

## MINUTES

### BOARD OF REGENTS' MEETING

July 18, 2013

#### I. CALL TO ORDER

Chair Eric K. Martinson called the meeting to order at 9:07 a.m. on Thursday, July 18, 2013, at University of Hawai'i Cancer Center, Sullivan Conference Center, 701 Ilalo Street, Honolulu, Hawai'i 96813

Quorum (15): Chair Eric K. Martinson; Vice Chair, Carl A. Carlson; Vice Chair, James H.Q. Lee; Jeffrey T. Acido; Gene Bal; John C. Dean; Chuck Y. Gee; John C. Holzman; Benjamin A. Kudo; Coralie Chun Matayoshi; Barry Mizuno; Randy Moore; 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/Acting Executive Administrator and Secretary of the Board of Regents, Darolyn H. Lendio, Esq.; Vice President for Budget and Finance/Chief Financial Officer, Howard Todo; Vice President for Research, James Gaines, Ph.D.; Vice President for Information Technology and Chief Information Officer, David Lassner, Ph.D.; Associate Vice President for Student Affairs, Lui Hokoana, Ed.D.; 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, Rockne Freitas, Ed.D.; Hawai'i Community College Chancellor, Noreen Yamane; Honolulu Community College Chancellor, Erika Lacro; and others as noted.

Chair Martinson welcomed new Regent, Gene Bal. Chair Martinson also recognized returning Regents Randy Moore and Barry Mizuno, who were both starting new terms.

#### II. APPROVAL OF MINUTES OF THE MAY 1, 2013, May 16, 2013 and May 24, 2013 MEETINGS

Regent Moore noted that one of the headers on page 13 of the May 16, 2013 meeting minutes was incorrect, and should read: UH System, Recap of Legislative Session.

Vice Chair Lee moved and Regent Dean seconded the motion, and the May 1, 2013, May 16, 2013, and May 24, 2013 meeting minutes were unanimously approved as amended.

#### III. PUBLIC COMMENT PERIOD

Acting Secretary Lendio announced that four people submitted written testimony regarding President Greenwood's faculty salary:

1. Aimee Ching
2. Lance Kimura
3. Cherilyn Inouye
4. Michael Leineweber
5. J.N. Musto, Executive Director of UHPA

Note: Additional testimony on the subject matter was submitted by:

6. Jerrold Yashiro
7. Bret Polopolus-Meredith, Graduate Student Organization Employment and Compensation Chair
8. Michelle Tigchelaar

Acting Secretary Lendio announced that the following people signed up to present oral testimony:

1. Richard Mizusawa, ASUH President, supported the Committee on Presidential Selection's inclusion of many voices, especially the students. It has given him confidence that the Committee's diverse composition will serve the University and community well.
2. Bev Keever, Professor Emerita, spoke on the Report of the President, which she said is not available for the public to comment on. She wanted to comment on UH's five-year contract with the U.S. Navy's Sea Command. She asked the University not to renew the contract until the Board has had a full-scale information review on it. Additionally, the Gifts, Grants, and Contracts website is not updated. Also, the Executive Session item on President Greenwood's leave of absence and salary is a violation of the Sunshine Law.
3. Kyle Kajihiro spoke in opposition of classified and war-related research at UH, a public university. He is testifying on the previous process to approve the Applied Research Laboratory. The secret decision-making violated the public's trust. He urged the Board to make the information public, and reopen the review.
4. Malia Zimmerman, of the Hawai'i Reporter, asked that discussion of President Greenwood's future occur in public and not in Executive Session.

Chair Martinson said that President Greenwood's salary and leave are personnel items and would be discussed in Executive Session.

#### **IV. ELECTION OF BOARD OFFICERS**

Task Group on Board Elections Chair, Regent Dean, thanked Task Group members Vice Chair Carlson and Regent Ota. Regent Dean said that one person was nominated to be Chair: Regent Holzman. Regent Dean asked if there were any other nominees for Chair of the Board of Regents. No one responded.

Regent Dean also thanked Chair Martinson for his work as Chair.

Upon motion by Vice Chair Lee moved and second by Regent Matayoshi, Regent Holzman was unanimously approved as Board Chair for the 2013-2014 Academic Year. Chair Martinson said that pursuant to the SB 563, he will continue to run the July 18, 2013 Board meeting.

Task Group Chair Dean said that there were many nominations for Vice Chair. However, due to the time commitments, many could not participate. Therefore, two Regents are nominated for the two Vice Chair positions: Regents Lee and Ota. Regent Holzman moved and Regent Sullivan seconded the motion, and Regents Lee and Ota were unanimously approved as the Vice Chairs for the 2013-2014 Academic Year.

Regent Dean thanked everyone for their help. Chair Martinson thanked Regent Dean.

## V. REPORT OF THE PRESIDENT

President Greenwood presented her monthly report. She thanked Chair Martinson and Vice Chairs Lee and Carlson for their work. She congratulated elected Chair Holzman and Vice Chairs Lee and Ota.

Since the last Board meeting in May, more than 5,570 students graduated from the UH System at commencement exercises. UH is in the middle of summer sessions.

Indonesia and Philippines Trip: President Greenwood traveled to Indonesia with a small delegation from the University which included UH Mānoa School of Social Sciences Dean, Denise Konan, and UH Mānoa Professor of Education, Maya Soetoro-Ng.

They represented the University's interests in the Asia-Pacific Disaster Risk Reduction and Resilience (APDR3) Indonesia Symposium. APDR3 grew out of UH's strategic partnership with U.S. Pacific Command (PACOM). This visit was the result of APEC 2011.

They worked to develop institutional partnerships with Indonesian universities to facilitate research, student exchange, and student recruitment. They are developing new study abroad opportunities, and met with UH alumni and friends in the Yogyakarta region.

Dean Konan and President Greenwood flew to Manila for meetings with UH's Philippine colleagues, where they discussed areas of common interest in the Philippines and Southeast Asia, with an emphasis on higher education and capacity-building initiatives in the region.

Mumbai Delegation Visit: UH hosted a delegation from Mumbai University and the Indian state of Maharashtra as a follow up to discussions on the development of community colleges in Mumbai. India doesn't have a community college system. The delegation is interested in the UH System's model that includes two to four year institutions. The University of Mumbai is also interested in tourism and hospitality as an area of interest. Kapi'olani Community College Chancellor Leon Richards and Dean Frank Haas were invited to participate in an international conference in India.

Inouye Project at UH: UH Mānoa was given the honor of housing, preserving and organizing the late and revered Senator Daniel Inouye's congressional papers. UH Mānoa and the Library of Congress signed an agreement earlier this month that will honor his lifework. The Daniel K. Inouye Project also establishes a digital access program for the papers at both UH Mānoa and the Library of Congress. An oral history and a distinguished scholars initiative will focus on topics of national and international interest. The Senator's son, Ken Inouye, presented UH Mānoa with his father's University of Hawai'i diploma, and the Daniel K. Inouye

Institute presented UH Mānoa with a \$250,000 check to support the beginnings of the effort to carry on the Senator's legacy.

The Library of Congress doesn't do this often and UH is pleased that months of discussions resulted in the signing of this important Memorandum of Understanding.

K-FIVE: UH is taking full advantage of a generous offer by KFVE television to provide the university with a year of free advertising. UH's External Affairs Division does not have a paid marketing budget for the University's image and branding. The Media Production office is producing 24 public service announcements (PSAs), each 60 seconds long, which will feature outstanding programs at each of UH's 10 campuses. Two PSAs will run each month starting in August. This kind of advertising would normally cost the University about \$75,000.

UH is working with each campus to determine story lines. Stories include UH's success in increasing Native Hawaiian Enrollment, the UH Hilo Daniel Inouye School of Pharmacy, innovative new classroom designs at UH Mānoa and the reforestation program at UH Hilo.

Complete College America: The University continues to take the spotlight in the national effort to increase college completion. Executive Vice President for Academic Affairs/Provost, Linda Johnsrud, was invited to serve as a "content expert" at Complete College America's "Completion Academy" later this month in Portland, Oregon. The Hawai'i Graduation Initiative is partnering with the UH Bookstore to encourage students to take 15 or more credits by giving incoming freshmen a chance to win free textbooks for the Fall 2014 semester.

### Campus Highlights

Kapi'olani Community College: Took home the top prize at an international competition for designing, building and launching a space related mission at the annual CanSat International Competition in Abilene, Texas in June.

UH Hilo: Computer Science students recently competed in Microsoft's Imagine Cup Worldwide Finals in St. Petersburg, Russia. Microsoft's premier student technology competition honors technology innovations that address the world's toughest problems. UH Hilo's team developed software that enables the community to help with disaster relief. The team won the prestigious 2013 Imagine Cup Championship in California.

President Greenwood presented the incoming and outgoing Board Leadership with lei.

## VI. REPORT OF THE UNIVERSITY OF HAWAI'I FOUNDATION

University of Hawai'i Foundation (UHF) Vice President, Bill King, reported that as of May 31, 2013, UHF received \$58 million, more than its \$56 million annual goal. The final number of Fiscal Year 2013 was \$66.3 million. The Board congratulated UHF.

The financial overview as of March 31, 2013 included the funds raised, fundraising activity (by source, type, category, and purpose), program expenses, and fund balance. UHF VP King also went over the Statement of Operations.

Regent Gee congratulated UHF. He asked about the surge in gifts in the fourth quarter. UHF VP King said that there is a surge at the end of the fiscal year because of the fundraisers' goals. Regent Gee said that 59 percent of the gifts came from individuals. Of the 59 percent, what percentage consists of alumni, and is there a breakdown between in-state and out-of-state giving? UHF VP King said that he didn't have that information, but would gather and present it. He estimated that 80 percent were from in-state.

President Greenwood asked how it portends for the quiet phase of the campaign. UHF VP King said that it is good news, because UHF is ahead of its goal trajectory.

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

Vice President for Research, James Gaines, reported on March, April, and May 2013. In March, UH received \$12 million, compared to \$12 million in March 2012. In April, UH received \$50 million, compared to \$47 million in April 2012. The effects of sequestration kicked in during May. In May, UH received \$20 million, compared to \$34 million in May 2012. As of May 31, 2013, UH received \$378 million (unofficially), compared to \$375 million in May 2012. UH finished the fiscal year at \$410 million, compared to \$435 in fiscal year 2012.

VP Gaines requested indemnification for three items, all with the Smithsonian Astrophysical Observatory for:

- A Census of Binary AGN, Feedback, and Obscured Black Hole Growth in the Local Universe
- C-GOALS: The Chandra-RBGS Survey of a Complete Sample of Major Merger LIRGs
- Stacking Analysis of the Co-Evolution of Galaxies and Supermassive Black Holes in the C-COSMOS Field; Grant/Award No. AR3-14011X

The projects involve analyzing data, which carries little risk.

Chair Martinson asked about Ms. Keever's public testimony on the timeliness of information on the Office of Research Services website. VP Gaines said that as soon as the information is provided to the Regents it is posted on the website.

Regent Gee moved and Regent Bal seconded the motion, and the three indemnity provisions were unanimously approved.

## **VIII. ITEMS FOR BOARD ACTION – PART A**

### **Board of Regents**

### **Status Report on Operational and Financial Controls Improvement Advisory Task Group's Operational Assessment Phase**

Committee on University Audits Chair, Vice Chair Lee, said that the Committee reviewed and accepted the Report on Board of Regents Policies and Practices at its July 11, 2013 meeting.

Acting Secretary Lendio announced that UHPA Executive Director, J.N. Musto, provided written testimony on the item.

Advisory Task Group (ATG) Chair, Larry Rodriguez, presented the Report on Board Policies and Practices. The ATG is working with the University Administration to appropriately implement the recommendations in its report. The ATG will present the fourth report, on System-level Administration's Operating Policies and Practices, at the next regular Board meeting in August. The future of the ATG will also be considered at the next meeting.

Chair Martinson thanked Rodriguez for his service. The ATG's report is advisory to the Board; the Board will have to come up with its own plan to address the recommendations. He also thanked KMH, LLP, the consultants on the project.

Regent Gee said that the report included recommendations on public testimony and Sunshine Laws. He assumes that the report is still in draft form and will be revised to be in compliance with the law. Rodriguez said that the ATG's recommendations are to fully comply with any legal or statutory requirements. It is surfacing issues that it feels are important, which may be controversial.

Regent Gee said that his concern was how to do a more efficient job at the Board level of overseeing Academic Affairs. He did not see many references to that subject. Rodriguez said that the fourth report, which deals with the Administration and structure, will include comments in that particular area.

Regent Matayoshi thanked the ATG for its thorough review. Many of the recommendations were previously discussed and she looks forward to their implementation, including circulating draft agendas in advance; utilizing Committees to vet important matters and have more detailed discussion and make recommendations; and enhancing financial reporting. It is important for Regents to have access to items such as a breakdown of expenses by campus and comparisons of budget-to-actual information to fulfill their fiduciary duties. The report will help the Regents to be more informed and transparent.

Regent Holzman thanked the ATG for their volunteer work. WASC is interested to see what the Board plans to do with the report. The follow-up and implementation are critical, and he hopes to convene a Task Group to come up with recommendations on how to move forward with implementation plans.

Regent Ota asked about the future of the ATG. Rodriguez said that the ATG has a broad charter. He would like to withhold his final comments on the future of the ATG until it has issued its last report of the current phase. He suggested pinpointing matters for a Task Group to focus on. The ATG is working on a process for commenting back on actions that were taken as a result of the recommendations. With regard to Regent Matayoshi's comments on financial reporting, the ATG will discuss with the Administration on leading practices with respect to budget-to-actual information.

Chair Martinson congratulated Rodriguez for being recognized by the Governor for his outstanding service to the community and State. There were a number of non-profit organizations that participated in the ceremony.

### **Report from the Presidential Search Committee**

Committee Chair, Regent Holzman, said that the Committee on Presidential Selection met on July 2, 2013 to discuss the process. It focused on:

1. Initial draft of the President's agenda and criteria. More comments and points of view would be helpful. The next President will need to think about changes in higher education, the transformation of the Innovation Initiative, Hawaii's economy, and a greater focus on efficiency.
2. Composition of the Selection Committee. It currently consists of seven Regents (Regents Holzman, Ota, Lee, Acido, Gee, Sullivan and Mizuno) plus two ex-officio members (current Regents Chair Martinson and Regent Matayoshi, as the Chair of the Committee on Personnel Affairs). At the July 2 meeting, the Committee approved adding external members from the Student Caucus, All Campus Council of Faculty Senate Chairs, and from the Administrative, Technical, Professional groups, as voting members. External members who would be non-voting members would include representation from the UH Foundation and an Executive/Managerial staff member, for a total of 12 members. However, as the newly-appointed Chair of the Board of Regents, Regent Holzman would like to step down as the Chair of the Committee and thus replace outgoing Regents Chair Martinson as an ex-officio member of the Committee.
3. Search firm and Consultant. There was a decision to begin the procurement process to secure professional help. The Committee will ask for proposals from search firms (national and local) as well a consultant.

The Committee discussed on a website for the Presidential Search process. Regent Ota said that it could be ready to go live in early August. It is the Board's attempt to provide information as well as receive feedback from the public. The Committee also discussed outreach to the community.

The Committee was asked to provide a draft charge for a selection committee, but wanted to come back to the Board with the complexities of how to do so. In 2009, the committee's charge was to produce two to four candidates who would be vetted publicly. Members of that committee said that process was difficult because it asked candidates to go public with their pursuit of the position. Thus, many dropped out. Previous committee and other professionals suggested pursuing other options to provide for the openness that the Board desires but would not discourage candidates from seeking the position. He used examples such as the Texas and California searches. Until the Board focuses on how it wants to carry out that process, it is hard to come up with a proposed charge.

Regent Holzman recommended that Vice Chair Carlson be approved as the new Chair of the Committee. He was a part of the 2009 search, and would be an excellent choice. Regent Holzman moved, and Regent Dean seconded the motion.

Regent Matayoshi asked about the amount of Regents on the Committee. Acting Secretary Lendio explained that Vice Chair Carlson would replace Regent Holzman as the Chair of the Committee. Regents Chair Martinson would step down from the Committee, and Regent Holzman, as the incoming Chair, would be an ex-officio member of the Committee, leaving the number of Regents on the Committee at seven.

With a motion on the floor, the Regents unanimously approved Vice Chair Carlson as the new Chair of the Committee on Presidential Selection.

### **University of Hawai'i System**

#### **Discussion on Budget Provisos Affecting the University of Hawai'i and WASC Commission Action**

EVP Johnsrud said that the Budget Provisos of Act 134, HB 200, C.D. 1, carry implications for the governance of the University and were referred to in a WASC letter.

EVP Johnsrud went over the following budget provisos:

- Section 113: Refers to all State departments. UH is still waiting for guidance from the Governor, as are other State agencies. It requires that State departments provide written notification to the Legislature and State budget and finance of intent to fill a temporary (non-appropriated) position on non-appropriated funds at least 14 days prior to commencing recruitment. It will delay recruitment and filling of positions due to possible misinterpretation of notification requirements and additional time needed for notice period.
- Section 129: Requires that UH prepare a report on its revenue sources and projected uses of revenue including debt service, collective bargaining agreements, and program expansions.
- Section 130: Requires Board approval for appointments and renewals of appointments for Executive/Managerial (E/M) personnel whose prospective annual salary is at least the same as the annual salary of the governor (\$143,748). Defines "prospective salary" to include annual base salary plus any allowances, or expense reimbursements or payments. The section supersedes conflicting policy or directive of the Board. Requires submittal of certification by the Board Chair that the University has complied during each fiscal year of the fiscal biennium 2013-2015. Certification is to be submitted to the Legislature before January 1 following the end of the fiscal year. The State's Attorney General (AG) has opined that it was problematic in terms of the constitution and autonomy of the University and that the Legislature was making law through provisos. As of this meeting, UH has decided to honor Board policy – if the Board directs the UH Administration otherwise, it will be happy to comply. It would require changing Board policy if the Regents chose to approve the items currently in Attachment B-2.
- Section 131: Requires that the UH President prepare a report on the appointment of UH graduates to E/M and faculty positions during each fiscal year of fiscal biennium 2013-2015. UH does not typically keep that information in a database and is trying to figure out how to add the information to its current reporting form. The Office of Human Resources (OHR) is implementing programming changes to applicant data



tracking system and PeopleSoft system to capture data of UH degrees of Associate, Baccalaureate, Master's, Ph.D. and professional levels.

- Section 132: Requires that the UH President prepare a plan to reallocate the general fund appropriation for the UH System for each fiscal year from FY2014-15 through 2020-21 to achieve a distribution of general funds among campuses based on funding need, enrollment and expenditure trends at each campus. Normally, UH doesn't reallocate funds across its units. The President and Board do have the authority to do so, but for the Legislature to require a reallocation of funding interferes with the governance of the President and the Board. The WASC Commission action letter asked for the opinion of the AG. The Office of General Counsel requested a copy of the AG's opinion to the Governor on the budget provisos, but the AG's office replied that it was Attorney-Client privilege. Thus, UH is unsure how it will address the request from WASC.

Regent Sullivan asked for clarification on whether the section requires the President to reallocate or does it require the President to prepare a plan. EVP Johnsrud said that she and WASC read it as directing the University to do something about allocation of funds that is different from what it currently does. However, it does say that the President should prepare a plan.

Regent Gee said that this has serious consequences. What does it do to budget allocation among campuses at the President's level? EVP Johnsrud said that the President and the Board have the authority to reallocate money across the units. UH rarely ever does that, because the campuses prepare their budgets, which are looked at by a systemwide budget committee. The budget proposal is then presented to the Board and the Board-approved budget proposal is submitted to the Legislature. President Greenwood said that UH occasionally allocates funding between campuses; for example, it softened the blow of not having full funding for part of the UHPA contract by reallocating funding to individual campuses. Additionally, for the past four years, UH has gone to the Legislature with a request for outcome-based funding, which would have moved around funding to different campuses based on performance.

- Section 133: Requires that the Board conduct a review of the University's public relations and communications positions and determine whether a reduction of at least 25 percent of these positions is warranted. The Board is to submit the review to the legislature before the 2014 regular session convenes. It is an extension of a report that was requested during the Senate Special Committee on Accountability. That data is available and collected, and will be finalized for the Board.
- Section 134: Requires that the Board review and, if it deems necessary, recommend revisions to the current policies on the appointment and retention of, and compensation and prerequisites for, E/M personnel in order to achieve proper balance in attractiveness of positions to qualified persons, competitiveness with peer institutions, affordability to state taxpayers and university students, and comparison with other State agencies' E/M officers with similar duties and responsibilities. UH has a Request for Proposal (RFP) for an E/M Compensation Review underway. The deadline was July 10; UH received one proposal, which is currently being reviewed. The RFP may have to be re-submitted and divided into

two pieces, specifically asking for the Hawai'i Employers Council to review UH's current methodology for determining salaries, and look for a group to do external comparisons.

- Section 138: Requires that UH prepare a report on all positions abolished pursuant to Legislative adjustments made in Act 134, including position details. This proviso affects only UH Mānoa, which as part of budget reconciliation will identify 100 positions to be abolished.
- Section 142: Requires that all State departments (including UH) provide copies of all notifications and reports required under Act 134 to Legislative leadership, chairs of finance, ways and means, and respective subject matter committee chairs. Requires all State departments to post such notifications and reports on agency website.

UH will need to respond to the WASC Commission letter. One issue was in relation to the Stevie Wonder Concert and what steps UH took based on the findings of the Advisory Task Group. UH did provide WASC with its corrective actions and EVP Johnsrud will follow up.

Chair Martinson said that the reports to come from the Board will require coordination with the Administration and the Board's respective Committees to be appropriately vetted.

Regent Gee said that the provisos raise questions of constitutionality and asked if they were vetted by the AG. Acting Secretary/Vice President for Legal Affairs and University General Counsel Lendio said that the AG does advise the Governor on each bill that is passed. She assumes that the AG did the same for this bill, but the AG indicated that it was an Attorney-Client privileged opinion. Regent Gee said that the provisos are considered "information seeking" but the implications are far greater.

Regent Moore asked how to resolve the issue of constitutionality. Chair Martinson said that the Regents could receive advice from legal counsel in Executive Session.

Regent Holzman asked if the Regents have challenged laws in the past. VP Lendio said that in her memory, since autonomy there has not been a challenge for a particular bill or legislation that was arguably infringing on the autonomy of the Board of Regents.

Regent Holzman asked about the difference between a proviso and a law. VP Lendio said that a proviso is a condition upon which money is given to the University; if the University does not meet the condition, then it cannot get the money. It is not a specific bill that would be subject to various legislative hearings – it is vetted through the budget process at the Legislature. Those are the types of issues in the process as to whether or not the budget provisos have the full force of effect of law. In light of the AG's prior opinion, especially with regard to a particular proviso that infringes upon the Board's autonomy, UH asked the AG if it would opine to that effect and what advice would be given to the Governor and it declined to answer.

Regent Moore said that earlier that morning, the new Regents were sworn into office. One of the items it swore to was to uphold the Constitution of the State of Hawai'i. The Regents have the responsibility to behave appropriately.

### **Progress of Major Construction Projects**

Vice President for Budget and Finance/Chief Financial Officer, Howard Todo, reported on the projects being managed by the System's Office of Capital Improvements (OCI). The report was presented to the Committee on Planning and Facilities on July 11, 2013. The Administration intends to present the report quarterly to the Board.

The report contains information on projects in construction (such as the Cancer Center (which includes the extension to be completed in May 2013), UH Mānoa Campus Center Recreation Center, IT Center, and athletics facilities (which was divided into two phases due to the timing of ordering the lockers) and projects in design (such as the UH Hilo College of Pharmacy (UH's top request for new construction) and the Honolulu Community College Advanced Technology Training Center).

Regent Mizuno, the Chair of the Committee on Planning and Facilities, said that the format of the report is excellent, and should continue to be provided to the Committee and Board. It shows the volume of work accomplished by OCI. He complimented OCI for its great work under difficult conditions. VP Todo said that OCI consists of three architects and two finance people, who oversee about \$370 million in work.

Regent Gee asked about the number of projects that required time extensions, some due to University change requests, and others by the contractors' requests. There is a cost factor for extensions; when the University requests an extension, does it incur the cost? VP Todo said that it isn't unusual to do change orders to contracts. The initial completion estimate is a best-case scenario. In most cases, there is a built-in contingency that allow for change orders. Regent Gee asked about the contingency factor. VP Todo said that it depends on the complexity of the project.

Vice Chair Lee asked about the T.C. Ching Athletic Complex. VP Todo said that is a UH Mānoa project. UH Mānoa Chancellor, Tom Apple, said that the project should be completed in December 2013. The NCAA is visiting UH Mānoa at that time. If it is not completed by then, it will be minimal work such as putting up signs.

Regent Sullivan thanked OCI, and added that she hopes that UH can continue to improve the report. The Committee requested adding projects that were outside of OCI to have a comprehensive view of larger projects around the System. VP Todo said that the Administration has discussed that with the campuses. The campuses, other than UH West O'ahu, have facilities management offices that handle projects below the scope of the work of OCI.

Regent Kudo asked about the determination of whether OCI or the campus handles a project. VP Todo said that larger projects, especially those that require Board approval (\$5 million for construction and \$1 million for architectural fees) are typically handled by OCI. However there may be projects that have a level of complexity or sophistication that

the campus asks OCI to manage. Alternatively, at times a campus, usually UH Mānoa, would like to handle a project itself. Regent Kudo asked about the UH Community Colleges. VP Todo said that they have a staff, but they tend to handle smaller projects.

Regent Kudo asked about the System's growing maintenance and repair needs. How is the budget tied into CIP? VP Todo said that when UH asks for budget appropriations from the Legislature for CIP, its first two priorities are Health and Safety and Capital Renewal and Deferred Maintenance (CRDM) projects. Those two priorities tend to be repairs and maintenance projects. That money is allocated to the campuses. Regent Kudo asked that if the Legislature appropriates money for a particular project, are there earmarks for repair and maintenance. VP Todo said that when UH asks for CRDM money, there is a list of projects that is behind that total ask. Depending on how much money UH receives, it becomes an allocation issue within the System.

Regent Gee asked for a status report on repairs and maintenance. It would be helpful to know about UH's backlog. UH has had more than \$400 million in capital gains, which means future repairs and maintenance costs. VP Todo said that UH provides an annual report on Repairs and Maintenance, which can be found online. It is an inventory and status of deferred maintenance. The Administration can provide it to the Board.

#### **Approval of Capital Improvements Program and Repairs and Maintenance Project Contracts for Fiscal Year 2013-2014**

VP Todo requested approval for one construction contract for \$9.5 million for the modernization of elevators across various buildings at UH Mānoa. The Administration has requested approval ahead of time to prevent a slow down. The Committee on Planning and Facilities reviewed the request at its July 11, 2013 meeting. During the meeting, the discussion turned to HB 114 (Act 87), which was passed by the Legislature during this past session. It affected UH's authority for doing CIP projects. VP Todo noted that this construction project will be procured in accordance with Hawai'i Revised Statutes, Chapter 103D, Hawai'i Procurement Code and Act 87. Act 87 designates the administrator of the State procurement office as the chief procurement officer for contracts for construction. The administrator of the State procurement office has delegated certain authority to the President through UH Procurement Delegation No. 2013-01. In addition, Act 87 provides that procurements for professional services furnished by licensees under chapter 464 for construction projects shall be coordinated with the Dept. of Accounting and General Services (DAGS). For purposes of this construction project, UH doesn't need approval based on the delegation memo from the State procurement office. Whether it is a construction contract or professional services contract (architects and engineers), UH will comply with the law.

Regent Shigemoto asked if Design Partners is a mechanical engineering firm or an architectural company. Manager of Facilities, Planning and Design, Maynard Young, said that he was unfamiliar with the particulars of the contract. Design Partners is an architectural firm. Elevator consultants can be hired to assist them. Regent Shigemoto asked why UH wouldn't deal directly with a mechanical engineering company or consultant, or an elevator consultant. Young said that elevators affect architectural work, which is why UH would hire an architect as a prime consultant. Regent Shigemoto asked

how an architect is more suited for the project over an elevator consultant. Young said that because there are other types of types of work that are involved, not just the elevator, which could affect the building. Regent Shigemoto said that he is unclear about what the work entails. Young said that the UH Mānoa Facilities office would be able to provide details. VP Todo said that the description of the project includes standby power, security, security cameras, and proximity card readers. Regent Shigemoto said that generally a mechanical engineer deals with this type of improvement and could serve as the prime consultant, versus an architectural firm.

Regent Sullivan thanked VP Todo for answering questions that were raised in the July 11, 2013 Committee meeting. She is concerned with meeting the requirements of Act 187 and she appreciates that VP Todo noted that UH is following its requirements. In the future, with regard to these proposal requests, it is important to specify how UH is complying with procurement requirements and the Administration should refer to the delegation of authority.

Upon motion by Regent Mizuno and second by Regent Gee, the UH System request for the Capital Improvements Program and Repairs and Maintenance Project Contracts for Fiscal Year 2013-2014 was unanimously approved.

### **Quarterly Financial Status Report as of March 31, 2013**

VP Todo said that the report was presented to the Committee on Budget and Finance at its meeting on July 11, 2013.

The Condensed Statement of Net Assets (unaudited) reflects that UH's net assets increased in 2013. The Condensed Statement of Revenues, Expenses, and Change in Net Assets (unaudited) reflects that Net student tuition and fees have increased from Fiscal Year 2012. Increased scholarships and fellowships from the previous year reflect another healthy trend. However, State appropriations have decreased. Overall, Net Assets have increased from \$2.2 billion to \$2.4 billion, meaning that the University is in a fairly healthy state.

VP Todo went over highlights of the Consolidated Funding Report. General funds and Special Funds (Tuition and Fees, Other Special Funds) run UH's educational mission. The Fiscal Year-to-Date Available balance for General Funds is about \$93 million, and \$205 million for tuition and fees. The statement includes Capital Improvement Program Funds, Federal and Trust Extramural Funds (\$409 in Fiscal Year-to-Date Expenditures and Encumbrances), and Other Non-Appropriated Funds.

Gee asked if the General Fund line item includes both encumbered and unencumbered funds. VP Todo said that the Consolidated Funding Report is an internal document and only includes expenditures of general funds, not encumbered funds.

Regent Mizuno said that the ATG made recommendations regarding comparing budget-to-actual information. Is this an area where future changes will be made? VP Todo said that the Administration is discussing various models of budget-to-actual information to share the appropriate amount of detail with the Board.

Regent Sullivan said that VP Todo stated that UH is on a healthy financial trend. Because the University is a public, non-profit organization, and the Regents approved a five-year tuition schedule that includes large tuition increases in the outlying years, then it would be prudent to re-evaluate the necessity of the increases in light of the current financial trend. VP Todo agreed that it would be prudent to revisit the tuition schedule. With regard to his statement of UH's healthy financial status, UH still has challenges, such as the reduction of general funds. There is pressure to spend down its reserves, which is why the Committee on Budget and Finance has been discussing proper levels of reserves and a reserve policy.

**Approval of Authority to Affect Pay Adjustments for University of Hawai'i Employees in Excluded Positions from BU 1, 2, 3, 4, 9, 10, Pursuant to Hawai'i Revised Statutes Chapter 89-C**

EVP Johnsrud requested the approval of adjustments for excluded employees and in the future to delegate the authority to the President. Historically, by Executive Order, the Governor included the University in the authorization to execute collective bargaining pay adjustments. However, this year, the Executive Order excluded the University of Hawai'i, Dept. of Education, and Hawai'i Health Systems. The rationale is that the University has a separate authority. The excluded employees number about 60-plus employees who are members of civil service bargaining units, but by virtue of their jobs, are excluded from the unions. The positions tend to be private secretaries and members of personnel offices. The Administration is seeking to give raises to these employees equal to those that their included counterparts are receiving.

Regent Matayoshi said that she hopes that the Board adopts the ATG's recommendation that these items be vetted by the Committees. Although it seems like a technicality, it is a delegation of authority with respect to compensation and it is important that the Board understands and discusses it. She will vote in favor of the proposal because the funds were included in the budget by the Governor, and the third item in the proposal is the requirement that the President submit for Board approval any recommendation for compensation and benefits which exceed those provided under the respective collective bargaining agreements. She hopes that it would be discussed in the Committee.

Regent Dean moved and Vice Chair Lee seconded the motion, and the UH System request for the Authority to Affect Pay Adjustments for University of Hawai'i Employees in Excluded Positions from BU 1, 2, 3, 4, 9, 10, Pursuant to Hawai'i Revised Statutes Chapter 89-C was unanimously approved.

**University of Hawai'i at Mānoa**

**Approval of the Establishment of the Richard S. Takasaki Endowed Professorship in Social Policy at the Myron B. Thompson School of Social Work**

Chair Martinson noted that there was a typo in the agenda for the item, which should read: Establishment of the Richard S. Takasaki Endowed Professorship in Social Policy at the Myron B. Thompson School of Social Work.

UH Mānoa Chancellor, Tom Apple, requested approval of the Richard S. Takasaki Endowed Professorship in Social Policy within the Myron B. Thompson School of Social Work. Social Policy is an important area of work that affects human welfare and social justice. The position would deal with issues of health promotion, the creation of safe, sustainable environments, the care and support of vulnerable populations and the empowerment of people to participate in society. These named positions are important for the campus in attracting and retaining quality faculty.

Regent Gee said that he had the personal pleasure of working with Mr. Takasaki. He is a very fine gentleman, and this is an excellent endowed Professorship. He said that the endowment is not large enough to throw out the full funding of a Professorship. He asked if it will supplement a particular position. Chancellor Apple answered affirmatively, and said that it will throw \$40-50,000 to make the position more attractive and provide funds for the faculty member so named to travel.

Regent Gee asked if there is a specific charge for the professor who carries the name. Chancellor Apple said that with most Professorships, UH Mānoa doesn't have a strict standard of what they must do, but the area is typically defined.

Chair Martinson asked that the motion include the correct wording that he noted as the start of the discussion on the item. Regent Gee moved and Vice Chair Carlson seconded the motion to approve the Establishment of the Richard S. Takasaki Endowed Professorship in Social Policy at the Myron B. Thompson School of Social Work, which was unanimously approved.

### **Approval of Renaming of LURE Observatory to Pan-STARRS Observatory**

Chancellor Apple said that the LURE (Lunar Ranging Experiment) Observatory was constructed in 1973 and decommissioned in 2004. The LURE Observatory consists of two telescope domes, one of which is the Pan-STARRS 1, which is the best of its type in the world. Pan-STARRS 2 was recently installed. All activity currently and in the foreseeable future conducted at the LURE Observatory will be directly related to the Pan-STARRS project.

Regent Bal said that in his previous position as the Director of the Maui High Performance Computing Center, they were well aware of the activities associated with the Pan-STARRS telescopes, which is renowned and set benchmarks.

Upon motion by Regent Dean and second by Regent Shigemoto, the UH Mānoa request to Renaming the LURE Observatory to Pan-STARRS Observatory was unanimously approved.

### **Resolution of Support for Obama Library Project**

Chancellor Apple requested that the Board voice their support for the effort to develop a competitive proposal to host the Barack Obama Presidential Center in Honolulu. It is one of the most exciting initiatives at UH and will elevate UH's international reputation and have a significant impact on Hawai'i. The effort involves the establishment of a

Presidential Center upon the expiration of the term of President Obama. Land in Kaka'ako has been set aside for this purpose. The initiative has widespread support, with partnerships with Punahou School, Kamehameha Schools, Hawaiian Electric, the Office of Hawaiian Affairs, and the support of the Governor.

Chancellor Apple noted:

- The Center will include the convening on international meetings by the President, and will feature an active policy center.
- The Clinton Presidential site brings in 300,000 visitors per year.
- UH Mānoa does not expect it to be the only President Obama site; it will likely be partnering with Chicago.

Regent Sullivan asked about the estimated cost, and if the University is expected to pay for the entire cost. Chancellor Apple said that he doesn't have an exact cost because the proposal is not yet at that stage. In these efforts, typically the President, after their term is over, does the bulk of the fundraising. The Federal Government provides a substantial amount to support the libraries as well. UH Mānoa would like to support the activities that it would like to see and get persuasion of various groups together. What it is spending now is in faculty time.

Regent Shigemoto asked about the location of the site. Chancellor Apple said that the President himself makes that decision.

Upon motion by Regent Dean and second by Regent Gee, UH Mānoa's request for a Resolution of Support for Obama Library Project was unanimously approved.

Chancellor Apple requested that UH Cancer Center, Dr. Michele Carbone, be allowed to present a report of the host campus.

Dr. Carbone thanked the Board for its support. He provided the background on the Cancer Center, which is the best building in the country. He credited the late architect, Jeff Nakamura, who passed away to due to cancer. UH should be proud of the Cancer Center, which was designed and built by locals.

The project was completed four months early and \$17 million under budget. With the \$17 million, the Cancer Center decided to build an extension. It is currently trying to find the money to complete the extension. The Cancer Center is able to recruit top-notch specialists who produce quality work.

The Cancer Center's success has led to fundraising success as well. The Cancer Center recently received a \$3.7 million donation from New York.

Regent Gee said that the Board is proud of the Cancer Center. He asked about two or three highlights unique to the Cancer Center. Dr. Carbone said that it was a team effort. He pointed to the Cancer Center research and finding involving liver cancer (researchers developing a test for early diagnosis), mesothelioma (discovered and patented the gene



mutation that indicates mesothelioma, melanoma, or renal cell carcinoma), and using the uniqueness of Hawai'i's marine biodiversity to identify new drugs.

## **IX. EXECUTIVE SESSION**

Upon motion by Regent Dean and second by Regent Shigemoto, the Board unanimously approved convening in executive session, pursuant to HRS §92-5(a)(2)(3)(4). The Board convened in executive session at 12:12 p.m. Following a motion to come out of executive session by Regent Dean and second by Regent Mizuno, which was unanimously approved, executive session was adjourned at 4:48 p.m.

## **X. ITEMS FOR BOARD ACTION – PART B**

Chair Martinson announced that the agenda item on the UH System Memorandum of Understanding with Honolulu Authority for Rapid Transportation would be deferred.

## **XI. PERSONNEL ACTIONS**

Regent Gee said that, regarding the promotion of professor Harald Barkhoff, it is the Chancellor who must make the decision to overturn a committee decision to deny promotion to full professor. He told UH Hilo Chancellor, Donald Straney, that it is as much a fault of the criteria as the voting procedures, and it will be important for the faculty to look at its criteria and make sure that it is clear when they vote on a person's tenure or promotion or both.

Regent Holzman said that President Greenwood is listed under Attachment B-1. She is one of the most renowned and distinguished scientists in the field of obesity and diabetes in the country. She has a national reputation, is a member of the Institute of Medicine and a member of the National Academy of Sciences. She has done a superb job as the President of the University. She has been granted tenure at the John A. Burns School of Medicine (JABSOM). The Board has discussed her fallback salary and has reached an agreement that in light of her interest in national and State policy implications, that when she returns to the University, she will focus her efforts on establishing a center at JABSOM that would focus on the obesity and diabetes crisis in the State and nationwide. UH is getting a bargain to be able to obtain a scientist, manager and leader of her caliber to help this effort.

Regent Gee said that President Greenwood's dossier is one of the strongest and most distinguished that he has reviewed. Although some expressed concerns about what her work would entail should she work six months out of the year, judging by history, she will be able to do more in six months than others can do in a year.

Regent Dean said that it is a unique opportunity for President Greenwood to build something special in the State to help solve the crisis of obesity and diabetes.

Acting Secretary Lendio noted that in the consent agenda, Attachment B-1, President Greenwood position is M-5. However, that was an inadvertent mistake, and it should be I-5. Based on HRS Chapter 92-7b, it is a non-substantive change and the Board needs

two-thirds votes to change the designation. Regent Kudo moved and Regent Dean seconded the motion, and the Regents unanimously approved changing President Greenwood's designation as I-5.

Regent Mizuno moved and Regent Dean seconded the motion to approve the items on Attachment B-1, which was unanimously approved.

Regarding Attachment B-2, the Board has decided that for those items that fall under the Budget Proviso limit of \$143,000, they will proceed. However, for those positions whose salaries exceed \$143,000, they will be deferred to the next meeting, which will be a special meeting to be called within the next few weeks.

## **XII. ANNOUNCEMENTS**

Chair Martinson announced that the next regular Board of Regents' Meeting is Thursday, August 22, 2013, at Windward Community College.

Regent Holzman presented a report on the Interim President selection. There is one candidate, and the Board needs to do additional vetting, but expects to make an announcement very soon.

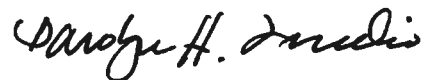
Chair Martinson thanked the Board for the opportunity to serve as Chair and work with the Board and President. He thanked outgoing Vice Chair Carlson and continuing Vice Chair Lee. He turned the gavel over to Chair Elect Holzman.

Chair Elect Holzman thanked outgoing Chair Martinson, and Vice Chairs Carlson and Lee for their wisdom and perseverance.

## **XIII. ADJOURNMENT**

There being no further business, Regent Dean moved and Regent Mizuno seconded the motion, and with unanimous approval, the meeting was adjourned at 5:01 p.m.

Respectfully Submitted,



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