I. CALL TO ORDER

Chair Allan Landon called the meeting to order at 9:10 a.m. on Friday, March 20, 2009, at Honolulu Community College, Loui Conference Center, 874 Dillingham Blvd., Honolulu, HI 96817.

Regents in attendance: Chair Allan R. Landon; Vice Chair Howard Karr; Carl A. Carlson; Michael Dahilig; Ramon de la Peña, Ph.D.; Mark Fukunaga; Chuck Gee; James Haynes II; Dennis Hirota, Ph.D.; Eric Martinson; Teena Rasmussen; Harvey Tajiri; and Grant Teichman. Excused: Artemio Baxa and Ronald K. Migita.

Others in attendance: President David McClain, Ph.D.; Vice President for Academic Planning and Policy Linda Johnsrud, Ph.D.; Vice President for Budget & Finance/Chief Financial Officer Howard Todo; Vice President for Community Colleges John Morton, Ph.D.; Vice President for Legal Affairs & University General Counsel Darolyn Lendio, Esq.; Vice President for Information Technology/Chief Information Officer David Lassner, Ph.D.; Associate Vice President for Capital Improvements Brian Minaai; Associate Vice President for External Affairs/University Relations Carolyn Tanaka; Associate Vice President for Student Affairs Karen Lee; Interim Executive Administrator and Secretary of the Board Presley Pang, Esq; and others as noted.

II. APPROVAL OF MINUTES OF FEBRUARY 20, 2009

Upon motion by Regent de la Peña and second by Regent Haynes, the minutes of February 20, 2009 were unanimously approved, with amendments clarifying the circumstances of Chair Landon’s recusal regarding the bond issuance.

III. PUBLIC COMMENT


2. Alexander Daniels, UH Mānoa student, testified in support of U-Pass.
3. Kanoe Wilson, representing the Hanakahi Council and the Ho'olulu Council, testified that both Councils support the commitment to Native Hawaiians, as articulated in the proposed amendment to BOR Policy, Chapter 4.

4. Lilikalā Kame'elehiwa, UH Mānoa Professor, testified that the Kūalii'i Council supports the proposed language articulating the University’s commitment to Native Hawaiians.

5. Keali'i Gora, administrator of the Puko'a Native Hawaiian Advisory Council, testified in support of the proposed amendments to Board policy articulating the University’s commitment to Native Hawaiians. He was joined in support by representatives from the following councils: Hanakahi, Ho'olulu, Kalaulani, Ke Kumupali, Kuali'i, Kupu Ka Wai, Lau'ulu, Makaloha, Na 'Ewa, and the UH West O'ahu Council.

6. Keliko Hoe, Assistant Professor of Hawaiian Studies at Windward Community College, testified in support of the articulated commitment to Native Hawaiians.

IV. REPORT OF THE PRESIDENT

President McClain introduced Honolulu Community College Vice Chancellor Erica Lacro, who welcomed the Board. Vice Chancellor Lacro presented HCC’s work on an update of its strategic plan and associated measurable outcomes, tied to the Board’s approval in March 2008 of a set of systemwide strategic outcomes.

President McClain reported that he had congratulated Brother Bernard Ploeger, appointed just yesterday as Chaminade University’s president. President Ploeger affirmed Chaminade’s intention to continue to collaborate with the University of Hawai’i for the benefit of the larger community, to include involvement in the P-20 initiative chaired by UH, the State Department of Education and the Good Beginnings Alliance, as well as a number of other initiatives, particularly in education.

President McClain suspended his report, and will return to it later in the meeting.

V. REPORT OF THE UNIVERSITY OF HAWAI’I FOUNDATION

UH Foundation President Donna Vuchinich reported that $264 million has been raised by the end of February 2009, surpassing the campaign goal of $250 million. Alumni participation has increased to almost 18%. The portion of donations received from alumni, foundations and friends has expanded. She reported that this year the campaign has raised $31 million so far towards the goal of $40 million.

The Foundation will focus on multiplying the stimulus package dollars, underwriting research investment in campus infrastructure, increasing support of faculty
excellence, and maximizing its international strengths and relationships. Some of these investments will ensure that the UH embraces sustainability in all areas.

Regent Fukunaga asked if the Foundation’s asset allocation policy has changed since the economic downturn. Vice President Bill King responded that the Foundation has not shifted their long-term targets. The Foundation Board recently re-balanced the portfolio from fixed income back to equity.

In response to Regent Martinson’s questions, Mr. King said that the Foundation does not have auction rate securities and its investments are liquid. Two-thirds of its portfolio is liquid within a month; another 25% in 6 months.

Regent Gee asked how much of the funding can be spent by the designated program/college, and how does the University compare to other institutions. President Vuchinich responded that the funds are immediately available. She said that individual campuses compare favorably with similar campuses.

Regent Fukunaga asked how does alumni giving compare to similar institutions. President Vuchinich responded that at the top public universities, the average alumni participation is 14%, UH is at almost 18%. She credited this participation rate to being able to work directly with Alumni Relations. She added that the Foundation’s operating budget is $8.3 million, compared to comparable budgets of $10 million.

President Vuchinich concluded that, in difficult financial times, people will still invest in education and in philanthropy. Donors will continue to give as an investment in the future.

VI. ITEMS FOR BOARD ACTION

Approval to Amend BOR Policy, Chapter 6, to Establish a Mandatory Student U-Pass Fee, UH Mānoa

President McClain recommended approval to amend BOR Policy, Chapter 6, to establish a mandatory student U-Pass fee for the UH Mānoa Campus, and also recommended that the Board require that the negotiated contract with the City and County of Honolulu be submitted to the Board for approval prior to the implementation of the fee.

ASUH representatives Kiara Sakamoto and Henry Cheng presented an overview of the U-Pass program, provided research on similar programs at other universities, and documented support from students, the Mānoa Neighborhood Board, the City Council, and the city transportation services. Currently, students can purchase a $100 bus pass for the entire semester.

The U-Pass program will assess a mandatory $20 per semester fee, beginning Spring 2010 against undergraduate and most graduate students. Law and Medicine students are not currently included in the program but can be included upon request.
In return, a student will be entitled to unlimited bus rides. This is a two-year pilot program. If successful, the program can be expanded to include the community colleges.

Regent Gee asked what percent of students currently ride the bus, and if ridership increases, will The Bus be able to handle the increase. ASUH President Jamie Sohn responded that The Bus will re-structure its routes to handle increases.

Regent Rasmussen asked how the $20 fee was determined, and who will subsidize the cost of the program. Mr. Sohn replied that $20 was the fee acceptable to students, and negotiated with The Bus, and that the proceeds from the fee will be more than The Bus currently receives.

Regent Teichman asked what role ASUH and the students will play in the actual contract negotiations. Vice Chancellor for Student Affairs Francisco Hernandez said that a committee, led by Student Affairs, will negotiate the contract with assistance from the business and financial offices, and representatives of ASUH and GSO. This committee will submit to the Board the final contract with The Bus.

In response to Regent Karr’s question as to how much of the current $100 bus pass goes back to The Bus, Mr. John Nouchi of O'ahu Transit Services replied that the entire amount goes to the City.

Regent Karr asked how much of the $20 will be retained by ASUH, and whether a financial projection on the receipts and expenses had been done. Mr. Sohn said that ASUH will not retain any part of the $20 fee, and no financial projections were done for this project.

Chair Landon commented that financial projections need to be done as part of the contract negotiations. Upon completion of this two-year pilot project, a financial accounting should be made, and a summary of the project should be presented to the Board. Regent Fukunaga suggested using this project as a case study.

Regent Haynes asked if information is available on the domicile of student riders so that the University can understand which parts of O'ahu use The Bus. Mr. Nouchi responded that information is not available, due to privacy concerns. President McClain noted that about 25% of Mānoa students reside in west O'ahu.

Regent Rasmussen questioned who would subsidize the anticipated increased ridership. Mr. Nouchi responded that the city would absorb any increased service requirements.

Upon motion by Regent Dahilig and second by Regent Teichman, a mandatory student U-Pass fee of $20 for the UH Mānoa campus undergraduate and graduate students was unanimously approved, with such limits and conditions as set forth by the President.
Acceptance of UH Consolidated Financial Statements

Vice President Howard Todo distributed to the Regents an updated version of the Consolidated Financial Statements.

Vice President Todo described some of the challenges in completing these statements in a timely manner: the UH Foundation audit, which contains information incorporated in these statements, was just issued two days ago; the State has had difficulty determining the post-retirement benefits liability, and allocating a portion of the liability to the University; the State is still determining how to account for auction rate securities it holds.

Vice President Todo explained that these statements are necessary to allow the University to sell $100 million in bonds by March 30, 2009. He said that these statements show that the University is on solid financial ground, as confirmed by Fitch’s upgrading of the University’s credit rating from a single A to a double A.

Regent Haynes, chair of the Board’s Committee on University Audits, reported that the Committee met this morning at 8:30 a.m., and recommended that the Board accept the updated UH Consolidated Financial Statements as distributed.

Vice President Todo added that the only difference between this year’s Statements and previous years is the inclusion of the now-required post-retirement benefits liability. However, even with that inclusion, the University still has a positive operating result of $100 million.

Regent Carlson expressed his appreciation for Vice President Todo’s work and leadership in the financial area.

In response to Regent Rasmussen’s question on the prospects for selling the $100 million bonds, Vice President Todo said that the municipal bond market is still functioning, and the University’s upgraded rating to double A should help. Also, retail buyers are entering the market. The University’s underwriters are optimistic that the bonds will sell.

Regent Fukunaga asked if the post-retirement benefit obligation and the size of the unfunded liability and current market conditions will affect the decline of the University’s assets. Vice President Todo responded that it’s difficult to predict because the actuarial estimates vary from year to year. The post-retirement benefit obligation is being funded on a pay-as-you-go basis, as mandated by the State.

Chair Landon said that he would abstain from voting on the financial statements because the Bank of Hawai‘i, of which he is chief executive officer, might consider purchasing the bonds, and these financial statements are incorporated in several of the bond sale documents.

Upon motion by Regent Haynes and second by Regent Karr, the UH Consolidated Financial Statements, revised as circulated, were unanimously accepted, with an abstention by Chair Landon.
Acceptance of UH Bond System Financial Statements

Vice President Howard Todo distributed to the Regents an updated version of the UH Bond System Financial Statements. He reported that the bond system is on solid footing, and there are no liquidity problems.

Regent Haynes said that the Committee on University Audits reviewed the statements this morning and recommends that the Board accepts the Bond System Financial Statements.

Upon motion by Regent Haynes and second by Regent Karr, the updated UH Bond System Financial Statements were unanimously accepted, with an abstention by Chair Landon for the same reason stated for the Consolidated Financial Statements.

Chair Landon expressed the Board’s appreciation to Vice President Todo and the Accuity staff for their work in getting these reports done by the required deadline, despite the new issues.

Approval to Establish a Bachelor of Business Administration Degree in Entrepreneurship, Shidler College of Business, UH Mānoa

Shidler College of Business Dean Vance Roley requested approval to establish a BBA degree in Entrepreneurship. He said that the College has implemented significant portions of the program without the formal major in place. No additional funds are being requested; three faculty have been hired within the past four years; all courses are already being taught.

The major requires 15 credits and is supported by the College’s PACE (Pacific Asian Center for Entrepreneurship and E-Business) in community outreach and projects to help smaller high-tech firms. Dean Roley said that this program is offered at many campuses in the nation, and graduates are successful in securing jobs.

Regent Gee asked why this major is an undergraduate rather than a graduate degree, and if there is any collaboration with the private universities in Hawai‘i. Dean Roley responded that a graduate program proposal recently passed the Mānoa Faculty Senate, and will incorporate engineering, law, science and medicine students. John Butler, faculty in the program, said that there is collaboration with Chaminade and Hawai‘i Pacific University, as well as communication with UH Hilo. Linkages will be established with Hawai‘i, Leeward and Maui Community Colleges, all of which offer entrepreneurship courses.

In response to an inquiry from Vice Chair Karr, Professor Butler responded that it is expected that many students would double-major in entrepreneurship and another major such as finance and marketing, and that net incremental income or expense would amount to 25% to 30% of the students.

Vice Chair Karr asked why it took so long to establish this program, since the initial schedule was approved in November 2005 and the implementation in August 2006. Professor Butler responded that the Chancellor’s office requested a cost
template, which at that time had not been standardized as a template for all program requests. Creating the standard cost template caused the delay.

Upon motion by Regent Dahilig and second by Regent Teichman, the BBA in Entrepreneurship in the Shidler College of Business was unanimously approved.

Approval of an A.S. Degree and Certificate of Achievement in Fire Science at Hawai‘i Community College

Hawai‘i Community College Vice Chancellor for Academic Affairs Doug Dykstra requested approval of an A.S. degree and a Certificate of Achievement in Fire Science. Dr. Dykstra said that the program began in 2005 as a pilot program, funded by the federally-funded Rural Development Program. After five semesters, it was demonstrated that there was a demand and need for such a program. Dr. Dysktra reported that Colorado State University would articulate the program with their Bachelor of Fire Science Administration program, and has accepted 27 of HCC’s 33 credits. The 6 remaining credits have not yet gone through HCC’s curriculum committee. It is expected that once approved, they will be accepted by Colorado State. This articulated program is entirely distance-education, and has a standard tuition schedule, regardless of state residency.

In response to Regent Gee’s question about service learning, Dr. Dykstra said that the program has a cooperative education option.

In response to Regent Haynes’ question whether having an A.S. degree is required for employment, Mr. Jack Manassian, program coordinator, responded that the degree is not currently a requirement of the Hawai‘i County Fire Department because the degree is not available to the public. However, applicants who have the degree may be given extra points in the evaluation. Mr. Manassian added that a Bachelor of Science degree is mandatory for all fire management positions in the federal agencies such as the Forest and Park Services and Bureau of Land Management.

Upon motion by Regent Tajiri and second by Regent Carlson, the A.S. degree and Certificate of Achievement in Fire Science at Hawai‘i Community College was unanimously approved.

Approval of Permanent Status of the Associate in Arts Teaching Degree at Leeward Community College

Leeward Community College Chancellor Manuel Cabral requested Board approval to change the Associate in Arts Teaching degree from provisional to permanent status.

Faculty member Bobbi Martel provided program highlights, saying that the provisional program was established in 2005 to address the critical teacher shortage in leeward and central O‘ahu. Graduates of the program can be employed as educational assistants, or can transfer to bachelor degree programs in teaching, which the majority
of their students do. As of December 2008, there are 263 students in the program, as compared to 24 students in 2006. There is a strong service learning component with over 30 K-12 partner schools, requiring students to spend a total of 40 hours in the field.

Flexible courses are offered to reach out to the working population through online courses, evening courses, and extension programs.

Ms. Martel reported that 27% of students in the state are Hawaiian/part Hawaiian, while 21% are Filipino. DOE teachers of Hawaiian ethnicity number 13%, while 8% are Filipino. Students enrolled in LCC’s teaching degree program number 26.5% Hawaiian/part Hawaiian, and 15.5% Filipino, so the program is addressing the critical issue of providing appropriate role models for minority groups.

Leeward has articulation agreements with UH Mānoa, West O’ahu and Chaminade University for their elementary education programs, and with Chaminade for their secondary education program.

Upon motion by Regent Gee and second by Regent Martinson, the Board unanimously granted permanent status to the Associate in Arts Teaching program at Leeward Community College.

Approval of a Memorandum of Agreement with the State Department of Transportation for the Kaumualii Highway Widening Project with Kaua‘i Community College

Associate Vice President for Community Colleges Mike Unebasami requested Board approval of a Memorandum of Agreement (MOA) between the University and the State Department of Transportation (DOT) under which:

1. The University will convey certain parcels (about 6 acres) and grant drainage easements (about 6,400 square feet) to the DOT in connection with the road widening Project and receive about $645,000; and

2. The University’s sewer easement crossing Kaumualii Highway will be relocated.

Upon motion by Regent Dahilig and second by Regent de la Peña, the Board unanimously approved the MOA, approved the conveyance of the Acquisition Property, approved the acceptance of the Occupancy Agreement and the Sewer Easement relinquishment, and authorized the President and Kaua‘i Community College Chancellor to negotiate and finalize documents on behalf of the University.

EXECUTIVE SESSION

By unanimous approval, the meeting was recessed for lunch at 12 noon. Upon motion by Regent de la Peña and second by Regent Haynes, the Board unanimously approved convening in executive session following lunch, pursuant to HRS §92-
5(a)(2)(3)(4), to discuss personnel actions, legal and real estate matters, and collective bargaining. The meeting reconvened in public session at 4:20 p.m.

[Regents Carlson and Haynes were excused.]

VI. ITEMS FOR BOARD ACTION (continued)

Approval to Amend BOR Policy, Chapter 4, Articulation of Commitment to Native Hawaiians

President McClain requested Board approval of an amendment to Board Policy, Chapter 4 – Planning, to articulate the University’s commitment to the indigenous people of these Islands, the Native Hawaiians. The following language was proposed:

Chapter 4, Section 4-1, Mission and Purpose, Paragraph 4-1c. Mission and Purpose:

As the only provider of public higher education in Hawai‘i, the University embraces its unique responsibilities to the indigenous people of Hawai‘i and to Hawai‘i’s indigenous language and culture. To fulfill this responsibility, the University ensures active support for the participation of Native Hawaiians at the University and supports vigorous programs of study and support for the Hawaiian language, history and culture.

[New paragraph 4-1c (3):]

(3) The University of Hawai‘i is committed to diversity within and among all racial and ethnic groups served by public higher education in Hawai‘i. The President, working with the Chancellors, ensures the unique commitment to Native Hawaiians is fulfilled by:

(i) providing positive system-wide executive support in the development, implementation, and improvement of programs and services for Native Hawaiians;

(ii) encouraging the increased representation of Native Hawaiians at the University of Hawai‘i;

(iii) supporting full participation of Native Hawaiians in all initiatives and programs of the University;

(iv) actively soliciting consultation from the Native Hawaiian community and specifically Puko’a, the system-wide council of Native Hawaiian faculty, staff and students that serves as advisory to the President;

(v) providing for and promoting the use of the Hawaiian language within the University of Hawai‘i system;
(vi) providing a level of support for the study of Hawaiian language, culture and history within the University of Hawai‘i system that honors, perpetuates and strengthens those disciplines into the future;

(vii) encouraging Native Hawaiians to practice their language, culture and other aspects of their traditional customary rights throughout all University of Hawai‘i campuses and providing Hawaiian environments and facilities for such activities; and

(viii) addressing the education needs of Native Hawaiians, the State of Hawai‘i, and the world at large, in the areas of Hawaiian language, culture and history through outreach.

President McClain also requested an amendment to Chapter 4 (Section 4-1c(1)(c)) to formally codify the current mission of UH West O‘ahu:

(c) University of Hawai‘i, West O‘ahu is a four-year baccalaureate institution founded in the liberal arts, serving professional, career-related, and applied fields, based on state and regional needs, and providing access through partnerships and distance delivery.

President McClain also recommended that the University review its System and University missions every 10 years rather than the 15 years as currently required.

Chair Landon explained that several changes were made to the original proposed language to ensure clarity and specificity and to minimize possible future misinterpretation or misunderstanding as to the intent of the commitment.

Upon motion by Regent Tajiri and second by Regent Martinson, the amendments to BOR Policy, Chapter 4-1, were unanimously approved, along with the other amendments regarding the mission of UH West O‘ahu and the mission review period.

Approval of Lease between Cancer Research Center of Hawai‘i with JABSOM and Ala Moana Property Owner (Gold Bond Building) for Rental of Office Space

Dr. Michele Carbone, Interim Director of the Cancer Research Center of Hawai‘i (CRCH), requested Board approval of a lease for office space in the Gold Bond building.

Dr. Carbone said that the CRCH needs space to recruit new faculty to support the renewal of its National Cancer Institute (NCI) status. The advantage of the Gold Bond building is that it is situated in proximity to the Medical School, allowing the CRCH to request indirect cost recovery of 54-56% which is the maximum obtainable from federal funding. Other advantages are freeing up space currently used in the Biomedical Sciences building on the Mānoa campus.

President McClain noted that the lease cannot be terminated until late 2013 or 2014, but CRCH might move into its new facility by 2012. Dr. Carbone responded that
the termination date allows buffer time for CRCH, and the lease gives the University favorable rent, 3 months of free rent, and $750,000 in tenant improvements. He said that the space will most likely continue to be utilized by CRCH and/or JABSOM.

Upon motion by Regent Hirota and second by Regent Rasmussen, the lease for office space in the Gold Bond building was unanimously approved.

**Report on the Status of the Presidential Selection (information only)**

Ms. Donna Tanoue, chair of the UH Advisory Presidential Selection Committee, provided an update on the presidential selection process. The Committee continues to be committed to openness and transparency, to engage the community as fully as possible, and to maintain confidentiality to attract the strongest candidates.

Ms. Tanoue revised and updated the selection criteria to include the following:

- A current UH System enrollment of 53,000 students.
- A clarified description of the Community College System.
- Corrected concept of malama’aina, as requested by the Puko’a Council.
- An emphasis on the State of Hawai‘i’s P-20 initiative, as well as partnerships with the Department of Education and Good Beginnings Alliance.
- The strength of the University’s international programs.
- Working relationships with the Legislature and the Governor.
- Incorporating language relating to the commitment to Native Hawaiians that was approved at this meeting, to read: “To further the University’s unique responsibilities to the indigenous people of Hawai‘i, and to Hawai‘i’s indigenous language and culture, including active support for the participation of Native Hawaiians at the University, and for vigorous programs of study and support for the Hawaiian language, history and culture.”

Upon motion by Regent Gee and second by Regent Teichman, the revised criteria were unanimously approved.

Ms. Tanoue reported that the consultant firm of Storbeck/Pimentel and Associates has contacted more than 550 individuals. As of March 18, 2009, 78 applications and 90 nominations have been received.

The Committee met on March 17 to evaluate a pool of about 20 individuals, ranging from higher education system leaders to leaders of single campuses. The Committee has selected 11 individuals for first-round, in-person interviews in Honolulu on April 2nd and 3rd, 2009. Ms. Tanoue noted that there will likely be several other candidates emerging in the next two weeks or so.

The Committee welcomes the Board’s continued guidance and will maintain its dialogue with the Board on the progress of the search.
Approval of CIP and R&M Project Contracts for FY 2008-2009

Associate Vice President for Capital Improvements Brian Minaai requested approval of CIP and R&M project contracts for FY 2008-2009. These include a professional services contract for $478,120 for UH Mānoa, 5 construction contracts for an estimated $8,929,735 for UH Mānoa, and a construction contract estimated at $3,300,000 for Kapiʻolani Community College.

Upon motion by Regent Hirota and second by Regent Tajiri, the contracts were unanimously approved. Regent Dahilig stated that he is a consultant to a company that usually receives UH sub-contracts, but that company is not involved with the contracts being approved today, so he does not feel that a recusal is warranted.

VII. ACCEPTANCE AND APPROVAL OF GIFTS, GRANTS AND CONTRACTS

Two indemnity provisions were submitted to the Board for approval:

• An agreement with the Mesothelioma Applied Research Foundation to perform “Studies of Tumor Necrosis Factor alpha as a new Target for Human Malignant Mesothelioma Preventive and Therapeutic Strategy.”

• An agreement with the Smithsonian Astrophysical Observatory for a study on “The Most Obscured Super-Massive Black Holes.”

Upon motion by Vice Chair Karr and second by Regent Dahilig, the two indemnity provisions were unanimously approved.

VIII. APPROVAL OF PERSONNEL ACTIONS

President McClain requested approval of the following personnel actions:

• Appointment of Reed W. Dasenbrock as Vice Chancellor for Academic Affairs, UH Mānoa, effective April 6, 2009 to April 5, 2012.

• Emeritus Titles to the following:
  Beverly Ann Keever, UH Mānoa
  Thomas S. Kosasa, JABSOM
  Loren W. Kroenke, UH Mānoa
  Yu-Chong Lin, JABSOM
  David W. Muenow, UH Mānoa
  Narendra K. Saxena, UH Mānoa
  John R. Sibert, UH Mānoa
  Eldon L. Wegner, UH Mānoa
President McClain also disclosed, as required by Act 6, the compensation action for Kathy L. Hill, Interim Institutional Research and Analysis Program Officer at Leeward Community College.

Upon motion by Regent de la Peña and second by Regent Dahilig, the appointment and emeritus titles were unanimously approved, with an abstention by Regent Gee as to the appointment of Reed Dasenbrock.

**IV. REPORT OF THE PRESIDENT (continued)**

President McClain resumed his report to the Board. He reported that the budget situation remains fluid, with no resolution likely until toward the end of the current Legislative session.

The President announced discussions with East-West Center President Charles Morrison concerning the establishment of a new UH-East-West Center working group that would focus on ways in which the two institutions can collaborate further and save resources in these challenging economic times. The President intends to ask UH System Vice President David Lassner and UH Mānoa Chancellor Virginia Hinshaw to join him and President Morrison on this working group; President Morrison will appoint two members of his staff as well. UH provides over $1 million in scholarship assistance to participants in East-West Center programs.

Noting an earlier report by Pacific Business News on the subject, the President confirmed that the number of interim appointments, having been at 27% at its peak, and having declined to 17% in late 2007, has risen to 22%. About one-third of the interims (7%) have had that status for less than a year; slightly more (9%) have had that status for between 1 and 2 years; and 6% have been in that status for longer than 2 years.

The President noted that current hiring restrictions have limited the University to recruiting for and filling only mission-critical positions. For example, the Vice President for Administration position, vacated when Sam Callejo retired, has not been filled, nor has an interim been appointed nor is recruitment under way; instead, other vice presidents have taken up his responsibilities.

The President indicated his pleasure with the earlier presentation by UH Foundation President Donna Vuchinich noting that some $265 million has been raised in the Centennial Campaign, above the target of $250 million. Recalling that President Vuchinich mentioned that the annual UHF budget was about $8 million, the President observed that the UH contribution to the UH Foundation is $3 million annually, with $1 million coming from the UH System and $2 million from the campuses. The President stated that he alerted President Vuchinich and the UH Foundation Board of Trustees that UH’s ability to continue to support at this level will depend on what budget reductions that State requires it to absorb, and on the new strategic plan being proposed by the UH Foundation; the Foundation’s agreement with UH expires December 31, 2009.
The President concluded his report by announcing that Pacific Business News has selected Vice President for Academic Planning and Policy Linda Johnsrud as one of 11 finalists in its “Women Who Mean Business” Businesswoman of the Year Award, which will be given at an April 9th event at the Hawai‘i Convention Center.

VI. ITEMS FOR BOARD ACTION (continued)

Quarterly Financial Status Report (information only)

Vice President Howard Todo reported that the University is in healthy financial situation.

Quarterly Endowment Fund Performance Report by Third Party Monitor (information only)

Peter Backus, Senior Vice President of third party monitor Morgan Stanley, reported that 2008 was a very significant year of losses for most investors. The endowment fund lost about 21.5%, which is in line with most other foundations. Morgan Stanley is predicting that 2009 will finish higher than current levels.

In response to questions from Regent Gee, Mr. Backus replied that fund managers are reviewed on their results every quarter on performance relative to both the benchmarks as well as a universe of peers. All of the managers are within those benchmarks as of this trailing period ending December 31st.

Vice Chair Karr said that the investment performance of Newberger Berman is below the index. He asked if they have been notified that they are under watch. Mr. Backus said that Newberger Berman is aware that they are under-performing on a trailing 3-year basis. Vice Chair Karr asked how Newberger Berman performed within the last 2 and a half months compared to the index. Mr. Backus responded that so far they’ve done quite well. Their benchmark was down about 10% and they were down 5%.

Vice President Todo said that the finance committee will begin exploring whether to have managers with specific focus, rather than several balance managers, and whether the University’s investment policies need to be more flexible and principle-based rather than formula-based.
IX. ANNOUNCEMENTS

Chair Landon made the following announcements:

Appointments to Committees:

- Regent Fukunaga will serve as an alternate on the UH Advisory Presidential Selection Committee when any of the three Regents on that Committee are unable to attend its meetings.
- Regent Martinson will serve on the UCERA board.
- Regent Hirota will serve on the Research Corporation of the University of Hawai‘i board.
- Regent de la Peña will serve on the Advisory Council of the State Board for Career and Technical Education.
- The next meeting of the Board will be April 16, 2009, at Kapolei Hale, hosted by UH West O‘ahu.
- The Distinguished Alumni Dinner will be held on May 7th, and also will honor President McClain and his wife, Wendie.
- Regents are asked to participate in campus commencement exercises. A schedule of the various commencements will be circulated.
- The Association of Emeritus Regents holding its annual golf tournament on April 3, 2009 at the Waialae Country Club.

IX. ADJOURNMENT

There being no further business, the meeting was adjourned at 5:10 p.m.

Respectfully Submitted,

Presley W. Pang, Esq.
Interim Executive Administrator
and Secretary of the Board