

MINUTES

BOARD OF REGENTS' MEETING

May 20, 2010

I. CALL TO ORDER

Chair Howard Karr called the meeting to order at 9:13 a.m. on Thursday, May 20, 2010, at the University of Hawai'i at Mānoa, Campus Center Ballroom, Honolulu, Hawai'i 96822.

Quorum (13): Chair Howard H. Karr; Vice Chair Dennis I. Hirota; Artemio C. Baxa; Michael A. Dahilig; Ramon S. de la Peña; Clifford C. Dias; Mark H. Fukunaga; Chuck Y. Gee; James J.C. Haynes II; John C. Holzman; James H.Q. Lee; Eric K. Martinson; and Teena M. Rasmussen.

Excused (2): Carl A. Carlson; Grant T.S. Teichman.

Others in Attendance: President M.R.C. Greenwood, Ph.D.; Vice President for Academic Planning & Policy Linda Johnsrud, Ph.D.; Vice President for Budget & Finance/Chief Financial Officer Howard Todo; Vice President for Community Colleges John Morton, Ph.D.; Vice President for Legal Affairs and University General Counsel Darolyn Lendio, Esq.; Vice President for Research Jim Gaines, Ph.D.; Associate Vice President for Capital Improvements Brian Minaai; UH Hilo Chancellor Rose Tseng; UH West Oahu Chancellor Gene Awakuni; Kapi'olani Community College Chancellor Leon Richards; Leeward Community College Chancellor Manny Cabral; Hawai'i Community College Chancellor Rockne Freitas; Windward Community College Chancellor Douglas Dykstra; and Interim Executive Administrator and Secretary of the Board of Regents Keith Amemiya and others as noted.

Regent Karr welcomed the newest Regent, Clifford Dias, representing Hawai'i County along with Regent Carlson. Regent Dias is an interim Regent until he completes a Senate confirmation hearing during the next legislative session. Regent Rasmussen presented Regent Dias with a lei.

Regent Karr then presented Regent James Haynes a Certificate of Appreciation for his distinguished service to the University of Hawai'i in serving as a Regent since 2003. Regent Haynes' term ends June 30, 2010. Regent Rasmussen presented Regent Haynes with a lei.

Regent Haynes said he immensely enjoyed his time on the Board and thanked everyone for their support.

President Greenwood thanked Regent Haynes, on behalf of the faculty, staff and students of the University of Hawai'i, and said his exemplary work has meant so much to everyone.

Regent Karr then thanked all the Regents who spent time at the many commencement exercises over the weekend, with at least one Regent present at each commencement exercise at the 10 campuses of the University of Hawai'i system.

II. APPROVAL OF MEETING MINUTES OF MARCH 18, 2010

Regent Gee asked that page 16 of the meeting minutes of April 1, 2010 be corrected to his question that referred to student advising and whether recommendations of advisors would be honored in the event of advising errors that might create a serious problem for the student, for instance, a delay of graduation.

Interim Secretary Keith Amemiya also asked that the spelling of Dean Pezzuto be corrected in the March 18, 2010 minutes. The spelling error will be corrected.

Following a motion by Regent de la Peña and second by Regent Gee, the minutes were unanimously approved as amended.

III. PUBLIC COMMENT PERIOD

Interim Secretary Keith Amemiya reported that there were two written testimonies submitted in support of Rockne Freitas as the Vice President for Student Affairs and University and Community Relations. There was also written testimony submitted by the University of Hawai'i Professional Assembly regarding the University Clinical, Education, and Research Associates (UCERA) affiliation agreement. There was also nineteen written testimonies received at the Board of Regents office via email and fax regarding the appointment of the University of Hawai'i at Hilo Chancellor, with twelve in support and seven opposed.

Secretary Amemiya then called on those who signed up to give testimony at the meeting. Dr. Diane Affonso was the first to speak. Dr. Affonso stated that she is in attendance on behalf of community partnerships and research partners from the Big Island to humbly ask for approval of President Greenwood's choice for the UH Hilo Chancellor, Dr. Donald O. Straney. The group supports the appointment based on three perspectives:

- Giving the President support for her team of vision-makers via her Administration leaders, especially the Chancellors.
- President Greenwood's wisdom is evident in her deliberation of the information presented via the selection committee on the Chancellor candidates.
- President Greenwood's choice of Dr. Straney reflects the community, and culture, amidst competing forces of invested interests.

Mr. Paul Tallet was the next to speak. Mr. Tallet spoke in opposition of the appointment of Dr. Straney in hopes of allowing the community to know why this decision has been made. Two other candidates, Vice Chancellor Luoluo Hong and Dean Pezzuto, who both are already at UH Hilo, and well liked by the community, need to be considered more seriously. Mr. Tallet asks the Board to delay the selection of the Chancellor and to read his written testimony.

J.N. Musto, Executive Director of the University of Hawai'i Professional Assembly, spoke on the UCERA affiliation agreement. The question presented to the Board is, does the UCERA affiliation agreement create a new condition of employment for clinical medical faculty members in Bargaining Unit 7, which would require them to participate in the UCERA private practice plan? Dean Hedges says no, but that still doesn't convince UHPA regarding the language itself. The language reads that clinical faculty members will be required to engage in clinical practice through UCERA. The mandatory tone of the document seems to indicate a new policy that could require bargaining. The idea that university employment can be conditioned by the subcontracting of a portion of that employment to another entity crosses the jurisdiction of UHPA as the exclusive representative of faculty members.

Mr. Musto also commented that he had thought that the Vice President for Students was abolished when Dr. Doris Ching retired. Mr. Musto asked that more thought be given to the fundamental structure of administration.

Keali'i Gora, of the Pukoa Native Hawaiian Council, read a statement from the Hoolulu Council, the Native Hawaiian Advisory Council to the Chancellor of Hawai'i Community College, relating to and in support of the appointment of Dr. Rockne Freitas as Vice President for Student Affairs and University and Community Relations, stating that since his appointment to Chancellor of Hawai'i Community College in 2004, Dr. Freitas has demonstrated the highest level of leadership for the college by creating a profound atmosphere of ohana amongst the faculty and staff, and emphasizing student centeredness and success. The percentage of enrolling Native Hawaiians has grown to over 41%, the highest of all among the University of Hawai'i Community College system. His largest challenge has been to secure the funding for the development of the new Hawai'i Community College campus at Palamanui in West Hawai'i. Although there is sadness knowing he will leave the community colleges, there is confidence that his influence will now be felt throughout the system.

The second item Mr. Gora wanted to speak on, as a representative of the Pukoa Council, relates to the Report of the Task Group on Non-Resident Enrollment Cap. Pukoa is concerned if there is a change relating to that cap, because the initial discussions stated that UH Hilo will be a pilot project and the other campuses will remain at 30%; however, the report states that it will be adjusted for the other campuses to 35% instead. Pukoa supports the current 30% and recommends a comprehensive examination of the impact of programs with Western Undergraduate Exchange (WUE), the National Student Exchange (NSE), and all other exchange agreements on individual campuses. Specifically, an examination of financial aid allocations, housing allocations, tuition costs, and educational

experiences for resident students. Pukoa also recommends a long-range enrollment strategy for the university system and each individual campus, as guided by the current 30% enrollment cap. Pukoa recommends a new tuition schedule at the end of 2012 that will allow the university to continue to meet the current 30% enrollment cap policy, while taking into account realistic economic projections that will foster access to higher education for Hawai'i residents.

EXECUTIVE SESSION

Upon motion by Regent Haynes and second by Regent Martinson, the Board unanimously approved convening in executive session, pursuant to HRS §92-5(a)(2)(3)(4). The Board convened in executive session at 9:47 a.m., and reconvened in public session at 10:47 a.m. following a motion to come out of executive session by Regent Gee and seconded by Regent de la Peña, and unanimously approved.

Approval of Vice President for Student Affairs and University and Community Relations

President Greenwood recommended the appointment of Rockne Freitas to the position of Vice President for Student Affairs and University and Community Relations.

A motion to approve was made by Regent de la Peña with a second by Regent Gee.

Regent Dahilig expressed his strong support for the President's recommendation, saying Dr. Freitas has been a great supporter of students throughout the system.

Regent Holzman also extended his support for this appointment, saying that Chancellor Freitas will do an extremely good job.

Regent Baxa said that in the short time that he has known Chancellor Freitas, he stood up for the students with dignity.

Regent Gee stated that he thinks it's important to have someone in this position who is knowledgeable, and who is respected by the community and legislature, and thus he believes that Chancellor Freitas is right for the job.

With no further comments, the motion to appoint Rockne Freitas as the Vice President for Student Affairs and Community and University Relations was unanimously approved.

Regent Rasmussen presented VP Freitas with a lei and Keali'i Gora performed a chant welcoming him as Vice President. Lilikala Kame'eiehiwa also presented a lei to VP Freitas.

Approval of the UH Hilo Chancellor Appointment

President Greenwood requested the Board approve Dr. Donald O. Straney as UH Hilo Chancellor, effective July 1, 2010. She stated that his selection was based upon a carefully considered and well-run process. The search committee considered over 300 names, which was narrowed down to a group of nine. Five candidates were then asked to come to campus for community meetings and to meet constituency groups. There were several hundred written comments about the candidates and a final list was forwarded to President Greenwood, from which she made the final selection. She believes Dr. Straney will relate to the community and help Hilo move to the next level. Current Chancellor Rose Tseng will be assisting Dr. Straney in his transition to Chancellor of UH Hilo.

Regent Gee stated that he supports the nomination of Dr. Straney. Hilo is a close-knit community. Finding the right leader to head the campus is a very important appointment. Regent Gee is convinced the integrity of the selection process has been achieved.

The motion to approve was made by Regent Baxa and seconded by Regent Haynes.

Regent Rasmussen commended VP David Lassner on the process of selection, which included fourteen members on the committee from the Big Island. Regent Rasmussen strongly supports this nomination.

Regent Baxa said he's very interested in the process of selection, stating that in this case, the process was fulfilled. Based on the guidelines, the public was given ample time to comment on the candidates. He stated that the Regents have examined the paperwork and have read the emails and supports the appointment of Dr. Straney for the position of Chancellor of the University of Hawai'i at Hilo.

With no further questions or comments, the Regents unanimously approved the appointment of Dr. Donald O. Straney as the UH Hilo Chancellor.

IV. REPORT OF THE PRESIDENT

President's Status Report:

President Greenwood recently spent a week in Washington D.C. to insure that people don't forget that Hawai'i is part of the national program. While in D.C., she had the opportunity to attend the East-West Center's 50th Anniversary Celebration with alumni from the East-West Center and UH Alumni Association. Senator Daniel Inouye also attended the event. The D.C. alumni group offers support and scholarships for students who go to D.C. for work.

President Greenwood also met with Senators Inouye and Akaka regarding the 2011 APEC conference, and met with Reta Jo Lewis, APEC representative, who was helpful in terms of providing important information on what we can expect in the coming months as the host city for the 2011 APEC meeting. As chair of the volunteer committee, President Greenwood stated that the University will play an important role in the conference.

In addition, President Greenwood met with reporters from the Washington Post and the Chronicle for Higher Education, where she recorded a podcast about the opportunities the University has in the region. The podcast is scheduled to go online in a week.

UH Legislative and Budget Updates

President Greenwood thanked everyone in the room, including Regents, administrators, students, faculty and community supporters who came out in force to support UH. The University faced the prospect of a \$110 million reduction in the general fund budget. At one point, the reduction was up to about \$160 million. However, in the end, the cuts were held to \$107.3 million and lawmakers allocated more than \$156 million in CIP general obligation bonds. This general obligation bond funding includes \$20 million for the Renovate to Innovate initiative, which will help to make needed repairs to the facilities. With another \$35 million provided through the University's repairs and maintenance appropriation, there will finally be resources to upgrade key buildings at UH Mānoa.

The \$48 million targeted for UH West Oahu was included in the CIP legislative package. This will help to bring to fruition a dream to provide greater access to the four-year baccalaureate programs for a key underserved region of the State. Once Governor Lingle gives the go-ahead, the first phase of construction will be set to begin in August 2010, with classes projected to begin in the Spring of 2012.

Commencement

President Greenwood thanked the Regents and the Senior Administrative team for participating in the recent commencement exercises. It was an honor for President Greenwood to share a congratulatory message with the Honolulu Community College graduates and also to attend the first commencement ceremony for the newly named University of Hawai'i Maui College. She also participated in the UH Mānoa ceremonies where Maya Soetoro-Ng, sister of President Barack Obama, shared an inspirational message with the graduates, and where an honorary degree was presented to family and child advocate, Patti Lyons, in recognition of her outstanding contributions in the field of social work, especially in the prevention and treatment of child neglect and abuse.

The John A. Burns School of Medicine presented medical degrees to 58 new physicians, 12 of whom are Native Hawaiians. This represents the largest single class of students of Native Hawaiian ancestry to graduate from the medical school. Between the 10 campuses, more than 5,000 students got their degree, which is a testament to the dedication and commitment of the faculty.

UH – Hilo – The design and site plan for the Thirty Meter Telescope was presented to the Mauna Kea Board yesterday. It was recommended at that meeting that the Board recommend to the Chancellor at UH Hilo that the plan be brought to the Board of Regents in the process of developing a conservation district use permit, which is necessary to move to the next step. The Governor has already signed the final Environmental Impact Statement for the project.

A consortium led by UH Hilo's College of Pharmacy was awarded more than \$16 million to use online medical records and teleconferencing to improve healthcare on the Big Island. Congratulations to Pharmacy Dean John Pezzuto and Chancellor Rose Tseng.

UH Mānoa – In keeping with the graduation theme, President Greenwood took time to mention outstanding UH Mānoa students worthy of recognition:

- Undergraduate Amanda Timmerman has been awarded a National Science Foundation Graduate Research Fellowship that includes a \$30,000 stipend and a \$10,500 tuition allowance per year for up to three years.
- Reece T. Iwami, a graduate student in Electrical Engineering, is one of two students nationwide to receive a prestigious Graduate fellowship from the Microwave Theory and Techniques Society of the Institute of Electrical and Electronics Engineers.

President Greenwood also congratulated the Rainbow Wahine softball team for their regular season Western Athletic Conference championship and for winning the WAC tournament championship this past weekend. They captured their first ever WAC tourney championship and earned an automatic bid into the NCAA Regionals, which begins competition this weekend.

UH West Oahu – UH West Oahu has been awarded a \$98,000 grant to fund multidisciplinary research and education at the Honouliuli internment camp. The funding will support two additional years of multidisciplinary research and education about World War II internment in Hawai'i.

UH Community Colleges

Honolulu Community College is gearing up for its 2nd annual MELE Songwriters Workshop, which is an endeavor of the college's Music & Entertainment Learning Experience program that provides participants with three intensive days in a creative, constructive and inspiring setup, interacting with nationally successful songwriters.

Kapi'olani Community College is leading the way with new technology. Deaf and hard-of-hearing students, faculty and community members can call deaf people or hard-of-hearing people by using the public videophone at the Lama Library. The library is the only site in the state that provides this free service. Also from Kapi'olani Community College,

Instructor Mae Dorado has been selected as the 2010 Post-Secondary Career and Technical Educator of the Year by the Hawai'i Association of Career and Technical Education.

Leeward Community College recently held its annual Leeward Culinary Arts Gala known as L'ulu. The social event of the Leeward side provides an opportunity to invest in educational opportunities for Hawai'i's culinary students.

UH Maui College hosted more than 50 delegates of the Postsecondary International Network that examined facilities and programs on Oahu and Maui that deal with cultural resources and business development. The Hawai'i conference focused on issues affecting entrepreneurship and business development, and also included an interactive introduction to Honolulu Community College's MELE Program.

President Greenwood ended by stating Fall enrollment is up again, this time by 12%. There may be as many as 63,000 students in the Fall. This will take great creativity and hard work to utilize our resources and facilities.

Host Campus - Chancellor Hinshaw is in Japan to receive an honorary degree at the University of Ryuku. Vice Chancellor Reed Dasenbrock spoke on her behalf.

Vice Chancellor Dasenbrock started the presentation by showing a UH Mānoa video ad currently on television that highlights undergraduate education and the experience. Enrollment initiatives have been established. A campus-wide retreat was held in August 2009 that included Deans, Faculty, and Administrators. Enrollment goals were formulated, reviewed and approved among a wide variety of campus sectors between September through December 2009. There are four enrollment goals, with the overall goal being raising enrollment. The goals are:

- Keep more Hawai'i high school graduates in Hawai'i;
- Address the differential rates of educational attainment across Hawai'i's population;
- Increase mobility between the two and four year campuses;
and
- Improve retention and graduation rates at Mānoa.

A Committee on Enrollment Planning was established in January 2010. The committee is charged with implementing the enrollment goals. Sub-committees relating to each goal have been formed to address issues and develop recommendations regarding each goal.

Vice Chancellor Francisco Hernandez said improving residential life is one of the key components of the educational goal. Several years ago, UH Mānoa came to the Board requesting \$98 million in repairs and renovations to student housing. Every penny has been used, and due to the excellent bid climate, money has been saved to allow more projects to get completed, including Johnson Hall and Gateway. The overall goal is to

increase residential offerings on campus that will result in a more vibrant campus community.

UH Mānoa not only wanted to improve the physical plant, but they also wanted to improve co-curricular activity. Accordingly, a set of strategic academic partnerships were developed with departments such as an Honors Hall where honors students could go to work together. The administration is also working with faculty in the Filipino and Native Hawaiian language and culture to attract more of these students to UH Mānoa.

Major steps have been made to attract, retain and graduate Native Hawaiian, Filipino and Pacific Island students. Creating the School of Hawaiian Knowledge in 2007 was a big step in this area. Existing programs in Hawaiian Studies and Hawaiian Language combined to form the first school in any research university centered on an indigenous perspective. The Native Hawaiian Student Center is also located in the School. Similar steps need to be made with the Filipino and Pacific Island cultures. A new Bachelors of Arts in Pacific Island Studies will be presented to the Board in Fall 2010. A more dedicated focus will go towards Filipino students to complement what has already been done.

A new effort called Admissions in the Field will be initiated to allow admissions counselors to go out into the field to provide on-site admissions at selected local high schools and community centers. The objectives are to provide high school students with admissions counseling and to increase Mānoa's presence in the schools. Another effort is in the online world. This provides for free online tutoring in math across the state. There has been 2,000 tutoring sessions across the state with 365 students in 57 schools. Doing this service online allows UH Mānoa to service students on all islands.

Automatic Admission, which was presented to the Board in March, has doubled the number of students directly proceeding to 4-year institutions. The goal for next year is to increase not only the number of students who are admitted, but also to increase the number of students who accept the offer to come to Mānoa.

In February, the WASC effort, which led to a successful accreditation, was due in part to making sure that academic student services work better. The degree audit system (STAR), implemented in 2007, was essential for automatic admission and reverse credit transfer. The STAR system is now in all 10 campuses. Mandatory advising during the first two years was implemented in 2008. In 2009, students are expected to declare their major by Junior year status. Another step being implemented this summer is academic planners showing students how to get every baccalaureate degree offered at Mānoa in four years.

Sinclair Library has been redone and now allows for food and coffee, and has become a place where students want to be. There are computers, music available, mentoring and study groups, and it has a congenial open-study space right next to Campus Center.

The Student Success initiative's goal is to increase retention by engaging students in academic support structures. This initiative has more students working with other students. The plan is to use achievement grants to hire students as peer mentors to other students. Fifty positions have been identified and by the Fall, there will be more students available to help other students.

National data states that students who work on campus are more likely to stay in school. Increasing campus employment is a major priority. Also, a comprehensive undergraduate research program will be launched in the Fall that will provide a single place for undergraduates seeking research experiences. It will leverage research funding to improve undergraduate education.

A key feature of the retention plan is to significantly increase the amount of financial assistance students receive in order to increase their participation in an academic success program, and also to ensure that there's enough financial support to attract Hawai'i scholars to the University either via tuition grants or raising scholarships through the UH Foundation.

Regent Baxa stated that it seems that Filipinos and Native Hawaiians are very well represented in the community colleges. He said the population at UH Mānoa seems low. What is UH Mānoa doing to increase the population of Filipinos and Native Hawaiians at the Mānoa campus? Regent Baxa also stated that it would be encouraging to students to see more Filipino faculty in the System. Vice Chancellor Dasenbrock stated that the challenge is to make the UH Mānoa campus welcome for students whose parents have not been to college before. It's known that 20% of high school graduates are Filipino and 18% of community college graduates are Filipino. UH Mānoa is looking to build the pathway between the 2-year and 4-year campus to get the students into UH Mānoa. There will need to be a strategy where the strength in Filipino language and studies becomes part of the school's self description. Vice Chancellor Dasenbrock also stated that there is an effort underway to increase the representation of the faculty of Hawaiians, Filipinos, and other Pacific Islanders.

Regent Gee is pleased that UH Mānoa has chosen an area singled out by WASC that has to do with quality of the student experience, adding that it's amazing that this has been accomplished in a year when the budget reductions have been so strong. Beyond the student programs, are larger quality issues being overlooked? Also, what has the budget reduction meant for UH Mānoa?

Vice Chancellor Dasenbrock says the budget was cut 26%, so if the tuition increases and stimulus money had not been in place, the cuts would have been major. The typical academic unit is operating with a 10% reduction. There are 10% fewer classes. It's been tough. There have been a lot of difficult decisions.

Regent Rasmussen commented that UH Mānoa Day on the high school campuses is a great idea and asked if it is being done at both public and private high schools. Vice Chancellor Dasenbrock said the event is sponsored at both public and private schools.

V. REPORT OF THE UNIVERSITY OF HAWAII FOUNDATION

Foundation President Donna Vuchinich reported that as of May 20, 2010, the Foundation is at \$34.3 million raised, which is 80% of the goal of \$40 million.

The estate and gift planning program is one of the top in the State. Three recent gifts include a gift from Isamu Shishiro of \$1.4 million to the Community Colleges for students studying sustainable energies. The estate of Hilda Yee Young gave \$160,000 to the UH Mānoa Kam York & Alice Yee Endowment for merit scholars coming to UH-Mānoa from Farrington High School. Finally, Mr. & Mrs. Lennus B. Urquhart gave \$500,000 to Kapi'olani Community College to help with fellowships for students studying there.

UH Foundation held an event for the Distinguished Alumni winners and an Investment Strategy and Management Presentation and Reception at JABSOM for endowment donors.

The recent trip to Washington D.C. with President Greenwood was a success, and included a meeting with Senator Daniel Inouye. On May 2, 2010, President Greenwood was honored by the National Academies for her 14 years of service as a member of the National Academies and the Institute of Medicine with the National Academies. President Greenwood's tenure as Chair of the Global and Policy Affairs Committee was recognized by colleagues there as well.

President Greenwood, UH Administrators and UH Foundation guests also attended the National Science Foundation's banquet at the State Department, where Dr. Bruce Alberts was honored for his work in stem education.

Another highlight of the trip was the swearing in of Reta Jo Lewis as Special Representative of Global Intergovernmental Affairs by Secretary of State Hillary Clinton.

The East-West Center's 50th Anniversary Celebration was also in Washington D.C., where they recognized Dr. Franklin Odo for his work as curator of the Smithsonian's Asian Pacific American Program and the East-West Center Fellows. Senator Inouye also attended this event.

President Vuchinich announced that 35 chapters of the Foundation have a similar webpage on the UHAA website, thus building online communities to connect and engage across the globe. There are seven community college Facebook communities and they are also using LinkedIn, Twitter and You Tube. Student callers are on the phone and video on these different networks build more capacity for gifts.

VI. ACCEPTANCE AND APPROVAL OF GIFTS, GRANTS AND CONTRACTS
[Attachment A]

Vice President Jim Gaines reported that research awards for the month of March totaled approximately \$20 million, bringing the year-to-date total to approximately \$322 million. This is about 8% ahead of last year.

A request that the Smithsonian Astrophysical Observatory be held harmless with respect to injury of an award recipient is up before the Board. State statute indicates that this responsibility cannot be delegated. The present case involves an astronomer and a potential graduate student who will analyze and interpret data. Vice President Gaines asks for approval regarding this indemnity.

The next item requiring approval is the extension of the consulting contract for The Implementation Group. This contract enables the University to identify additional funding and to build its competitive research and development and education base of proposals. They coach and mentor less experienced faculty on how to write grants. The results they have produced are outstanding.

A motion to approve the requests was made by Regent Haynes and seconded by Regent Lee. Following the motions, the requests were unanimously approved.

EXECUTIVE SESSION

Upon motion by Regent Martinson and second by Regent Holzman, the Board unanimously approved convening in executive session, pursuant to HRS §92-5(a)(2)(3)(4), followed by a luncheon recess. The Board convened in executive session at 12:05 p.m., and reconvened in public session at 3:15 p.m. following a motion to come out of executive session made by Regent Martinson and seconded by Regent Lee, and unanimously approved.

VII. ITEMS FOR BOARD ACTION

Approval of Budget Policy Paper

Vice President Linda Johnsrud stated that Section 8-3 of the Board of Regents Policies sets forth guidance for preparation of the biennial budget policy paper. It includes the environmental context for budget building, the general program, policy, and management objectives to guide the preparation of the biennium budget.

The University's state appropriation was reduced by \$98 million for the current fiscal year, and beginning July 1, 2010, the reduction is increased to \$107.3 million. This represents a 23% decrease to general funds at the same as an all-time high enrollment that will reach 58,000 students in the fall.

The reductions have impacted the University's ability to deliver academic programs by restricting the filling of positions, reducing class offerings and increasing class sizes. Financial Aid and Student Services programs have also been adversely affected. All state funded employees have taken pay cuts and all campuses have been forced to close during the winter and spring breaks.

The state legislature did appropriate \$22 million of American Recovery and Reinvestment Act (ARRA) funds that have helped to mitigate some effects of the reduction.

The Council on Revenues maintained its revenue projections for the current fiscal year at -2.5%; however, it reduced its projection for FY 2011 – 2012 from 7.6% to 6% growth.

The last increase to tuition in the current schedule begins Fall 2011. Analysis for the next tuition schedule will begin this summer and a draft proposal will be brought to the Board in the fall followed by public meetings.

Vice President Johnsrud went on to explain program, policy and management objectives and priorities, stating that 2008 – 2015 strategic outcomes are:

- Positioning the university as one of the world's foremost indigenous-serving universities by supporting the access and success of Native Hawaiians.
- Increasing the educational capital of the state by increasing the participation and completion of students, particularly Native Hawaiians, low-income students, and those from underserved regions.
- Contributing to the state's economy and providing a solid return on its investment in higher education through research and training.
- Addressing critical workforce shortages and preparing students for effective engagement and leadership in a global environment.
- Acquiring, allocating, and managing public and private revenue streams and exercising exemplary stewardship over all of the University's resources for a sustainable future.

These strategic outcomes, along with President Greenwood's Hawai'i Graduation Initiative, The President's Initiative on Workforce Development and Technology Advancement, and Project Renovate to Innovate, show the University is committed to improving the social, economic, and environmental well-being of current and future generations in Hawai'i.

The University's Office of Capital Improvements will work with campuses to prioritize needs regarding projects. Funds will be sought, either through general obligation bonds or revenue bonds, to continue the reduction in the University's deferred maintenance. Construction funds will be requested for high priority buildings already in design.

Regent Gee asked if tuition is intended to remain the same for FY 2011 – 2012 or will it go onto a similar plan with a rolling six year base? Vice President Johnsrud stated that it's up to the Board to decide.

A motion to approve the Budget Policy Paper was made by Regent Holzman and seconded by Regent Lee. Following no further comments, the motion was unanimously passed.

Acceptance of External Auditors' Report and Related Internal Control Business Issues

Vice President Todo said approval is requested on the financial and compliance report of the external auditors of the University of Hawai'i.

The Committee on University Audits met earlier in the morning to go over the reports brought before the Regents. Audit Committee Vice Chair, Mark Fukunaga, reported that there is an unqualified clean opinion on the consolidated financial statements and compliance with OMB Circular A-133. Past control deficiencies have been corrected. Therefore, the Board Committee on University Audits recommends approval of the Auditors' Report.

Cory Kubota, of Accuity LLP, reiterated that this is the final chapter in the June 30, 2009 financial statements. Accuity issued clean opinions. Mr. Kubota thanked the University Administration, the Financial Management Office, and the Budget Office. Overall, the University is taking steps forward to improve reporting and oversight of its financial controls.

Regent Gee said it's gratifying to hear a clean report is given and hopes there is follow up action reported to the Board regarding the recommendations from Accuity. Vice President Todo said there will continue to be updates reported.

Regent Rasmussen made a motion to approve the reports that was seconded by Regent Martinson. Following no further comments, the audit reports were unanimously approved.

Approval of Amendments to the Board of Regents Bylaws

Chair Karr recommends changes to the Board Bylaws to reflect current practices and procedures. The most noteworthy change reflects a change made in May 2008, when the BOR consolidated the Budget, Long-Range Planning, Finance and Facilities Standing Committee. In the last year, there has been too much work to be done for just one committee, so it is recommended that there be two committees, the Budget and Finance Committee and the Long-Range Planning and Facilities Committee. Also being requested is eliminating the requirement for the Community Colleges Committee to meet four times a year. This is the only committee that has that requirement. Finally, removing

the oversight and liaison functions of the University's General Counsel from the Committee on Personnel and Legal Affairs. The General Counsel should be reporting directly to the Board of Regents in Executive Session instead of to the committee.

Vice President Lendio said she reviewed the changes to the bylaws and asks that one change be made in Article V., "Quorum". Quorum is based on the majority of all members of the Board and not just those that are present. It is requested that the word "present" be removed as an amendment to the motion.

Regent Holzman stated that it is important to visit the community colleges and any centers on some periodic basis. There needs to be contact. It's important to hear what the students and teachers have to say. Regent Rasmussen, as the Community College Committee Chair, said a part of the rotation of the campuses needs to be retained. The Committee wants to meet next fall when the students are back. Vice President Morton said rotating is a good thing but don't make it restrictive. Chair Karr said to amend item seven to read: "The meeting shall rotate among the campuses".

A motion to approve the amendments, as further amended, was made by Regent Martinson and seconded by Regent Baxa. Following no further comments or questions, the item was unanimously approved.

Approval of Administrative Fee for Immigration Services for J-1 Student Intern Program

UH Mānoa Vice Chancellor Reed Dasenbrock requested approval to implement an administrative fee in the amount of \$300.00, which would be paid by departments who wish to host J-1 student interns. International Student Services currently charges \$200.00 per transaction.

Regent Gee asked if this cost could be a pass-through cost to the other institutions. International Student Services Assistant Director Martha Staff said yes, it can be a pass-through cost as long as the department has some way of recouping the costs. There's no language in the federal regulations that prohibit that.

A motion to approve was moved by Regent Gee and seconded by Regent de la Peña and passed by unanimous approval.

Approval of the Reappointment of Herring Kalua and Christian Veillet to the Mauna Kea Management Board

UH Hilo Chancellor, Rose Tseng, requested Board approval of the reappointment of Herring Kalua and Christian Veillet to a second four-year term effective July 1, 2010 through December 31, 2014.

The Mauna Kea Management Board consist of seven members, representing Native Hawaiians, the environment, education, commercial activities, astronomy, the Department of Land and Natural Resources and the community.

Mr. Herring Kalua has worked for over 39 years for the state Department of Transportation. His current position is Supervisor for Construction and Highway Maintenance. His commitment to community affairs, his intimate knowledge of Big Island issues and his role as a leader in the Native Hawaiian community assures he will provide an effective voice as a member of the Board.

Dr. Veillet has been associated with the Canada France Hawai'i Telescope for 14 years and is highly regarded in the local astronomy community. Dr. Veillet is an active member in the Waimea community, including serving as Director for the Waimea Consort, a vocal ensemble.

Regent Hirota and Regent Martinson both confirmed the commitment and work that both Mr. Kalua and Dr. Veillet have done as members of the Mauna Kea Management Board and recommend approval.

A motion for approval was made by Regent Hirota and seconded by Regent Lee.

Regent de la Peña asked if there is a term limit for the appointment. Vice President Lendio responded that there is a limit of three 4-year terms.

Following no further questions or comments, the motion was unanimously approved.

Approval of Revised Mission Statement – Kapi'olani Community College

Vice President for Community Colleges, John Morton, on behalf of Chancellor Leon Richards, reported that the accrediting mission requires that there are periodic reviews of the mission statement and if changes are made, the governing board must approve the changes. In preparation for the next cycle of visits, beginning with the self-study in 2012, language changes are for clarification or emphasis. There are no fundamental changes to the mission. Vice President Morton recommends the adoption of the new language.

Regent Rasmussen made a motion to accept that was seconded by Regent Holzman. Following no further questions or comments, the mission statement was unanimously approved.

Report of the Task Group on Non-Resident Enrollment Cap

Regent Mark Fukunaga reported that as a state funded institution, the primary obligation is educating the residents of the state. Above all else, the Task Group wants to make sure that Hawai'i residents who qualify gain entry anywhere in the University of Hawai'i system. Secondary considerations are economic pressures. If costs \$17,662 to

educate each student as of AY 2008 – 2009. None of the resident costs completely covers this. The closest is the non-resident rate. Every education institution in higher education does not cover their costs by tuition. Public institutions receive help from the state government and private institutions receive help from endowments. If the University increases the number of non-resident students, that would increase the revenue. Another concern is striving to be a world-class institution which attracts students nationally and globally. If the University wants to play at that level, it will be important to increase the non-resident enrollment cap. Also, having non-residents improves campus life.

After meetings with Vice President Johnsrud and Vice Chancellors Reed Dasenbrock of UH Mānoa and Luoluo Hong of UH Hilo, as well as other members of System staff, the Task Group arrived at the recommendation to revise the existing 30% cap on non-resident enrollment at 35% for the four-year campuses. However, UH Hilo will be a pilot program with a cap of 40%. The enrollment cap at community colleges would remain at 15%. There would be no cap for graduate students.

This does not necessarily mean that more non-resident students will enroll. The task group also does not want to affect Title III funding to Native Hawaiians. It believes both objectives can be reached under the new caps.

The Western Undergraduate Exchange (WUE) and the National Student Exchange (NSE) both have Hawai'i students going to institutions who are members on the mainland. States with these programs allow their residents to come to UH. The reality is that more mainland students come here than Hawai'i students going to the mainland under these programs. The suggestion is to cap the number of WUE and NSE students coming in to a rolling 3-year average, thus limiting the subsidized rate given. The task group will be looking at this closely so as not to limit enrollment if the time comes where we really need it.

Non-resident tuition rates will continue to be monitored to make sure they match the market rate according to the WICHE peer and/or national average rates.

Regent Gee reiterated that qualified Hawai'i residents must not be denied. However, lifting the cap says a great university is a global university.

Regent Holzman stated the key factor is how this will be implemented and monitored to keep balance as this moves forward.

President Greenwood said there needs to be a balance between serving the underserved regions and the mainland students.

UH Mānoa Vice Chancellor Francisco Hernandez agrees with the enrollment cap. UH Mānoa has been concerned about students who come through the WUE and NSE programs, and feels there is a need to review implementation to the programs to determine if there are ways to maximize the merits of participation. UH Mānoa considers it a high risk

to cap and fears a negative income. Also, UH Mānoa feels it's preferable to increase the number of residents who come to Mānoa. It's also important to monitor tuition and related discounts offered to students in order to increase revenue.

Phillip Castille, Vice Chancellor for Academic Affairs at UH Hilo, reaffirms that recruiting Native Hawaiian students is first and foremost and no qualified Hawai'i resident has ever been turned down at UH Hilo. UH Hilo supports most of the current draft outlined. However, the tactical implementation of enrollment caps should be left to the campuses. In its present form, there's too much detail that the campuses would have to meet on the subject of NSE and WUE students. For a small campus that has lost over \$7 million in funding, the cap is a risk UH Hilo is not willing to take at this point. Figures show that they would lose approximately \$500,000 of tuition revenue on NSE students and about \$350,000 on WUE students. UH Hilo cannot absorb losses like that.

Regent Fukunaga said he understands UH Mānoa's and UH Hilo's concerns and is wondering if there should be a test to the theory to see if more students from NSE and WUE states will come and pay the tuition. Vice Chancellor Castille said he's just not sure if this is the right time to take such a chance and risk losing the revenue. President Greenwood said the Task Group paper says this will take place over time, and not immediately. Everyone is stressed with the budget right now, but this doesn't say that it cannot be implemented in a bad budget time. An analysis can be done as we move forward to see what students are being brought in and at what rates, then see if there's an opportunity to maximize that at that time. Vice Chancellor Castille said UH Hilo is looking at possibly capping enrollment for WUE and NSE students in areas where there is already a high demand.

A motion was made by Regent Gee and seconded by Regent Rasmussen to accept the draft report and forward it back to administration and revisit it in three months.

Regent Dahilig said by placing the caps and having the situation where revenue drives the enrollment demographic has a domino effect on other student services. Housing is critical to access for local students. In the past, there was a higher priority placed on mainland students than on those students from the Leeward Coast or North Shore who really needed the housing. He feels it's important to keep these considerations in mind as the enrollment cap is reviewed.

Vice Chancellor Dasenbrock said Hawai'i students are UH Mānoa's first priority. Vice Chancellor Castille stated that outer island students are first priority at UH Hilo.

Following no further comments, the motion was unanimously approved and the draft report will be sent to administration for review and revisited by the Board in three months.

Report of the Task Group on International Programs

Regent Holzman stated this task group was created by Chair Karr to assess the level of international engagement and to develop recommendations for the Board to consider. All elements of the UH system conduct significant international engagement.

Over 2,000 students from abroad attend UH. International student scholarships are available to support students, and Pacific Island students pay 150% of resident tuition in recognition of the Compact of Free Association. The Task Group made a request to President Greenwood to convene a committee to provide direction, which the task group thinks is now lacking, to look at international engagement, set a strategic direction, and ensure the committee do no harm to the ongoing activities at the campuses. The group also encourages monitoring, follow-up, and looking at where things are now to assess and ensure there's no unnecessary duplication among the campuses.

Regent de la Peña asked if there is coordination and reporting of international programs. Assistant Director of International Student Services, Martha Staff, replied that there is reporting done on international programs.

Regent Gee stated that the last thing he wants to see is a new structure. He'd prefer a mission statement that encourages international activities, reinforces what's already being done, and provides a degree of coordination.

Regent Karr asks that the report be accepted in principle and forwarded to President Greenwood for action with a report on progress in three months.

Upon motion by Regent Holzman and second by Regent Gee, this report was unanimously approved.

Report of the Committee on Community Colleges

Deferred until the next Board of Regents meeting.

Approval of Recommendation for Tenure and Promotion

Vice President Linda Johnsrud said the Board of Regents Personnel Committee met last week to review the recommendations on tenure and promotion and now requests the Board to award tenure and promotion to the individuals identified in Attachment B. Each applicant prepared a comprehensive dossier with provided criteria on evidence of successful teaching, research and scholarship, as appropriate. Each decision was arrived at after a systematic review by the department level through to the President.

A motion to approve was made by Regent de la Peña and seconded by Regent Rasmussen. The tenure and promotion recommendations were unanimously approved.

Approval of Affiliation Agreement with UCERA

John A. Burns School of Medicine Dean, Jerris Hedges, requested approval of the affiliation agreement with University Clinical, Education, and Research Associates (UCERA), which was organized in 1993 as the non-profit University Health Care Associates, and later re-structured in 2002 with the new UCERA name. UCERA is the faculty practice organization intended to support the clinical, academic, and research activities of the faculty at JABSOM. Corporate purposes include: providing funding to build and sustain the infrastructure of JABSOM and its departments; funding research, education and scholarly development; providing additional resources to recruit, retain, and develop qualified faculty; and providing healthcare to the general public with special attention to the poor and other underserved populations of Hawai'i and the Pacific with affiliated hospitals.

This agreement has been worked out between the UCERA Board and the General Counsel of the University. JABSOM believes the terms of the draft affiliation agreement are reasonable, fair and mutually beneficial to both entities, and requests that the Board approve the agreement.

Regent Holzman stated that J.N. Musto of the University of Hawai'i Professional Assembly indicated that the UCERA agreement creates a new condition of employment for clinical medical faculty members in bargaining unit 07 which would require them to participate in the UCERA private practice plan and thought there might be a need for further consultation. Dean Hedges responded that Vice President Johnsrud coordinated a consultation that included Mr. Musto and the relationship of existing faculty and future faculty were reviewed with him. In conjunction with VP Johnsrud, there will be continued discussions and dialogue if there are issues that arise. Regent Holzman said he supports the affiliation agreement wholeheartedly and made the motion to approve that was seconded by Regent Dahilig. Unanimous agreement was reached following no further comments.

Approval of Lease Agreement with GGP Ala Moana

Vice Chancellor Dasenbrock requested approval of the lease agreement which covers approximately 4,682 square feet on the 18th floor of the Ala Moana Building, which is used by the Department of Psychiatry of the John A. Burns School of Medicine. The duration of the lease will extend it to February 28, 2014.

Regent Martinson commented that because other leases have also come through for approval and the demand for off-campus space continues to expand, he feels that it is important to look for real estate options from a System perspective to leverage the aggregate need.

Regent Martinson moved to approve the lease agreement and was seconded by Regent Gee. Following no comments or questions, the lease agreement was unanimously approved.

Approval of the Extension of the Lease for the Rainbowtique Downtown Location

Vice Chancellor Dasenbrock requested extension of three years for the downtown Rainbowtique location.

Regent Dahilig moved to approve and was seconded by Regent de la Peña. Following no further questions, the agreement was unanimously approved.

IX. APPROVAL OF PERSONNEL ACTIONS [Attachment B1]

With a motion by Regent Gee and second by Regent de la Peña, Attachment B-1 was unanimously approved by the Board. Attachments B-2 and B-3 are for information only.

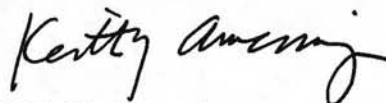
X. ANNOUNCEMENT

The next regular meeting of the Board is scheduled for July 15, 2010 at UH Mānoa's Stan Sheriff Center. However, there may be a special meeting at the end of June for the Mauna Kea Thirty Meter Telescope project and other specific matters.

XI. ADJOURNMENT

There being no further business, on the motion of Regent Haynes and second by Regent Rasmussen, and with unanimous approval, the meeting was adjourned at 4:33 p.m.

Respectfully Submitted,



Keith Y. Amemiya
Interim Executive Administrator and
Secretary of the Board of Regents