

**MINUTES**  
**BOARD OF REGENTS MEETING**  
**AUGUST 19, 2021**

**Note:** On August 5, 2021, Governor David Y. Ige issued a proclamation related to the COVID-19 emergency that temporarily suspended Chapter 92, Hawai'i Revised Statutes, relating to public meetings and records, "only to the extent necessary to minimize the potential spread of COVID-19 and its variants".

**I. CALL TO ORDER**

Chair Moore called the meeting to order at 8:36 a.m. on Thursday, August 19, 2021. The meeting was conducted virtually with regents participating from various locations.

Quorum (10): Chair Randy Moore; Vice-Chair Alapaki Nahale-a; Vice-Chair Benjamin Kudo; Regent Simeon Acoba; Regent Kelli Acopan; Regent Eugene Bal; Regent William Haning; Regent Diane Paloma; Regent Robert Westerman; and Regent Ernest Wilson.

Excused (1): Regent Wayne Higaki

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; VP for Advancement/UH Foundation (UHF) Chief Executive Officer (CEO) Tim Dolan; 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.

Prior to the commencing with the meeting, Chair Moore spoke on the passing of Regent Emeritus Michael T. McEnerney recognizing and honoring him for the significant contributions he made to both the board and the university, particularly in the area of risk management. He noted Regent McEnerney's background as an accountant, educator, university alumnus, and attorney which he deftly used to educate and provide keen insights to regents on various university matters; acknowledged and praised his outstanding work as Chair of the Committee on Independent Audit; and stated that his patience, leadership, professionalism, guidance, mentorship, and friendship will be sorely missed. Chair Moore offered the Board's condolences to his wife Irene and their family. A moment of silence was observed as a tribute to Regent Emeritus McEnerney.

**II. APPROVAL OF THE MINUTES**

Vice-Chair Kudo moved to approve the minutes of the July 15, 2021, meeting, seconded by Regent Westerman, and noting the excused absence of Regent Higaki, the motion carried, with all members present voting in the affirmative.

### **III. PUBLIC COMMENT PERIOD**

Board Secretary Oishi announced that the Board Office received late written comments from Bria Blauvelt requesting that those with medical and religious exemptions have no further requirements placed upon them in order to attend in-person classes.

Late written comments were received from Jessica Hamad and Tina Lia in opposition to the COVID-19 vaccination and testing policy at the university.

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

#### [Late Written Testimony Comment Received](#)

Five individuals signed up to provide oral testimony. Merlyn J. Travis, Bruce Douglas, Holly Molloy, and Tina Lia, representing the Pono Coalition for Informed Consent, and Bria Blauvelt provided comments regarding the vaccination requirements for students attending the university in person in the fall.

### **IV. REPORT OF THE PRESIDENT**

#### **A. COVID-19 UPDATE**

President Lassner provided an update on the university's current state of affairs with regard to the COVID-19 pandemic, including vaccination and testing requirements, stating that all of the university's protocols were developed in consultation with medical, public health, and scientific experts. While the university understands concerns expressed regarding COVID-19 vaccination and testing requirements, it must continue to remain vigilant against community transmission to ensure the health and safety of students, faculty, and staff. He stressed that all available and credible scientific data indicate that vaccination, along with maintenance of physical distancing and mask-wearing requirements, provides the best chance to accomplish this and will afford students the best opportunity to safely return to classrooms this fall. It was also noted that these mandates are being added to existing student health clearance requirements, which have been in existence for students attending courses on a university campus for decades, and that vaccination requirements have been upheld by the judicial system.

The results of a student COVID-19 vaccination survey conducted in mid-August which had a response rate of approximately 27 percent were shared with President Lassner highlighting that just under 70 percent to more than 90 percent of student respondents across the various campuses indicated that they were either fully or partially vaccinated. It was noted that almost half of the student respondents who were unvaccinated stated that they would not do so until the COVID-19 vaccine had received full authorization for use by the United States Food and Drug Administration. Given this data, the university anticipates that between 90 and 95 percent of students on the university's campuses will be vaccinated. A similar survey conducted among university employees in late-June has suggested that, if employee respondents represent population, just over 95 percent of university employees will be vaccinated.

The university is currently shifting its focus to reporting for employees and students to address compliance with its testing and vaccination requirements. While some State agencies are using attestation forms to validate compliance with established vaccination and testing mandates, the university will be verifying compliance through the Lumisight application (Lumisight App) which it currently uses to conduct daily health-checks that are necessary to access university campuses. The Lumisight App will allow for greater accuracy in determining vaccination and testing status of faculty, staff, and students, as well as gathering data. President Lassner commended VP Yoshimi and the information technology staff of the university for their efforts.

As COVID-19 case counts surge in Hawai'i, the university has continued to take actions to ensure a safe academic and work environment. Negotiations with public employee unions are underway with regard to implementation of the Governor's vaccination or frequent-testing mandate for all state employees. The university has taken additional actions to address the statewide increase in COVID-19 case counts including the negotiation of a new contract for COVID-19 testing that will allow for the integration of test results with the Lumisight App; establishment of vaccination requirements for all student-athletes; and holding on-campus student vaccination clinics over the coming weeks. The university also continued to work with the City and County of Honolulu (City) and Hawai'i County in determining whether spectators will be allowed at sporting events in the fall, as well as developing optimal conditions to allow this to occur including vaccination requirements for attendees. President Lassner recognized and praised the university staff and administrators for their exceptional efforts on these matters.

## **B. Enrollment Update**

Preliminary indications continue to show improvement in enrollment for the fall semester although the situation remains dynamic. President Lassner indicated that the university is neither following the current national trend among colleges and universities, which have been experiencing declining enrollment, particularly among the community colleges, nor following the trends which occurred during the last recession which led to significant increases in community college enrollment. As a system, current headcount students registered for fall 2021 has increased by 3 percent over the same period last year, with UHM experiencing the largest increase in enrollment at 8.5 percent, which equates to an additional 1,400 students, and UHH experiencing an enrollment increase of 3.1 percent. The community colleges have experienced minimal enrollment increases and remain relatively flat. The university anticipates total enrollment to be near 50,000 students by the end of the 2022 academic year. If these increases are sustained, it will be the first increase for the university system and a number of the campuses in a decade, although it was noted that enrollment at UHM has increased in three of the past four years. It was further noted that for UHM, enrollment increases are occurring across all student categories including resident; non-resident domestic; non-resident international; freshman; transfer; and new transfer students. A full analysis of enrollment statistics will be provided to the board in November after the official census is completed.

President Lassner also noted that occupancy at student housing facilities on both the UHM and UHH campuses continues to increase with facilities at UHM experiencing a 100 percent occupancy rate. Similarly, three of the four student housing facilities at UHH have reached full capacity with the fourth facility witnessing a current occupancy rate of 50 percent.

**C. Update on Clarence T.C. Ching Field Improvements**

Work is nearing completion on facility improvements that will allow the Clarence T.C. Ching Athletic Complex (Ching Complex) to be used as the site to host home games for the university's football team beginning this fall. President Lassner explained that use of the Ching Complex was necessitated by the State's decision to demolish Aloha Stadium which required the university to find a new venue to host home games for possibly the next three to four years. While a wide range of factors were considered and a number of possible alternatives, including the use of off-campus and neighbor island facilities, were contemplated, the university determined that the Ching Complex was the most suitable location. It was noted that all newly-constructed hospitality suites in the Ching Complex have been sold to various sponsors and that a number of legislators have been invited to site visits, with several already touring the facilities and expressing their compliments. He stated that the Ching Complex is expected to be opened in time to host the first home football game of the season on September 4<sup>th</sup> and commended the efforts, efficacy, and efficiency of UHM Athletics Director David Matlin and his team, VP Gouveia and her team, as well as various university administrators and staff, in completing this monumental task in a very short timeframe.

**D. Update on Legislative Informational Briefings Related to Procurement, Projects, and the Research Corporation of the University of Hawai'i (RCUH)**

President Lassner provided an update on two recently held legislative informational briefings. He stated that the first briefing, which was a joint meeting with the Senate Committee on Higher Education and Senate Committee on Ways and Means, focused mainly on matters related to procurement specific to the Ching Complex, the Cancer Center's Early Phase Clinical Research Center (EPCRC), and RCUH. Although the Atherton YMCA project was also on the briefing agenda, time constraints did not allow for discussion to take place on this matter and it was deferred until a later date. The second briefing, which took place before the Senate Special Committee on State of Hawaii Procurement, primarily dealt with various aspects of the university's construction procurement process, including procurement procedures, timelines, and challenges. At each briefing, the university provided information addressing items contained on the respective agendas.

Questions posed by legislators at each of the briefings were highlighted and included queries about the procurement process used for facility improvements to the Ching Complex and the reasoning behind this process; the tragic fatality that occurred during construction of improvements to the Ching Complex; RCUH, specifically with regard to the conferral of degrees, agreements with respect to the university and other State agencies, outside employment, and the advertisement of positions to serve on university projects; funding for the construction of the EPCRC and RCUH's involvement

with the construction; and aspects of specific construction projects, particularly with regard to a change order request involving the Public Broadcasting Service (PBS) building, which legislators expressed concerns about.

President Lassner stated that the university provided detailed answers to specific inquiries and provided the board an overview of its responses. It was noted that while RCUH provides administrative support for some programs, it does not confer degrees. He expounded upon the response regarding the procurement process with respect to the Ching Complex stating that an internal assessment determined that the use of change orders to address the unforeseen improvements to the Ching Complex necessitated by the State's decision to demolish Aloha Stadium was the most expeditious and efficient way to complete the project in time to allow for the fall football season to proceed. It was noted that the administration did not believe it would be prudent to have multiple contractors working in a constrained site on a compressed timeframe. President Lassner also announced that, as a result of these discussions and after conducting follow-up meetings with individual legislators, the university has cancelled a yet-to-be executed change order involving the demolition of the PBS building and will be initiating a new contract for the project despite an expected increase in project costs and extension of project timelines that will delay monetization of the property.

#### **E. Other**

The university's community college system has been ranked as the best in the nation among community colleges according to WalletHub's 2021 Best and Worst Community Colleges study. President Lassner noted that this ranking is based on a number of considerations including cost and financing, as well as educational and career outcomes. Individual community college campuses also performed well in the rankings with Kaua'i Community College, Kapi'olani Community College, and Honolulu Community College all being ranked 7<sup>th</sup>, 11<sup>th</sup>, and 30<sup>th</sup> respectively.

The second iteration of the O'ahu Back to Work program is occurring this fall. O'ahu Back to Work was initiated in fall 2020 as a collaborative effort between the university and the City to address employment impacts related to the COVID-19 pandemic. President Lassner explained that the program, which is operated by the university through its community college system and supported by COVID-19 federal relief funds received by the City, provides free, short-term employment training to assist residents in learning new skills for in-demand jobs. A follow-up survey conducted in February 2021 highlighted the success of last fall's program with approximately 22 percent of program participants indicating that they have been employed and an additional 55 percent stating that they had either applied for employment or intended to apply for employment in the near future. The university's goal for the second round of the program is to assist 500 individuals in receiving workforce training.

On August 17 the university welcomed its first cadre of 23 Naval Reserve Officer Training (NROTC) midshipmen. President Lassner stated that the NROTC program is expected to attract more students in the coming years with a total enrollment of over 100 midshipmen anticipated by the time this first group graduates.

Referencing copies of letters received from legislators that were forwarded to Regents and which note concerns with several university issues, Regent Acoba asked if the administration would be responding to the issues raised in the correspondence. President Lassner responded that the administration, board, and RCUH received separate communications and that each will be providing a response to the questions raised by Senators.

Regent Acoba asked if discussions have taken place regarding fan attendance at University of Hawai'i Women's Volleyball games. President Lassner replied in the affirmative but stated that discussions involving the university, Governor, Mayor of the City, and Director of the Department of Health are ongoing with no final decision being made to date.

Regent Acoba praised the university and the administration for their numerous accomplishments including the increase in student enrollment; the achievement of excellent rankings for a number of community colleges, including the highest rank for the community college system as a whole; and the completion of facility improvements to the Ching Complex, which he described as remarkable given the timeframe.

#### **V. REPORT OF THE UNIVERSITY OF HAWAI'I FOUNDATION (UHF)**

VP/UHF CEO Dolan provided a report on the work of UHF for fiscal year (FY) 2021 stating that it experienced a strong fundraising year despite a difficult external economic situation. UHF received \$100.2 million in philanthropic donations in FY 2021 which is an increase of 16 percent as compared to the same period last year and a 29 percent increase as compared to FY 2019. Fundraising efforts in FY 2022 are expected to significantly outperform those of the last FY. VP Dolan reviewed several of the philanthropic grants received by UHF over the past year, as well as some of the fundraising activities undertaken including the crowdfunding campaign known as the Vulcan Challenge which raised just over \$200,000, and noted their impacts to both the university community and the community at-large. UHF also continues to experience increased success in securing major gifts, defined as gifts of \$25,000 or more, with 89 percent of total donations for the fiscal year coming from major donors, which is a two percent increase from FY 2020.

Mr. John Han, Chief Operating Officer for UHF, presented an overview of UHF's operating budget as of June 30, 2021, stating that operating revenues generated were approximately \$11.99 million and expenses incurred were approximately \$11.62 million. As a result, UHF experienced a net operating revenue surplus of just over \$369,000. While the amount of operating revenue generated in FY 2021 was roughly \$2.8 million less than the amount generated in FY 2020, the majority of this decrease was attributed to lost income from expendable accounts due to investment management changes and a rebalancing of UHF's investment portfolio. UHF expects revenues to rebound in FY 2022 although it anticipates that a nine percent decrease will still be experienced.

UHF's endowment fund portfolio assets were \$456.5 million as of June 30, 2021. Mr. Han stated that the portfolio continues to perform well, producing competitive returns-on-investment. In FY 2021, the portfolio experienced a cumulative performance

of 36.3 percent surpassing the established benchmark of 26.9 percent, with the primary drivers for this performance being private investments and a rebound in the financial markets. Since inception, UHF's endowment fund portfolio has realized performance returns of over 7.1 percent, which has exceeded the established benchmark of 6.2 percent.

Regent Bal congratulated UHF on their successes and asked whether the COVID-19 pandemic and associated restrictions on gathering has negatively impacted UHF's fundraising efforts involving large activities and events. VP Dolan replied that fundraising efforts are generally trending away from larger, turnstile-type events such as banquets and food festivals. While UHF does not plan on eliminating these types of fundraisers, it was noted that conversations with potential donors on outcomes achieved from financial commitments have a greater fiscal impact than large fundraising events.

Referencing UHF's statement of operations provided in the materials, Regent Acoba requested clarification on the figures presented for total revenues, total expenses, and net revenues for FY 2022. Mr. Han explained that the goal of UHF is to encumber all available revenues for fundraising efforts. As such, the amount of total projected expenses equates to the total amount of projected revenues which accounts for the projected net revenues for FY 2022 appearing as zero on the statement of operations. Once the fiscal year is completed, UHF will determine whether actual revenues exceeded actual expenses which would result in a net revenue gain.

Citing net revenue gains experienced by UHF over the last four fiscal years, Regent Acoba asked if a revenue surplus was likely in FY 2022. Mr. Han replied that it was projected that UHF would have a slight revenue surplus for FY 2022. Regent Acoba question what this projection was based upon. Mr. Han responded that UHF has experienced difficulties in hiring qualified staff to assist in fundraising efforts. As a result, it is anticipated that actual personnel expenses will be lower than projected resulting in a decrease in actual expenses overall and surplus in revenue.

## **VI. COMMITTEE AND AFFILIATE REPORTS**

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

Committee Chair Kudo summarized the committee report.

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

Committee Chair Moore summarized the committee report.

### **C. Affiliate Reports**

There were no affiliate reports.

## **VII. AGENDA ITEMS**

### **A. Consent Agenda**

**1. Approval of Indemnification Provision in an Agreement Between the U.S. Department of Commerce National Oceanic and Atmospheric Administration (NOAA) and the University of Hawai'i for a Cooperative Institute for Marine and Atmospheric Research (CIMAR)**

Chair Moore provided a brief background on indemnifications, explained the reasoning behind the approval of indemnification requests by the board, and described the consent agenda process for the benefit and edification of the newly appointed Regents.

Vice-Chair Kudo moved to approve the consent agenda, seconded by Regent Westerman, and noting the excused absence of Regent Higaki, the motion carried with all members present voting in the affirmative.

President Lassner thanked the Regents for approving the indemnification provision contained within the CIMAR agreement noting that this contract encompasses one of the largest research awards given to the university with a potential value of \$200 million in collaborative research.

**B. Private Donation:**

- 1. Approval of Naming of the University of Hawai'i at Mānoa School of Nursing and Dental Hygiene (SONDH)**
- 2. Approval of the Establishment and Naming of the Nancy Atmospera-Walch Endowed Professorship in School Health**
- 3. Approval of the Establishment and Naming of the Nancy Atmospera-Walch Early Career Endowed Professorships in Population Health**

President Lassner provided information on a private donation for renaming SONDH as the Nancy Atmospera-Walch School of Nursing and for the establishment and naming of the Nancy Atmospera-Walch Endowed Professorship in School Health and the Nancy Atmospera-Walch Early Career Endowed Professorships in Population Health at SONDH. Funds will be used to, among other things, retain and reward a faculty member of SONDH who is dedicated to improving the health of Hawai'i's youth in an effort to increase academic success through the establishment of an endowed professorship in school health; provide fiscal resources to expand the activities of the Hawai'i State Center for Nursing in meeting identified and future nursing workforce needs of the State; make available graduate and undergraduate scholarships in nursing with preferences for nursing students from under-represented populations; and create an endowment for two early career endowed professorships in population health that will offer recognition and support for new nursing faculty in this field. While the donor requested that the amount of the donation not be disclosed, this matter was fully discussed in executive session during the July 2021 board meeting.

Regent Westerman moved to approve the naming of SONDH as the Nancy Atmospera-Walch School of Nursing, and the establishment and naming of the Nancy Atmospera-Walch Endowed Professorship in School Health and the Nancy Atmospera-



Walch Early Career Endowed Professorships in Population Health, seconded by Regent Wilson, and noting the excused absence of Regent Higaki, the motion carried with all members present voting in the affirmative.

Chair Moore offered the board's thanks and appreciation to the philanthropic donors, as well as all benefactors of the university that make such generous donations.

**C. Approval of Appointment of Andy Adamson to the Mauna Kea Management Board (MKMB)**

Chancellor Irwin noted that the Mauna Kea Science Reserve Master Plan approved by the board in June 2000 called for the establishment of the community-based MKMB. She stated that the departure of Doug Simons, who was recently selected as the Director of the Institute for Astronomy, has created a vacancy on the MKMB. After soliciting recommendations for appointments to fill this vacancy and subjecting these recommendations through a standard vetting process, Dr. Andy Adamson was selected for appointment. If approved, Dr. Adamson, who is the Associate Director of the Gemini Observatory, would complete the final year of Dr. Simon's term on the MKMB and then serve for a full term.

Vice-Chair Kudo asked whether Dr. Adamson has had any significant interface with the community, in particular the Native Hawaiian community, as well as the business community and other groups on Hawai'i Island. Chancellor Irwin replied that Dr. Adamson has had some community interaction although admittedly not as much as Dr. Simons who has been a leader in community engagement and astronomy education on Hawai'i Island. She remarked that MKMB has historically had a member representing the viewpoint of the observatories and has relied on the other MKMB members to represent the community's interests. Chair Kudo stated that the MKMB has increased its visibility and importance in addressing issues related to Maunakea and is working to correct some of the management deficiencies of with regard to the mauna. As such, it was important that there be a balance of perspectives on the MKMB from both the observatories and community points-of-view. He opined that it was crucial for the individual representing the observatories on the MKMB to have a sense of the community and expressed his concerns as to the lack of information on Dr. Adamson's views on this issue. Chancellor Irwin stated that she understood Vice-Chair Kudo's concerns. She also noted that the 'Imiloa Astronomy Center has been working with the observatories on the issues of community engagement and outreach as part of a collaborative effort to establish better relationships with the community.

Vice-Chair Nahale-a echoed Vice-Chair Kudo's sentiments but added that the increased visibility and importance of the MKMB has made it difficult to recruit individuals willing to serve on the board, particularly given the recent controversies involving Maunakea, and requested Chancellor Irwin to provide insight into the recruiting challenges faced in this current environment. Chancellor Irwin replied that there has been a concerted effort, particularly over the last two years, to recruit Native Hawaiians to serve on the MKMB as vacancies arise. Although many in the Native Hawaiian community have been approached and asked to serve, most have either become reticent or declined serving due to the controversies surrounding Maunakea.

While there currently is Native Hawaiian representation on the MKMB, increasing that voice as part of the management and stewardship of Maunakea is important. She noted that current members of the MKMB have also approached members of the Native Hawaiian community to gather their thoughts and view of the university's management of the mauna and that, while some have been forthcoming in sharing their views off-the-record, they are very hesitant to do so publicly. Nevertheless, there is a keen awareness of the importance of community outreach and Dr. Adamson is well aware of the expectation that he serve as a voice of both the community and the observatories while serving on the MKMB.

Vice-Chair Kudo stated that, based upon his lack of knowledge of Dr. Adamson's views on Maunakea and his perspectives on community outreach, he will be voting against approval of the nomination. However, he suggested the possibility of deferring action on this matter so that the board can have a conversation with Dr. Adamson at the next board meeting to gain a better understanding of his thoughts and views on Maunakea, as well as his community outreach and engagement activities.

Regent Wilson questioned whether Dr. Adamson would be able to devote the time necessary to serve on the MKMB given that he is also the Associate Director of the Gemini Observatory and concurred with Vice-Chair Kudo's suggestion that this matter be deferred until such time that the board could hear from Dr. Adamson. President Lassner replied that Dr. Adamson is aware of the time commitment necessary to serve on the MKMB as the observatory directors meet regularly with the MKMB.

Regent Westerman remarked that he understood the concerns raised but asked whether an individual could be temporarily appointed to fill the vacancy on the MKMB and then be appointed to a full-term at a later date. Chancellor Irwin replied that when a vacancy occurs on the MKMB and the remainder of the term for that position is short, the standard practice of the university has been to request that the appointment be for the remainder of the term as well as an additional full term, in part to ensure that the terms of MKMB members are staggered. President Lassner added that the Chair of MKMB does not have the authority to make interim appointments. If a vacancy arises on the MKMB, the position remains vacant until an individual is appointed by the board. He also stated that, while individual candidates have never been asked to appear before the board during his time as President, the administration can plan on inviting candidates for these types of positions to speak to the board if this is the new expectation. However, the administration will have to determine how this can be achieved while adhering to statutory requirements regarding open meetings.

Chair Moore suggested possible courses of action on this matter including approving the appointment as requested; appointing Dr. Adamson to fill the remainder of the current vacant term and delay appointment to a full-term pending further review; or deferring the appointment until such time that Dr. Adamson has had an opportunity to appear before the board.

Regent Acoba asked if there was a position on MKMB reserved specifically for a representative of the observatories, and if not, whether Dr. Adamson would be considered a de facto representative of the observatories; whether the Gemini

Observatory was on the list of observatories scheduled to be decommissioned; and if Dr. Adamson still was connected to any of the activities occurring at the Gemini Observatory site in Chile. Chancellor Irwin replied that there is no position on the MKMB reserved specifically for a representative of the observatories but that this has been more of a tradition since the observatories are an important component with respect to Maunakea management; the Gemini Observatory is not currently scheduled for decommissioning; and Dr. Adamson does not appear to have any current affiliation with the Gemini Observatory site in Chile.

Noting that her inclination was to support the appointment of Dr. Adamson to serve-out the remainder of the current term, thereby allowing questions raised by Regents to be addressed prior to a full-term appointment, Regent Paloma questioned what the impact of delaying the full-term appointment would have on the ability of the MKMB to carry out its mission. Chancellor Irwin reiterated the difficulties faced in recruiting individuals to serve on the MKMB which has impacted its ability to achieve quorum in the past and noted that this is a concern with regard to delaying the appointment of Dr. Adamson.

Regent Acopan agreed with Vice-Chair Kudo that it would be important to understand Dr. Adamson's experience with, and attitudes toward, community engagement regarding Maunakea which she did not believe was reflected in the documentation regarding his background that was provided to the board. However, she also noted her concerns about the ability of MKMB to function if this appointment was delayed given the challenges faced in acquiring board members. As such, she expressed support for the compromise position of appointing Dr. Adamson to serve-out the remainder of the current term and delaying appointment to a full-term pending further review.

Vice-Chair Kudo clarified that his suggestion to defer action on the appointment of Dr. Adamson would only be until the next board meeting so as to afford the board with an opportunity to hear from him with regard to his thoughts and views on community engagement in regard to Maunakea. He stressed the importance of MKMB with regard to the future of Maunakea and simply wanted to ensure that the individual selected to fill this vacancy and represent the observatories on the board is someone who will be proactive with regard to the observatories' relationship with the community.

Chair Moore asked Chancellor Irwin to provide her thoughts on the three possible courses of action regarding the appointment of Dr. Adamson that were noted earlier. Chancellor Irwin replied that, in her view, approval of the appointment as requested would be the best option. However, she understood the concerns raised by Regents and would defer to the Regents wishes although it would be preferred that Dr. Adamson be appointed to at least serve-out the remainder of the vacant term. It was noted that MKMB will be meeting in two weeks but that it was possible to function with the current membership.

Regent Haning asked if there was any incentive for Dr. Adamson to serve on the MKMB given the current environment. Chancellor Irwin replied that the MKMB is a purely voluntary, non-compensated board. She stated that, at present, the MKMB is

extremely busy with activities related to revisions being made to the Mauna Kea Science Reserve Master Plan and Maunakea Comprehensive Management Plan and has resulted in meetings being increased to twice-a-month.

Vice-Chair Kudo moved to defer action on the appointment of Dr. Adamson to the MKMB until the next board meeting, seconded by Regent Wilson, and noting the excused absence of Regent Higaki, and the no votes of Chair Moore, Regent Haning, and Regent Westerman, the motion carried with all other members present voting in the affirmative and Regent Bal voting in the affirmative with reservations stating that he did not believe having a meeting with Dr. Adamson would achieve anything other than obtaining his affirmation of commitment to the position.

**D. FY 2020-2021 Fourth Quarter UBS Legacy Endowment Fund (Fund) Investment Performance Report**

Chair Moore explained the reasons for the fourth quarter Fund report, which is usually brought before the Committee on Budget and Finance (B&F), being taken up by the board at this time stating that UBS, the Fund's investment advisor, could neither attend this meeting nor the next regularly scheduled B&F meeting. As such, VP Young would be presenting the report. Should there be any specific questions from Regents for UBS, they can be taken up at the next scheduled B&F meeting at which UBS would be present.

VP Young provided a report on the Fund for the fourth quarter of the fiscal year ending June 30, 2021, stating that this report was significant in that it also covered the overall performance of the Fund for FY 2021. He noted that the Fund's portfolio performed extremely well increasing in value by \$18.98 million, which equates to a return of 25.81 percent, to end the fiscal year with a total net value of \$98.6 million. This was a considerable given that all draws and advances from the Fund had been completed. He also stated that the total expense percentage on the portfolio for the year was only 61 basis points which was a very decently low rate. Compared to established benchmarks, the Fund slightly lagged the major indexes but performed well with regard to the constructed waited indexes. Fund assets consisted of 1.71 percent cash, 24.51 percent fixed-income, and 73.78 percent equities which were all within the parameters established under Regents Policy (RP) 8.207. It was also noted that the portfolio's United States (US) equities experienced the greatest rate of return, contributing approximately 42.67 percent or \$5.3 million to its overall performance, followed by international growth and value investments which contributed 35.67 and 29.01 percent, respectively, to the portfolio's performance for a combined increase of \$2.1 million to its value.

VP Young noted that the materials provided by UBS discussed their overall forecasts for the financial markets and reiterated that the UBS representatives will be available to answer detailed questions about this report at the next meeting at which they are present.

Regent Paloma inquired as to whether the university had a policy that established internal performance investment targets, goals, and benchmarks. VP Young replied

that RP 8.207 establishes overall investment parameters for the university including the weighting of investments and limiting the amount of the portfolio that can be drawn down to 4.25 percent. The policy also includes certain benchmarks agreed upon by the Regents to determine the overall performance of the Fund. However, there is no specific policy that states that the portfolio must experience a specific rate of return.

Regent Acoba requested clarification on the availability of UBS, particularly with respect to their next appearance at a B&F meeting. VP Young replied that the UBS representatives are currently attending a business event and were unavailable for this meeting and the scheduled B&F meeting in September. He noted that the next B&F meeting is slated for November and UBS will be presenting the first quarter report for FY 2022 at that time. However, if Regents had pressing questions regarding the FY 2021 report, the administration could inquire about the availability of UBS to answer these questions at the next board meeting.

Citing that fees on portfolio investments for the year were 61 basis points, Regent Acoba questioned what this amounted to in actual dollars. VP Young stated that 61 basis points equates to roughly between \$575,000 to \$590,000 in fees paid over the last fiscal year. He noted that the fees included payments made to UBS for its investment management services as well as fees paid to investment managers that are managing specific portions of the portfolio. Regent Acoba asked if this fee amount was appropriate. VP Young responded in the affirmative noting that, on a relative to performance basis, the Fund, which has a value of \$98.6 million, paid less than \$600,000 in fees for a return on investment of almost \$19 million. It was also noted that 61 basis points relative to other investment portfolios is very low in the industry.

Noting that RP 8.207 allows for up to 80 percent of the portfolio to be invested in equities, Regent Acoba asked about risk factors associated with the current equities market and whether the Fund should be increasing or drawing back on its equity investments. VP Young replied that this is something that is often discussed with UBS with regard to forward-looking investment strategies for the Fund. He stated that, in his opinion, the current US equity market has increased volatility and may be over-heated in areas, which may be a reason to re-evaluate the present allocation strategy. Similarly, adjustments may need to be made to the allocation of fixed-income assets due to possible actions being taken by the Federal Reserve System. VP Young emphasized that he was not speaking for UBS and that the administration will continue to work closely with UBS on these matters to determine the most advantageous investment strategy for the Fund over the next fiscal year.

Regent Acoba asked whether the administration had the authority to rebalance the portfolio's assets without board approval and whether there was a specific timeframe under which this rebalancing had to occur. VP Young replied that no board action is required to rebalance the portfolio and noted that the administration and UBS are constantly making minor, week-to-week changes to the overall portfolio mix of assets. However, changes to overall investment strategies involving things such as the intent of rebalancing or large changes to asset allocations would be something that the administration would bring before the board to ensure that Regents were aware of the reasoning for these decisions.

**VIII. ANNOUNCEMENTS**

Chair Moore announced that the next board meeting was scheduled for September 16, 2021, at a location to be determined and noted that meetings will most likely be occurring in a virtual format for the near future.

**IX. ADJOURNMENT**

There being no further business, Vice-Chair Kudo moved to adjourn, seconded by Regent Paloma, and noting the excused absence of Regent Higaki, and with all members present voting in the affirmative, the motion carried and the meeting was adjourned at 11:05 a.m.

Respectfully Submitted,

/S/

Kendra Oishi  
Executive Administrator and Secretary  
of the Board of Regents