stakeholders to the maximum extent possible over the next months to gather input and ideas on the vision and plan, using all available and relevant background documents and studies.

4. Present to the Board for review and approval at its July 2021 meeting a proposed long-term vision on the reimagined University.

5. Fully develop a plan that can accomplish the necessary reorganization and realignment of programs and functions to achieve the vision for a reimagined University in a manner that does not avoid hard choices but: respects collective bargaining contracts and our employees, enables current undergraduate and graduate students to complete their programs of study, creates spending efficiencies, invests in high-priority programs, creates new revenue streams and opportunities, and positions the University to better serve its students and all islands within its allocated general fund appropriation while holding tuition at current rates with any necessary increases at levels not to exceed inflation.

6. Present to the Board for review and approval at its November 2021 meeting a plan that includes specific measures that will be taken to achieve the long-term vision with annual milestones, and the associated budgetary implications and projections with underlying assumptions for fiscal years 2022, 2023, 2024, and 2025. The presentation to the Board should include details on the consultation and collaboration with University students, faculty, staff, and other stakeholders that occurred in developing the plan and the criteria used to reach decisions. This plan should also be consistent with the actions requested in Board Resolution 20-03.

7. Following the presentation to the Board in November 2021 and with full consideration of all comments and suggestions received, finalize the vision and plan by the end of calendar year 2021.

BE IT FURTHER RESOLVED that the Administration report to the Board at each of its regular meetings on its progress and recommendations for changes to either the content or the timing of the implementation of the plan.
BE IT FURTHER RESOLVED that copies of this Resolution be transmitted to the Governor; President of the Hawai‘i State Senate; Speaker of the Hawai‘i State House of Representatives; Chair of the Senate Committee on Ways and Means; Chair of the Senate Committee on Higher Education; Chair of the House Committee on Finance; Chair of the House Committee on Higher Education and Technology; Executive Director of the University of Hawai‘i Professional Assembly; Executive Director of the Hawai‘i Government Employees Association, AFSCME Local 152, AFL-CIO; and Administrator of the United Public Workers, AFSCME Local 646, AFL-CIO.

Adopted by the Board of Regents
University of Hawai‘i
________________, 2021
2021 University of Hawai‘i Legislative Update

For Presentation

UH Board of Regents
March 18, 2021
2021 Legislative Session

SUBJECT AREAS

• 2021 Budget/Funding Bills
• 2021 UH Legislative Package (Admin Bills)
• 2021 Select Bills of Interest
• Legislative Calendar
HB 200 (Saiki)
RELATING TO THE STATE BUDGET
Appropriates funds for the operating and capital improvement budget of the Executive Branch for fiscal years 2021-2022 and 2022-2023.
Position: 
**Update**: House FIN hearing on 3/17 @ 2:00pm

HB 1147 (Yamashita)
RELATING TO THE STATE BUDGET
Position: Comments
**Update**: Referred to Senate WAM
HB 1296 HD1 (Luke)
RELATING TO STATE FUNDS
Repeals the Hawaii tobacco prevention and control trust fund and transfers unencumbered balances to the general fund. Specifies that Hawaii tobacco settlement special fund moneys shall only be deposited into the University revenue-undertakings fund until 7/1/2033. Appropriates general funds to the department of health for tobacco prevention and control.
Position: Oppose
Update: Referred to Senate HTH/HRE, WAM

HB 1297 HD2 (Luke)
RELATING TO STATE FINANCES
By October 1 of each year, requires each department to submit program measures, costs elements, and accounting reports for all non-general funds to the Legislature. Specifies that the cigarette tax revenues deposited to the credit of the cancer research special fund shall only be used for capital expenditures and only until 7/1/2041. Makes certain special funds subject to deductions for central service expenses into the general fund. Beginning 7/1/2021 transfers to the credit of the general fund surcharges and cigarette tax revenue allocated to the trauma systems special fund.
Position: Oppose
Update: Referred to Senate HTH/HRE, WAM
2021 Budget Bills

HB 1298 HD1 (Luke)
RELATING TO STATE FUNDS
Transfers to the general fund the excess balances of various non-general funds from various state departments and agencies. Effective 6/30/21.
Position: Oppose
Update: Referred to Senate WAM

HB 1299 HD1 (Luke)
RELATING TO NON-GENERAL FUNDS
Repeals various non-general funds of: AGR, ATG, BUF, BED, CCA, DEF, DOE, HHL, HTH, HMS, LBR, LNR, PSD, TRN, UOH, JUD; and HPHA. Implements recommendations of the auditor. Transfers most unencumbered balances to the credit of the general fund.
Position: Oppose
Update: Referred to Senate WAM

SB 1091 SD2 (Kouchi)
RELATING TO STATE FUNDS
Authorizes the transfer of moneys from various funds to the general fund. Appropriates funds for Na Wai Eha land acquisition. Repeals or abolishes various non-general funds and accounts and transfers the unencumbered balance to the general fund. Effective 7/1/2050.
Position: No position
Update: Referred to House FIN
TECHNOLOGY TRANSFER
HB 1064 HD1 (Saiki)
RELATING TO TECHNOLOGY TRANSFER AT THE UNIVERSITY OF HAWAII
Repeals the sunset provision in Act 38, Session Laws of Hawaii 2017, to make permanent certain provisions relating to technology transfer by the University of Hawaii. Effective 7/1/2060.
Position: Support
Update: Referred to Senate HRE, JDC/WAM

COMMERCIALIZATION
HB 1065 HD1 (Saiki)
RELATING TO UNIVERSITY OF HAWAII RESEARCH
Makes the innovation and commercialization initiative program permanent by repealing the sunset provision in Act 39, Session Laws of Hawaii 2017. Effective July 1, 2060.
Position: Support
Update: Referred to Senate HRE, JDC/WAM
BACKGROUND CHECKS
SB 1220 SD1 (Kouchi)
RELATING TO CRIMINAL HISTORY RECORD CHECKS
Adds the University of Hawaii to the list of agencies that are authorized to conduct criminal history record checks on current or prospective employees, whose positions or duties are related to the security of campus facilities and persons.
Position: Support
Update: House LAT passed unamended; referred to JHA

PROCUREMENT
HB 1067 HD1 (Saiki)
RELATING TO PROCUREMENT FOR THE UNIVERSITY OF HAWAII
Removes the sunset provision in Act 42, Session Laws of Hawaii 2018.
Effective 7/1/2060.
Position: Support
Update: Referred to Senate HRE, JDC
CONFERECE CENTER FUND
SB 1222 SD2 (Kouchi)
RELATING TO THE CONFERENCE CENTER REVOLVING FUND
Expands the scope of the conference center revolving fund for the university of Hawaii at Hilo. Exempts the expenditure of moneys from the fund from bidding requirements under the Hawaii public procurement code. Requires the chancellor of the university of Hawaii at Hilo to submit annual reports of the fund to the legislature. Effective 7/1/2050.
Position: Support
Update: House HET hearing on 3/17 @ 2:00pm

CANCER CENTER FUND
HB 1069 HD1 (Saiki)
RELATING TO THE HAWAII CANCER RESEARCH SPECIAL FUND
Amends the reporting requirement on the Hawaii cancer research special fund from semi-annually to annually. Effective 7/1/2060.
Position: Support
Update: Referred to Senate HRE, WAM
BOARD OF REGENTS
HB 1071 HD2 (Saiki)
RELATING TO THE UNIVERSITY OF HAWAII BOARD OF REGENTS INDEPENDENT AUDIT COMMITTEE
Among other things requires the independent audit committee chair of the University of Hawaii board of regents to be selected in a manner consistent with the board's bylaws. Limits the board of regent's flexibility to appoint members with certain skill sets to its independent audit committee.
Position: Support
Update: Referred to Senate HRE, JDC

SB 1225 SD1 (Kouchi)
RELATING TO THE UNIVERSITY OF HAWAII BOARD OF REGENTS INDEPENDENT AUDIT COMMITTEE
Among other things, allows the chairperson of the Independent Audit Committee (IAC) of the University of Hawaii Board of Regents to be selected in a manner consistent with its bylaws. Clarifies that the responsibility of the IAC as to the University's enterprise risk management is to oversee, rather than engage in the pertinent operations.
Position: Support
Update: House HET hearing on 3/17 @ 2:00pm
TUITION AND FEES SPECIAL FUND

HB 1072 HD1 (Saiki)

RELATING TO THE UNIVERSITY OF HAWAI'I TUITION AND FEES SPECIAL FUND
Repeals the requirement that each University of Hawaii campus prepare an operations plan, to be reviewed by the president and the vice president for budget and finance and the chief financial officer of the University of Hawaii, for each fiscal year. Repeals the requirement that the moneys in the University of Hawaii tuition and fees special fund for each University of Hawaii campus to lapse to the credit of Program ID No. UOH900 (University of Hawaii, system wide support). Effective 7/1/2060.

Position: Support
Update: Referred to Senate HRE, WAM
SB 1034 SD1 (Kouchi)
RELATING TO SUNSHINE LAW BOARDS
Among other things, expands board and public participation by giving boards the option, in conjunction with in-person meetings, to use interactive conference technology to remotely conduct public meetings under the Sunshine Law, even when no emergency has been declared by government authorities. Authorizes boards to exclude the public from nonpublic locations, such as homes, where board members are physically present when remote board meetings are held by interactive conference technology, with members of the public given the option to participate either remotely or at an in-person public location.
Position:  Support
Update:  House PDP passed with amendments

HB 1105 HD1 (Perruso)
RELATING TO THE UNIVERSITY OF HAWAII BOARD OF REGENTS CANDIDATE ADVISORY COUNCIL
Requires the board of regents of the University of Hawaii candidate advisory council to present candidates for the board regents who reflect the diverse student population, counties, and higher education-related stakeholders. Amends the various appointing authorities of members of the candidate advisory council. Amends the terms of members of the candidate advisory council. Effective 7/1/2060.
Position:  No position
Update:  Referred to Senate HRE, JDC
HB 1348 HD2 (Johanson)
RELATING TO THE STADIUM DEVELOPMENT DISTRICT
Among other things, establishes the stadium development district special fund. Revises the general development guidance policies for the stadium development district and clarifies the respective roles the stadium authority and Hawaii community development authority in the development of the stadium development district. Broadens the powers and duties of the stadium authority, including authorizing the stadium authority to acquire and hold title to real property.
Position: Support
Update: Senate EET/WTL hearing on 3/17 @ 3:00pm

SB 1423 SD2 (Wakai)
RELATING TO THE STADIUM DEVELOPMENT DISTRICT
Establishes the stadium development district special fund. Provides for the sunset of the stadium special fund. Revises the general development guidance policies for the stadium development district and clarifies the respective roles of the stadium authority and Hawaii community development authority in the development of the stadium development district. Broadens the powers and duties of the stadium authority, including authorizing the stadium authority to acquire and hold title to real property.
Position: Support
Update: Referred to House WAL, CPC/JHA, FIN
HCR 41 HD1/HR 33 HD1 (Tarnas)
CONVENING A WORKING GROUP TO DEVELOP RECOMMENDATIONS FOR A GOVERNANCE AND MANAGEMENT STRUCTURE FOR MAUNA KEA
Position: Comments
Update: HCR 41 HD1 Referred to Senate WTL, JDC
HR 33 HD1 Adopted by the House in final form

SCR 129/SR 103 (Fevella)
URGING THE GOVERNOR AND BOARD OF LAND AND NATURAL RESOURCES TO TERMINATE THE UNIVERSITY OF HAWAII'S LEASE OF THE MAUNA KEA SUMMIT AND TO WORK WITH THE COMMUNITY TO DEVELOP A NEW PLAN AND MANAGEMENT STRUCTURE FOR THE MOUNTAIN
Position:
Update: Referred to Senate WTL/HRE
HB 1291 HD1 (Ohno)
RELATING TO SCHOLARSHIPS
Allows applicants for the University of Hawaii and students enrolled at a community college campus who graduated from a public high school in the State with a cumulative grade point average of 3.0 and qualified for and received special education services for two or more years during enrollment in grades kindergarten through twelve to be eligible for the Hawaii state scholars program and the Hawaii community college promise program, respectively. Effective 7/1/2050.

Position: Comments
Update: Referred to Senate HRE, WAM
HB 1280 HD2 (Nishimoto)
RELATING TO THE NATURAL ENERGY LABORATORY OF HAWAII AUTHORITY
Transfers to the natural energy laboratory of Hawaii authority operational authority over the makai research pier located at the southeast corner of Oahu. Authorizes the director of finance to issue general obligation bonds for the natural energy laboratory of Hawaii authority to repair and upgrade the makai research pier. Effective 1/1/2050.
Position: Support
Update: Senate WTL passed with amendments

SB 962 SD2 (Dela Cruz)
RELATING TO THE NATURAL ENERGY LABORATORY OF HAWAII AUTHORITY
Transfers operational authority of the Makai Research Pier to the Natural Energy Laboratory of Hawaii Authority. Authorizes the director of finance to issue general obligation bonds for the Natural Energy Laboratory of Hawaii Authority to repair and upgrade the pier. Effective 7/1/2050.
Position: Support
Update: Referred to House WAL, HET, FIN
HB 1282 HD2 (Yamane)
RELATING TO THE TRANSITION OF THE OAHU REGIONAL HEALTH CARE SYSTEM FROM THE HAWAII HEALTH SYSTEMS CORPORATION INTO THE DEPARTMENT OF HEALTH
Among other things, commences the transfer of the Oahu regional health care system in its entirety from the Hawaii health systems corporation to the department of health, beginning with the transfer of the Oahu regional health care system's budget into the department of health. Enables the Oahu regional health care system, department of health, Hawaii health systems corporation, and other state agencies to manage and implement the processes required to effectuate the completion of the transition.
Position: Support
Update: Senate HTH/CPN hearing on 3/19 @ 9:30am

SB 628 SD2 (Baker)
RELATING TO THE TRANSITION OF THE OAHU REGIONAL HEALTH CARE SYSTEM FROM THE HAWAII HEALTH SYSTEMS CORPORATION INTO THE DEPARTMENT OF HEALTH
Among other things, commences the transfer of the Oahu regional health care system in its entirety from the Hawaii health systems corporation to the department of health, beginning with the transfer of the Oahu regional health care system's budget into the department of health.
Position: Support
Update: House HHH hearing on 3/18 @ 10:00am
SB 589 SD2 (Kim)
RELATING TO THE UNIVERSITY OF HAWAII
Establishes the cancer research center of Hawaii as an organized research unit of the University of Hawaii that conducts cancer research and that shall be administered by a director appointed by the board of regents. Requires the cancer research center of Hawaii to be affiliated with the John A. Burns school of medicine with direct lines of reporting to the provost of University of Hawaii at Manoa and the dean of John A. Burns school of medicine. Requires funds expended from the tuition and fees special fund for the John A. Burns school of medicine or cancer research center of Hawaii to be used for educational purposes only. Requires funds expended from the research and training revolving fund for the John A. Burns school of medicine and cancer research center of Hawaii to be used for research and research-related purposes only. Effective 7/1/2050.
Position: Oppose
Update: House HHH passed with amendments
SCR 201/SR 166 (Kim)
REQUESTING THE UNIVERSITY OF HAWAII AND UNIVERSITY OF HAWAI
PROFESSIONAL ASSEMBLY TO CONVENE A TASK FORCE TO EXAMINE AND
ASSESS THE UNIVERSITY'S TENURE SYSTEM FOR RESEARCHERS AND OTHER
NON-INSTRUCTIONAL FACULTY
Position:
Update: Referred to Senate HRE

SCR 202/SR 167 (Kim)
URGING THE UNIVERSITY OF HAWAII AND THE UNIVERSITY OF HAWAI
PROFESSIONAL ASSEMBLY TO CONVENE A WORKING GROUP TO CONDUCT AN
ASSESSMENT OF CURRENT UNIVERSITY OF HAWAI PRACTICES AND POLICIES
REGARDING THE REQUIREMENTS AND PERCENTAGES OF EXTRAMURAL
FUNDING UTILIZED FOR COMPENSATION OF FACULTY ENGAGED IN
EXTRAMURAL ACTIVITIES WITH CONSIDERATION OF NATIONAL BEST PRACTICES
AND APPROACHES AT ITS PEER INSTITUTIONS
Position:
Update: Referred to Senate HRE
SCR 183/SR 148 (Kim)
REQUESTING THE UNIVERSITY OF HAWAII TO CONVENE A TASK FORCE TO REVIEW ITS ARRANGEMENT FOR SERVICES WITH THE RESEARCH CORPORATION OF THE UNIVERSITY OF HAWAII
Position:
**Update**: Referred to Senate HRE
Legislative Calendar

- March 18 – Triple Referral Filing (Bills)
- March 22 – Budget Decking *updated*
- March 24 – Budget Crossover *updated*
- March 24 – Second Lateral Filing (Bills)/First Lateral (Resolutions)
- March 25 – Second Lateral (Bills)
- March 31 – First Crossover (Concurrent Resolutions)
- April 1 – Last day for the Senate to receive advise and consent from Governor
Conclusion