

## MINUTES

### BOARD OF REGENTS' MEETING

November 15, 2012

#### I. CALL TO ORDER

Chair Eric K. Martinson called the meeting to order at 9:15 a.m. on Thursday, November 15, 2012, at the University of Hawai'i – Maui College, Laulima Room 105, Kahului, Hawai'i 9673296813.

Quorum (15): Chair Eric K. Martinson; Vice Chair Carl A. Carlson; Vice Chair, James H.Q. Lee; Jeffrey T. Acido; Artemio C. Baxa; Michael A. Dahilig; John C. Dean; Chuck Y. Gee; John C. Holzman; Benjamin A. Kudo; Coralie Chun Matayoshi; Barry Mizuno; Saedene K. Ota; Tom Shigemoto; and Jan Sullivan.

Others in Attendance: President M.R.C. Greenwood, Ph.D.; Executive Vice President for Academic Affairs/Provost, Linda Johnsrud, Ph.D.; Vice President for Community Colleges, John Morton, Ph.D.; Vice President for Legal Affairs and University General Counsel, Darolyn Lendio, Esq.; Vice President for Budget and Finance/Chief Financial Officer, Howard Todo; Vice President for Research, James Gaines, Ph.D.; Associate Vice President for Capital Improvements, Brian Minaai; Associate Vice President for External Affairs and University Relations, Lynne Waters; UH Mānoa Chancellor, Thomas Apple, Ph.D.; UH Hilo Chancellor, Donald Straney, Ph.D.; UH West O'ahu Chancellor, Gene Awakuni, Ph.D.; Honolulu Community College Chancellor, Erika Lacro; Executive Administrator and Secretary of the Board of Regents, Keith Amemiya, Esq., and others as noted.

Chair Martinson acknowledged the resignation of Executive Administrator and Secretary of the Board of Regents, Keith Amemiya. The Board presented Secretary Amemiya with a lei and letter of appreciation. Secretary Amemiya thanked the Regents, Administration, and Board of Regents' Office staff.

#### II. APPROVAL OF MINUTES OF THE OCTOBER 12, 2012 and TWO OCTOBER 18, 2012 MEETINGS

Regent Matayoshi requested that page 7 of the October 18 Board of Regents' meeting minutes be changed to read "Regent Matayoshi asked for a fuller explanation on whether the \$66 million in total FY2012 donations were budget relieving for UH", and "Are those monies specifically earmarked? UHF President Vuchinich answered affirmatively. Regent Matayoshi said that to the extent that restricted donations fall into broad categories, some of the money should be able to be used for budget relieving purposes. Otherwise, the \$66 million is not being used for budget relieving items that may be higher priority than things in addition to the budget."

Regent Ota moved to approve the October 12, 2012 and two October 18, 2012 Meetings. Regent Gee seconded the motion, and the Regents unanimously approved the minutes as amended.

### III. PUBLIC COMMENT PERIOD

Secretary Amemiya announced that two persons submitted written testimony.

1. J.N. Musto, regarding two Executive Session items:
2. Dane Lee, in support of President Greenwood

Additionally, Secretary Amemiya announced that the following persons signed up to present oral testimony:

1. Sarah Mares, a student, spoke in favor of the Undocumented Immigrant Policy Proposal. She said that by approving the item, the policy would allow aspiring students to succeed and give back to the community.
2. Elena Rodrigues, representing Faith Action for Community Equity (FACE) Maui and aspiring student, spoke in favor of the Undocumented Immigrant Policy Proposal. She hopes for the opportunity to return to school and further her education.
3. Jesus Madrigal spoke in favor of the Undocumented Immigrant Policy Proposal. He told his personal story of being an undocumented immigrant. He would like to attend college, but the tuition is too expensive. The proposed policy would make tuition more affordable.
4. Liz Cortez, representing FACE, spoke in favor of the Undocumented Immigrant Policy Proposal. She told her personal story of being an undocumented immigrant, and how the proposed policy will positively affect her if it is approved.
5. Tom Robinson, President of the Graduate Student Organization (GSO), said that the GSO supports the Undocumented Immigrant Policy Proposal. However, he testified on the President's Academic Year Goals. The GSO hopes that the goals include retention and graduation, which can be improved by offering more courses that can be taught by teaching assistants and graduate student lecturers.
6. Monica Vidal, representing the GSO, testified on the President's Academic Year Goals. Her stipend doesn't cover all costs and she must take a second job through a federal work study. She asked that the Regents consider the GSO proposal for a graduate student pay increase.
7. Drew Astolfi, Director of FACE, spoke in favor of the Undocumented Immigrant Policy Proposal. There are many injustices for the immigrant community, and by approving the proposal, the Regents will be able to redress this issue for this generation of immigrants.
8. Terri Erwin, representing FACE, spoke in favor of the Undocumented Immigrant Policy Proposal, which would reduce the tuition barrier that they currently face. It is in the best interest of the residents of Hawai'i that every young adult has the opportunity to improve his or her prospects by pursuing college.
9. Elizabeth Ayson, representing Seasons for Peach, spoke in favor of the Undocumented Immigrant Policy Proposal. She shared her personal story of moving from the Philippines. She asked for support for undocumented students, who will have their own personal stories.
10. Kevin Block, the Director of the Immigrant Services division for the County of Maui's Dept. of Housing and Human Concerns, spoke in favor of the Undocumented Immigrant Policy Proposal. He supports the policy for legal

reasons and because he thinks it is wise policy, as well as personal, ideological reasons.

11. Doorae Shin, a UH Mānoa student, spoke in favor of the Undocumented Immigrant Policy Proposal. She spoke of the heartbreak of high school and college-aged student who struggled to attend college because of their inability to apply for financial aid and scholarships.
12. Carolina Torres Valle, a UH Mānoa student, spoke in favor of the Undocumented Immigrant Policy Proposal. She shared her personal story of moving from Peru. When she was collecting signatures for a petition supporting the proposal, she received a lot of support from her fellow students, as well as resolutions and letters of support from around the campus.

Chair Martinson congratulated Regent Dean on being named the American Savings Bank Business Leader of the Year for 2012.

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

President Greenwood presented her monthly report. She thanked the testifiers, especially the students, and said that she appreciated their ability to argue for change. The initiative is supported by major educational alliances and institutions and there is hope that the federal DREAM Act and immigration reform policy will be possible. It takes courage for those who are not documented to stand up and testify on the matter.

Association of Public Land Grant Universities (APLU): President Greenwood attended the APLU's 125<sup>th</sup> Annual Meeting. APLU is the oldest higher education association in the country with an overriding mission to support high quality public higher education and to provide a forum for the discussion and development of policies that affect higher education and the public interest. UH is part of this national network of public universities. UH was prominently featured in this past summer's APLU Smithsonian Folklife Festival in Washington, D.C. to celebrate the 150th anniversary of the Morrill Act, which established public land-grant universities and democratized higher education.

President Greenwood served as the Chair of the APLU's Council of Presidents this year, and at the November meeting was elected Chair-Elect of the organization, which represents 218 institutions of higher education with campuses in all 50 states, including historically black institutions and Hispanic serving institutions. APLU educates 70 percent of students in the U.S. and awards 60 percent of all Ph.D.s in this country. APLU institutions conduct nearly two-thirds of all federally funded university-based research.

At the conference, many important and meaty issues that impact UH were discussed, including state budget restrictions, pressure to keep tuition affordable, and the need to keep financial aid robust. The country's student-loan debt reached a trillion dollars this year. APLU is providing a forum for discussions on these issues, finding creative solutions and leading the change.

President Greenwood also gaveled the Council of Presidents meeting to order. She served on a panel for one of the discussions on possible changes to student aid, the

Pell Grant system, how to continue to provide financial aid and how to convince students to take at least 15 credit hours per semester and graduate in four years. UH already has this campaign and it has increased its graduation rates.

Former Secretary of Defense Robert Gates, who is currently the Chancellor of William and Mary College, gave a speech on the importance of public research universities, which are critical to keeping the country moving forward.

President Greenwood introduced Indonesia's ambassador to the U.S., the Honorable Dino Patti Djalal, who discussed expanding academic relationships with his country. Indonesian trade with the U.S. is approximately \$26 billion, but its trade with China is \$60 billion. He urged America to compete for attention among Asian countries. Indonesia aims to double the number of Indonesians studying at U.S. universities, and reciprocally do the same for American students.

Disaster Risk Reduction and Resiliency (R-3): It grew out of a one-day conference between UH and U.S. Pacific Command (PACOM), about leveraging their combined assets and working together in the Pacific region. It was highlighted during APEC in November 2011 with the signing of a Memorandum of Understanding (MOU) outlining the intent of partnerships with Japan, Vietnam, the Philippines and Indonesia. The project has grown exponentially since then.

The Asia Pacific Disaster Risk Reduction Resiliency Initiative (APDR-3) was awarded half a million dollars from the Ford Foundation, half a million dollars from the Rockefeller Foundation, and is expecting a matching grant from Chevron USA that will be presented at the United Nations on December 10. This would not have happened without a lot of hard work and the assistance of Ford Foundation Chair Irene Harano Inouye, also a member of the project's Steering Committee, and the commitment of PACOM to grow this project.

Dean Denise Konan of the UH Mānoa School of Social Sciences returned from Indonesia where she signed an MOU on the University's behalf, and the delegation is preparing to appear at the U.N. in December to present APDR-3. UH is extremely honored to house the beginnings of this institution, which will eventually include the granting of executive degrees, training of workforce, applicable research and other elements of a strong and ground-breaking academic program.

Washington, D.C. and New York City Trips: President Greenwood was on the East Coast for a series of meetings and formal speaking and professional engagements. Her first stop was in Washington, D.C. for a meeting on Cyber Security – an issue of rising concern among research universities like UH, regarding universities that are being targeted by hackers internationally.

She traveled to New York City to attend the Kauffman Fellows Summit at the new Alexandria Center for Innovation for Bio Sciences at the invitation of Philip Wickham, the President and CEO of the Kauffman Fellows Organization. There is keen interest in having a Kauffman Fellow in Hawai'i. Currently there are 163 Kauffman Fellows working in the U.S and across five continents: Africa, Asia, Australia, Europe and North America.

In D.C., the hot topics were immigration reform and the fiscal cliff. APLU strongly supports changes in immigration policy and supports the Dream Act – which allows illegal immigrants to pay in-state-tuition at public colleges and universities under certain conditions. Graduates also need to be able to work in the United States and contribute to the economy.

President Greenwood is following the fiscal cliff situation closely since it could reduce its research opportunities by 8 to 9 percent. APLU is part of this discussion in the nation's capitol.

President Greenwood traveled back to D.C. for meetings with alumni, donors and the National Science Foundation. Following that, she returned to New York to deliver the Institute of Human Nutrition's 15<sup>th</sup> Annual Wu Lecture at Columbia University. It was called "From Complex Organisms to Complex Organizations." She managed to get to New York just ahead of Hurricane Sandy and the lecture was held two days later.

### Campus News Highlights

UH Community Colleges: Recognized as a leader in the national student completion movement by Achieving the Dream, a national nonprofit leading the nation's most comprehensive non-governmental reform network for community college student success and completion. One of 14 institutions designated as a 2012 Leader College, the UH Community Colleges were recognized for demonstrating sustained improvement and accomplishments on key student achievement indicators, including student persistence and completion. To be eligible for Leader College distinction, colleges must demonstrate commitment to and progress on the principles and values of Achieving the Dream: Committed leadership, use of evidence to improve programs and services, broad engagement, and systemic institutional improvement.

UH Mānoa: Larry K. Martin was named the winner of the 2011-12 Alton B. Zerby and Carl T. Koerner Outstanding Electrical and Computer Engineering Student Award as the most outstanding electrical engineering student in the nation. Martin graduated with his BS in electrical engineering in Fall 2011.

UH Hilo's College of Pharmacy: Its residency program in community pharmacy was awarded national accreditation. So far, five pharmacists have gone through the program at Maui Clinic Pharmacy and were able to get retroactive credit for being part of an accredited program. All have since left the program to attain gainful employment as pharmacists.

Restaurant Week Hawai'i: President Greenwood encouraged everyone to dine at one of the more than 100 participating restaurants. Now in its fifth year, it is a seven-day celebration with restaurants on O'ahu, Maui, Kaua'i and Hawai'i Island offering special menu items, promotions and discounts to benefit the Culinary Institute of the Pacific at Diamond Head. The institute will be a state-of-the art, environmentally sustainable culinary campus that will include a signature restaurant open to the public, competition kitchen, demonstration theater, advanced Asian culinary lab, a patisserie classroom, imu pit and theme garden plots. The institute will benefit students in Hawai'i who wish to hone their culinary skills and receive training in restaurant and business management.

UH Mānoa: The 2012 Academic Ranking of World Universities, popularly known as the Shanghai Jiao Tong rankings, lists UH Mānoa in the second of six tiers, or between 101-150 in its ranking of 500 international universities. Mānoa's American peers in the ranking include the University of Virginia, while its Asian peers include the top university in Korea, Seoul National; the top university in Singapore, National University in Singapore; the top university in Taiwan, National Taiwan University; and the top university in all of Latin America, the University of Sao Paulo. UH Mānoa also ranks ahead of schools such as Oregon State University (150-200), the University of Oregon (201-300), and Notre Dame (201-300). No university in China is ranked in the top 150, and seven universities in Japan are in the top 150.

UH Cancer Center and the Dept. of Chemistry at UH Mānoa: Researchers collaborated on the development of a potential new anti-cancer drug that specifically kills renal cancer cells. Cancer Biologist and Associate Professor Joe Ramos of the UH Cancer Center and Assistant Professor William Chain from the Dept. of Chemistry are the first to describe the biological effects that a compound known as englerin A has on renal cancer cells. Their findings were published last month in the journal PLOS ONE of the Public Library of Science.

#### Report of the Host Campus: UH Maui College

UH Maui College Chancellor, Clyde Sakamoto, spoke of UH Maui College's progress concerning the Hawai'i Graduation Initiative, including its enrollment and performance-funding measures. UH Maui College acquired 3.2 acres of additional land for the Moloka'i Education Center for \$400,000. It also will open its new, \$25 million Science building called 'Ike Le'a in the Spring of 2013. Other projects include the Johnson Controls Inc. Energy Performance Contract, including campus wide energy efficiency projects totaling \$8.7 million and a photovoltaic cover carport system, as well as the \$4.5 million renovation of the former Science building to an Allied Health Building set for a completion in 2015. Chancellor Sakamoto also discussed UH Maui College's completed and future repair and maintenance projects.

Stuart Zinner, head of UH Maui College's energy projects, spoke about the college's energy-related programs, including sustainable construction technology, sustainable science and management, and engineering technology. The solar program helps to defray some of the campus' energy costs. Students learned about best practices in installing solar panels. There is currently an arrangement with the Air Force research laboratory that provides UH Maui College with equipment, instrumentation, and expertise. The college recently received a grant from the Office of Naval Research and Hawai'i Natural Energy Institute (HNEI) for an energy demonstration project, which will include PV integrated on-site storage systems, renewable energy charging of electric vehicles, energy and CO<sub>2</sub> dashboards, solar forecasting capability, wind and solar sensors and measuring equipment, and database management capability. The college is also partnering with UC San Diego for solar forecasting. The Johnson Controls project intends to reduce UH Maui College's energy consumption by about 23 percent.

Dr. Susan Wyche, special projects coordinator, said that the campus has received \$130 million in grants since 2001. In 2011-12, the college received \$11.8 million in grants and \$18 million in the first quarter for FY 2013. The funding is diverse and is

arising from initiation by both the administration and faculty. UH Maui College is transiting to an Office of Grant Development to provide support to administrators and faculty obtain external support.

Special projects include the Food Innovation Center and the Center on Aging. UH Foundation's highlights include a \$200,000 Castle Foundation grant matching campaign for the Institute of Hawaiian Music and \$87,000 for the Noble Chef fundraiser.

Damien Cie, project manager of the Kahikina O Ka La Program, explained that the program is a National Science Foundation (NSF)-funding Mitigation for the Advanced Technology Solar Telescope (ATST). The approximately \$20 million program was developed to create an avenue for STEM and STEM-related career tracks. In the Fall 2012 semester, there were 27 participants with a 3.0 grade point average or higher. UH Maui College is also working on STEM programs, such as teacher workshops.

Regent Gee congratulated Chancellor Sakamoto for the growth of the campus under his leadership. He noted that the focus of energy research involves mostly solar energy, and he asked about research to harvest the ocean's energy. He also asked about the concentration of research projects and grants resulting from the college's transition from a two-year to a four-year institution. Chancellor Sakamoto said that the college is not currently involved in ocean-related research. There is an ongoing project offshore, but it is a private operation that the college has tried to reach out to. Regarding Regent Gee's inquiry about the development of grants, Chancellor Sakamoto explained that the \$130 million in grants that Dr. Wyche referred to primarily dealt with training. However, due to the college offering Bachelor of Applied Science degrees, it has recently acquired talented faculty that pursue funding. Chancellor Sakamoto hopes that there can be additional partnerships due to ATST.

Regent Ota congratulated Chancellor Sakamoto, and thanked the faculty and staff. The projects that he is able to accomplish are due to UH Maui College's public-private partnerships. Chancellor Sakamoto said that it is the faculty and academic leadership who deserve the praise.

Regent Sullivan also congratulated Chancellor Sakamoto for a beautiful, vibrant campus. She asked about the college's enrollment, which has nearly doubled over the past five years. She asked how the college manages to operate with general fund amounts that do not keep pace with growth. Chancellor Sakamoto said that there are considerable challenges. There are unfilled positions because of the uncertainty regarding restrictions and reductions. UH's Legislative request for the upcoming session includes a \$1.7 million increase for the college due to its enrollment growth. Regent Sullivan said that it is important to look at UH Maui College's growth and find a way to support it. Chancellor Sakamoto said that the college would be grateful for the attention.

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

UH Foundation (UHF) President, Donna Vuchinich, said that UHF is working to educate the community about how fundraising for higher education is different from cause-related or faith-based fundraising. As part of its public awareness campaign, the

UHF has run print, radio, and TV advertisements. The campaign celebrates the donors and their philanthropy.

UHF received \$10.3 million for the reporting period July 1, 2012 to September 31, 2012. As of November 14, 2012, it received \$13.4 million for FY 2013.

Regent Matayoshi asked if the promotional videos were created in-house, and UHF President Vuchinich answered affirmatively.

## **VI. REPORT ON GIFTS, GRANTS AND CONTRACTS**

President Greenwood said that as of September 30, 2012, the unofficial FY 2013 year-to-date total is \$178,070,313, compared to \$203,224,836 in FY 2012. However, Vice President for Research, James Gaines, is confident that UH will meet last year's total, and could possibly surpass it.

## **VII. ITEMS FOR BOARD ACTION**

### **Board of Regents**

#### **Acceptance of the Report of the Operational and Financial Controls Advisory Task Group**

Chair Martinson noted that the Committee on University Audits met that morning and accepted the report. Vice Chair Lee, a member of the Advisory Task Group (ATG), introduced Larry Rodriguez, the Chair of the ATG. Chair Martinson thanked Rodriguez and Peter Hanashiro, a partner with KMH LLP, who consulted on the ATG report and helped to formulate the scope of Phase I.

Rodriguez explained that there are four Regents on the ATG: Benjamin Kudo, James Lee, Barry Mizuno, Saedene Ota, and Jan Sullivan. The external members include Terri Fujii, Office Managing Partner, Honolulu Office of Ernst & Young LLP; Cory Kubota, Assurance Principal, Accuity LLP; Patrick Oki, Managing Partner, PKF Pacific Hawai'i LLP; and Rodriguez, a business consultant.

The purpose of the ATG was to look into and monitor the activities of the University, as it was looking for improvements in its overall financial and operational controls. Phase I looked at the controls over the financial aspects of the failed Stevie Wonder concert. Phase II will look at the administrative and organizational structure of the University and provide a review of everything from its structure to decision-making capabilities. Phase III will look at best practices.

The scope of Phase I was limited to the policies, procedures, and delegation of authority associated with the planned Stevie Wonder Concert ("Concert"). KMH used the Factfinders Report and all related attachments and exhibits, and conducted additional interviews and reviewed additional documents as necessary.



Hanashiro explained that KMH identified four financial transactions from the Concert:

- The entering of a contract between UH Mānoa and BPE Productions, Inc., for the use of the Stan Sheriff Center for the purpose of the Concert (“Facilities Use Agreement”) on June 12, 2012.
- The sale of Concert tickets by the Athletics Department ticket office on June 23, 2012.
- The \$200,000 disbursement of funds via wire transfer to Epic by the University Disbursing Office on June 26, 2012.
- The refunding of Concert ticket proceeds to the various ticketholders and transferring of funds from the Athletics Department Revolving Fund to the agency (custodial) account used to hold proceeds from ticket sales on behalf of BPE, which was announced on July 10, 2012.
- Note: Concert ticket sales to the general public began on July 6, 2012.

Rodriguez said the ATG looked at the legal aspects of the transactions. There was only one agreement that the University was bound by: the Facilities Use Agreement with BPE. That agreement required the University to follow the instructions that BPE required of wiring \$200,000 to secure the entertainment for the event. The loss to the University occurred when there was not enough money in the custodial account to refund all of the tickets, which needed to come out of other Athletics Department accounts. It was BPE’s responsibility to refund the tickets but the University took the positive step of refunding the money because it was a part of the ticket sales, to make sure that those who bought tickets were reimbursed.

The summary of conclusions includes:

- There was no pervasive lack of controls in the specific areas that were examined.
- There were multiple situations in which policies or procedures were not complied with or written policies did not exist.

Notwithstanding the good intentions of individuals within the Athletics Department to benefit the University, a lack of judgment and taking overall responsibility by individuals involved with these financial transactions resulted in the loss to the University.

There were a series of miscues that took place that resulted in a loss to the University.

Hanashiro explained that KMH looked at the four key transactions and identified related policies and procedures as well as gaps in the controls or policies. KMH also looked at compliance with respect to those areas. Examples of Policy and Procedural Situations include:

- Lack of policies in certain areas and lack of compliance with certain policies in other areas (i.e. use of the Agency account, requirement of an advanced deposit, application to use the Stan Sheriff Center)
- Athletics Department entered into a Facilities Use Agreement without documented due diligence on Promoter

- Key provision of the Facilities Use Agreement (event cancellation insurance) was not enforced prior to selling tickets and disbursing moneys
- University's commitment to refunds caused it to replace \$200,000 disbursed from Promoter's account

Recommendations include:

- Improve and/or implement policies and procedures for:
  - Facilities use agreements
  - Ticket sales for non-University and/or non-athletic events
  - Funds held for others but University (Agency relationship)
- Provide training on new policies and procedures (as well as reinforce existing policies)
- Consider "dotted line" relationship between departmental fiscal personnel and University System Financial Management Office (for situations where fiscal personnel

Rodriguez noted that the ATG worked closely with the Administration, and thus, the Administration is aware of the ATG's recommendations. The Administration will report its implementation plans back to the Committee on University Audits. There are items that were addressed in the ATG report that the University addressed, but the ATG has not had a chance to review.

The University is a large organization that has historically been managed on a decentralized basis. The University gave individual departments responsibilities for handling their business and financial matters, which is an appropriate level for decision making. However, the departments must ensure that individuals are complying with policies and procedures, and have consultation when appropriate on unique and significant transactions.

Regent Gee thanked Rodriguez for a succinct report. The presentation noted that the issues stem from a lack of judgment and performing due diligence on the part of individuals. If people had used sound judgment, even with the existing policies, the situation may not have occurred.

Regent Gee also noted the recommendation concerning the "dotted line" relationship between departmental fiscal personnel and University System Financial Management Office. The dotted line relationship is correct, from the standpoint of internal controls. He explained the reporting duties and work flow that took place when he was a Dean. Rodriguez said that in most organizations with some recognition that individuals/fiscal officers can speak outside of their normal process (most likely to the person in charge of their department or division), then in those instances when questions do come up, dotted line relationships allow communication to occur both ways.

Regent Gee asked if the proposed policies should be drafted by the Board of Regents or the Administration. Rodriguez responded that the new policies and practices need to be drafted by the Administration and reviewed and approved by the Regents.

Vice Chair Lee asked who was responsible for obtaining the cancellation insurance. Hanashiro said that the UH Mānoa Athletics Director signed the Facilities Use Agreement, but delegated the responsibility to execute and fulfill the obligations of the agreement to the Stan Sheriff Center Manager. Both had responsibility.

Vice Chair Lee asked who gave the approval to disburse the \$200,000. Hanashiro said that the Athletics Department personnel initiated and approved the disbursement within the Athletics Department. The disbursement office processed the transaction. The individuals within the Athletics Department were: the Stan Sheriff Center Manager, Associate Athletics Director for Administration, and the Associate Athletics Director for Business Operations. Rodriguez said that the way that the organization works operationally and administratively is that the Athletics Department had the ability to authorize the transaction. The disbursement office was responsible for ensuring that it had the appropriate sign-offs and information. It was not the disbursement office's responsibility to review every transaction.

Regent Gee asked with whom or where did the accountability lie in this situation. Rodriguez said it was the Athletics Department.

Chair Martinson thanked the members of the ATG and KMH. Their hard work and diligence is appreciated. It set a good foundation for the future phases of work, and identified the appropriate responsibility and accountability delineation. He is looking forward to the Administration's report on how it intends to implement the recommendations.

Regent Sullivan thanked the members of the ATG, whose work is not done. She also acknowledged Chair Martinson, who formed the ATG. It was the right thing to do.

Regent Gee said that it was a wonderful service that was provided to the University.

Vice Chair Lee also thanked the members of the ATG for their work.

Vice Chair Lee moved to Accept of the Report of the Operational and Financial Controls Advisory Task Group. Regent Gee seconded the motion.

Regent Holzman asked that, before accepting the report, that before moving forward to Phases II and III, that the Regents be provided with a clearer understanding of the scope of work. Rodriguez said that the ATG will not move forward without the Committee on University Audits and full Board agreeing to the scope of work in future phases, as well as who is going to perform the work. Chair Martinson said that the Committee on University Audits will agree to the scope before bringing it to the full Board.

With a motion on the floor, the Regents unanimously accepted the Report of the Operational and Financial Controls Advisory Task Group.

### **Approval of the Establishment of Task Group on Intercollegiate Athletics**

Chair Martinson said that the item was a follow-up to the November 7 Board of Regents' meeting on a recommendation of Regent Holzman to consider the establishment of Task Group on Intercollegiate Athletics. The membership of the task group is as follows: Regent Holzman, Chair; and Regents Dahilig, Ota, and Shigemoto. Chair Martinson reserves the right to add additional members. It is a good step for the Board to take. It is timely in consideration of recent events and the Association of Governing Boards' recently released publication, the Knight Commission Report called, "Restoring the Balance: Dollars, Values, and the Future of College Sports."

Vice Chair Carlson moved and Regent Dean seconded the motion, and the Establishment of the Task Group on Intercollegiate Athletics was unanimously approved.

President Greenwood thanked the Board.

### **Report of the Committee on Personnel Affairs**

Committee on Personnel Affairs Chair Matayoshi, said that the Committee met on October 19 to begin a comprehensive examination of Executive employment and other personnel policies and practices at the University of Hawai'i especially in light of the challenging economic times and recent heightened concern by the public.

The Committee had an open and honest discussion about the history and rationale behind the university's professional improvement leave policies for executives and best practices and policies of benchmark and peer institutions. Dr. Terry MacTaggart, visiting from the Association of Governing Boards of Universities and Colleges, attended and participated in the discussion.

The Committee plans to meet early next year to look into other matters such as executive and managerial salary levels, post tenure review, leaves pending investigation, and a policy to encourage recruiting, hiring and promoting local talent. Fellow Board members are invited and encouraged to attend.

The Committee meetings will be open to the public and the members welcome input from all stakeholders. The Committee also plans to seek advice from independent experts who can help it gain a deeper understanding of all of this.

The Committee will be proposing responsible change that balances the need to recruit and retain highly qualified leaders for the University, with sound stewardship of public funds that is consonant with the sensibilities of the people of Hawai'i.

If there are any questions or input from the Board for the Committee to consider, please let its members know. Committee members are Regents Matayoshi, Gee, Baxa, and Shigemoto.

Chair Martinson thanked the Committee for its work and moving forward on the initiative, which is important for the Board.

## UH System

### Approval of Undocumented Immigrant Policy Proposal

Committee on Student Affairs Chair Dahilig said that there may be a legal technicality with the proposal. Thus, he will be making a motion to defer the item to the January 2013 Board meeting.

The Committee met on November 14 and reviewed the proposal concerning a proposed undocumented immigrant policy to allow those potential students who came to our shores by no malice of their own, the opportunity to achieve a higher education. The proposal is modeled after the failed congressional Dream Act, and similar policies have been adopted in the states of California and New York.

The policy requires those students who have graduated from a Hawai'i high school or attended their three years, and filed for U.S. Citizenship and Immigration Services deferred action. The Committee had a robust discussion over two meetings and received a large amount of testimony in support. A majority of the Committee was in favor of expanding further the administration proposal to include those students who have attained domicile in Hawai'i.

Therefore, the report of the Committee is that it voted to endorse the proposal, as amended. Regent Dahilig thanked Associate Vice President for Student Affairs, Lui Hokoana, and Dr. Amefil Agbayani, the Director of Student Equity Excellence and Diversity at UH Mānoa, and the numerous community members for their work on this proposal.

However, in light of the last-minute issue concerning a legal issue, Regent Dahilig moved to defer the matter to the January 2013 meeting and refer the proposal to the Office of General Counsel. Regent Shigemoto seconded the motion, and the motion was unanimously approved.

Regent Holzman said that all of the members of the Committee appreciated the testimony and it will do everything it can do get it in place, while ensuring that the policy is legal.

Chair Martinson thanked the testifiers and Dr. Agbayani.

### Approval of Proposed Policies Concerning Authority, Delegation, or Indexing of Some Mandatory Student Fees

Committee on Student Affairs Chair Dahilig said that the Committee met on November 14 and discussed the proposed amendment to Board of Regents Policy Chapter 6. Specifically, the amendment entails the addition of an additional paragraph under Section 6-3(b)(2) of the policy, delegating authority to the President or President's designee to raise these mandatory student fees by up to 3% per year under certain conditions. This delegation proposal does not include any housing fees, or professional fees, and does not include tuition. It also excludes any fees related to intercollegiate athletics.

The basis for this proposal initially came as a suggestion by then-Regent Harvey Tajiri who suggested that fees should be indexed to accommodate increases in cost of living and inflation. The Committee has subsequently discussed this issue of indexing over the past couple years.

The Committee discovered that many of the mandatory student fees approved by the board help fund services provided to students like recreation, student union facilities and health. These fees are in separate revolving accounts and with the exception of health, are expended via various student committees and boards across the system. These services hire labor subject to collective bargaining, and the rise in these overhead costs, tend to squeeze over time the balance sheets of these programs the students rely on, necessitating bubble increases to the board.

The Committee, over numerous meetings, discussed the difference between “programmatically” increases versus “cost of living” increases and discussed various options to address this issue. Currently any increase in these fees, even if to maintain the existing financial health program, is required to come to the Board for approval, which can be lengthy.

Regent Dahilig had asked AVP Hokoana to craft a draft policy to present to the Committee for discussion. Regent Dahilig appreciates AVP Hokoana’s hard work in crafting the proposal. The Committee also received input from campus Vice Chancellors for Student Affairs at UH Mānoa, UH Hilo and UH West O’ahu.

Based on the discussion, the Committee amended the proposal to address concerns about consultation and also excluded the UPASS fee from the delegated authority.

A copy of the amended proposal reads as follows: “Board delegates authority to the President or the President’s designee to raise these fees (with the exception of mandatory student fees related to intercollegiate athletics and UPASS) by up to 3% per year but no more than the increase in the real cost of services provided to the students. The President shall first consult with the respective student government and provide a minimum of a one semester notice to the student body of a fee increase, and a written report to the Board outlining the rationale for the increase.”

The Committee on Student Affairs unanimously approved the proposal and recommended that it be forwarded to the full board for entertainment. Regent Dahilig moved to approve the amended proposal as presented by the Committee to amend Chapter 6 of the Board policies. Regent Holzman seconded the motion, and the Regents unanimously approved the UH System’s amended Proposed Policies Concerning Authority, Delegation, or Indexing of Some Mandatory Student Fees.

Chair Martinson thanked the Committee for its work.

**UH Mānoa**

**Approval of Established Status for the Doctor of Architecture in the School of Architecture**

**and**

**Approval of Established Status for the Bachelor of Science in Plant and Environmental Biotechnology, College of Tropical Agriculture and Human Resources**

**and**

**Approval of Established Status for the Bachelor of Arts in Philippine Language and Literature, College of Languages, Linguistics and Literature**

Regent Acido recused himself from the discussion and left the room.

UH Mānoa Vice Chancellor for Academic Affairs, Reed Dasenbrock, said that the Doctor of Architecture is the centerpiece for the School of Architecture. It is a respected program with a unique Hawai'i- and Pacific-based focus. It was a seven-year program, where participants started in their freshman years and then continued on to their Doctorate degree. It is being transitioned to a graduate standalone program, and UH Mānoa will be returning to the Board for a new Bachelor degree in the future.

The request today is to change the program from provisional to established status, as well as confirm its status as a three-year degree. The program recently held its accreditation visit, and while UH Mānoa did not receive the official report, the program met all of its standards.

The Bachelor of Science in Plant and Environmental Biotechnology offers courses attended mostly by biology students, thus the number of majors in the program is small, but the only course taught separately is an undergraduate research directed reading course.

The Bachelor of Arts in Philippine Language and Literature is an important program. Filipinos are now one of the largest ethnic groups in the State, and are underrepresented in higher education. The program has relatively few majors, but has an increasing number of minors.

Regent Baxa asked if the Philippine Language and Literature program has existing partnerships with any institutions in the Philippines. Vice Chancellor Dasenbrock said that the UH Mānoa faculty in the program are well respected in the Philippines, and there are exchanges and active research and student collaborations. Regent Baxa said that UH Maui College has established relationships with institutions in the Philippines, with recent scholar exchanges. Vice Chancellor Dasenbrock noted that a UH Mānoa committee has identified Vietnam, Indonesia and the Philippines as three countries that it wants to target, along with Japan, South Korea, and China, as areas of international recruitment. Regent Baxa suggested targeting areas of Ilokano population.

Regent Matayoshi said that the process of analyzing degree proposals is difficult, because they are presented to the Board piecemeal, and not as part of an overall plan.

She suggested that the Committee on Academic Affairs vet the proposals to gain a more comprehensive understanding of the impact of the programs, and thus proposals could be viewed in the context of budgetary implications and priorities for the University. Vice Chancellor Dasenbrock said that programs are eliminated, but UH Mānoa needs to be more vigorous in program elimination. His staff is working on developing a system of reviewing small programs.

Regent Gee, the Chair of the Committee on Academic Affairs, said that he has mixed feelings on the Committee vetting the programs. On one hand, it would expedite the work of the full Board. However, hearing the proposals allows the full Board to be informed of programs being proposed for establishment. There are built-in safeguards before the proposal reaches the Board, from the campus level up to the President. The Regents do have a fiduciary duty to vet the proposals. Only in the event of a huge budget shortfall would the Regents raise questions about priorities. He asked the Administration how the Regents could be most helpful: by either examining the proposals at the Committee level and recommending them to the full Board, or continuing the current process of proposals going straight to the full Board. Executive Vice President for Academic Affairs/Provost, Linda Johnsrud, said that either process is fine. However, the three step process (following rigorous processes at the campus level) for degree proposals to come to the Board is as follows: 1) An authorization plan is submitted to the Council of Chief Academic Officers, which reviews each plan and discusses matters such as need, demand, outcomes, funding, and collaboration. If approved, then about a year later, the full program proposal comes back to the Council. The proposal must address the previously stated matters in further detail. 2) The Board approved the proposal on a provisional basis. 3) Following the provisional cycle, there is a program review with external reviews before being brought back to the Board for established status. The Administration could share additional information with the Board but that would likely be brought to the Committee due to the Board's time constraints. Regent Gee said that the proposals also must go to the campus faculty Senate.

Chair Martinson suggested that the Committee on Academic Affairs look at the proposals to address concerns about contextual information and evaluate whether the process is sufficient for Board governance and oversight.

Regent Sullivan said that it would help the Board to better define the policy, particularly when looking at establishing smaller, specialized undergraduate degrees. She doesn't know if there is a clear policy that provides direction regarding concerns such as minimum numbers of students, analysis of a real career path, and benefits about providing undergraduate degrees with a narrow scope.

Regent Holzman said that the University is trying to be all things to all people. He would like some perspective about the direction in which the Chancellors are trying to lead the campus. He would like an academic overview about what subjects are of high importance to the campuses, and what that means to other subjects.



Regent Matayoshi requested that all of the above requests be addressed at the same time and in coordination with discussions on the budget to provide context and budget implications.

Regent Dean said that the above suggestions are great but should be done at the Committee level. The Regents must trust the Committee Chair to look at policy, cost-benefit analysis, etc. The full Board doesn't have enough time.

Regent Baxa agreed with the comments presented but noted that since his time as a Regent the Board has acted on the proposals as a full Board. He requested that the discussion does not impact the matters on today's agenda.

Regent Gee said that the Committee on Academic Affairs could address the items proposed during the meeting's discussion.

Regent Gee asked about the demand for the Bachelor of Arts in Philippine Language and Literature in light of the some of the student satisfaction survey results regarding the quality of the program. He asked if the small number of majors is a deterrent to the future of the program. Vice Chancellor Dasenbrock said that the small number would be a concern if not for the rapid growth of minors. UH Mānoa is the only University in the country to offer such a degree, and there is an obligation to the community that overrides the small number of majors.

Regent Gee asked if it is a trend to offer the Doctor of Architecture, rather than a Bachelor and Masters Degree. Vice Chancellor Dasenbrock said that UH Mānoa was the first to offer the Doctorate degree in 2004-05. A number of other institutions are starting to move in that direction. Regent Gee asked if offering the Doctorate degree is disservice to those who do feel that they only need a Bachelors degree to enter the field. Vice Chancellor Dasenbrock said that is a judgment that is left to the school. He feels it was a good decision, and makes UH Mānoa unique.

Chair Martinson said that he would entertain a motion to approve all three degree proposals, with further recommendation to defer to the Committee on Academic Affairs a review of the information and commentary shared by the Regents of how the Board can vet the proposals with better information going forward. Regent Dean moved and second by Regent Baxa, and the Regents unanimously moved to approve UH Mānoa's requests for the Established Status for the Doctor of Architecture in the School of Architecture, Bachelor of Science in Plant and Environmental Biotechnology, College of Tropical Agriculture and Human Resources, and Bachelor of Arts in Philippine Language and Literature, College of Languages, Linguistics and Literature. Regent Acido did not participate in the vote.

Regent Acido returned to the room.

**University of Hawai'i – Maui College**

**Approval of Request to Change Associate in Science in Dental Hygiene Program from Provisional to Established Status**

UH Maui College Vice Chancellor for Academic Affairs, John McKee, said that Allied Health and Nursing is a program of major emphasis at UH Maui College. The dental hygiene program is an addition to what is being done with its nursing program. The dental hygiene program was formed in direct response to requests from the local dental community. Last year the program went through the accreditation process with the American Dental Association Commission on Dental Accreditation without any recommendations and full accreditation for seven years. The retention and completion rates are nearly 100 percent, and the placement rate is 100 percent. The program is scheduled to move into a new facility, which will expand its capacity and allow it to have a cohort on an annual basis, instead of every two years. UH Maui College is interested in the Dental Hygiene program as the first rung of a ladder, which would connect to the Bachelor of Science in Dental Hygiene.

Regent Gee noted that the program is solid, but is very expensive due to being limited to five students per class. He asked if it is possible to raise the tuition for the program, due to the fact that employment opportunities and compensation for dental hygienists are good. Vice Chancellor McKee said that the programs are expensive, but there is a lot of support from the community, and it has received grants and donations to help with equipment needs. He doesn't think that the campus is going to request special consideration for a different tuition rate from the Board in the near future. The Allied Health programs have been able to charge a professional fee that was approved by the Board. That is one way to offset the cost. Allied Health Program Coordinator, Rosie Vierra, said that the \$500 per semester fee is reflected in the cost template. Those fees are higher in other programs. The program is mandated by accreditation to have a 5-to-1 ratio. The strengths outweigh the weaknesses. If the Board would consider an increase to the professional fee, then the program would take a look at increasing it up to \$1,000.

Regent Dean said that discussion is the task of a Committee, as opposed to the full Board. Chair Martinson said that is a separate action and he would want the proposal to go through the proper channels and review with the appropriate committees before it comes to the full Board.

EVP Johnsrud said that at the undergraduate level, the Administration has tried really hard to keep tuition at the same level, and use professional fees where they are need. Tuition is differentiated at the graduate level. Regent Gee said that professional fees are an acceptable response.

Regent Sullivan asked about the table in the proposal regarding the summary of external support. She asked if the external support is used for operations. If so, is it not reflected in the cost chart? Vice Chancellor McKee said that the program's laboratory is the Maui Health Center, which is a clinic where the Dental Hygiene and Dental Assisting students receive hands-on practice and provide services. The program has relied on other sources of funding to operate the clinic.

Regent Matayoshi noted that in 2014, the program will be able to decrease its operational costs because of its new facility. She didn't see anything in the financials that would reflect the decrease in cost. Vice Chancellor McKee said that the new facility will decrease the operating costs of the clinic, which is run separately. The financial information included in the proposal includes costs such as faculty and specific costs to the program. The clinic is run as a separate operation that doesn't use UH resources for support. The program was recently awarded additional grants to cover the loss of grants from Maui County and State Department of Health.

Regent Dahilig moved to approve UH Maui College's request to Change Associate in Science in Dental Hygiene Program from Provisional to Established Status. Regent Baxa seconded the motion. The item was unanimously approved.

### **VIII. EXECUTIVE SESSION**

Upon motion by Regent Sullivan and second by Vice Chair Lee, the Board unanimously approved convening in executive session, pursuant to HRS §92-5(a)(2)(3)(4). The Board convened in executive session at 12:34 p.m. Following a motion to come out of executive session by Vice Chair Lee and second by Regent Mizuno, which was unanimously approved, executive session was adjourned at 4:41 p.m.

### **IX. ANNOUNCEMENTS**

Chair Martinson announced that the Board would go into recess and reconvene at a later date.

Regent Kudo moved and Regent Dahilig seconded the motion to recess the meeting, and with unanimous approval, the meeting was recessed at 4:41 p.m.

Respectfully Submitted,



Darolyn H. Lendio, Esq.  
Acting Executive Administrator and  
Secretary of the Board of Regents