MINUTES OF THE REGENTS' COMMITTEE ON FINANCE AND FACILITIES

Date: Thursday, June 20, 2002

Place & Time: Campus Center Conference Chamber, Rm. 220 University of Hawai'i at Mānoa 4:56 p.m.

Committee Members Present: Regents Kobayashi (presiding) Kurisu Thurston Ikawa (ex-officio)

Committee Member Excused: Regent Dowling Kawakami

Other Regents Present: Regents Bergin Lee McElrath Nunokawa Poe Weiner

Others Present: Evan S. Dobelle, President, University of Hawai'i
James R. W. Sloane, Vice President for Administration and Chief Financial Officer
Doris M. Ching, Vice President for Student Affairs
Allan Ah San, Associate Vice President for Administration
Elizabeth Betsy Sloane, President, University of Hawai'i Foundation
Robin K. Campaniano, University of Hawai'i Foundation Board
David Iha, Executive Administrator and Secretary of the Board
Carl Makino, Executive Assistant to the Board

Approval of Committee Meeting Minutes

The minutes of meetings of the Regents’ Committee on Finance and Facilities held on April 18, 2002, were approved as circulated.
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Subjects:

1. Proposed Increase to UH-M~noa Campus Center Fees

2. Naming of the Institute for Astronomy Building at the University Research Park in Hilo

3. Approval of One-Month Extension to Existing Agreement for Services Between the University of Hawai‘i and the University of Hawai‘i Foundation

4. Transfer of Additional Season Tickets to ‘Ahahui Koa Anuenue and Establishment of the Individual Football and Wahine Volleyball Ticket Prices for the 2002 Season

5. Report on the Performance of the Private Fundraising Campaign by the University of Hawai‘i Foundation

6. Financial Statement Audit, University of Hawai‘i at M~noa Health Services for fiscal Year Ended June 30, 2001

7. 2002 Report on the University of Hawai‘i - West O‘ahu Physical Campus Development

8. Status Report on JABSOM New Campus in Kakaako

Proposed Increase to UH-M~noa Campus Center Fees

Vice President Ching requested that the Committee approve amendments to the Board’s policy on fees to increase the Campus Center fees as of Fall 2003 for all students at the University of Hawai‘i at M~noa, regardless of credit load. She explained that the M~noa Campus Center is a part of the University Bond System and that the Board had last approved an increase to the Campus Center fees in December 1987.

Placement of the Campus Center facilities into the Bond System puts a unique financial burden on students as they pay mandatory student activity fees that cover not only the principal and interest payments of reimbursable State general obligation bonds, but also the operational, management, and programming costs therein. The Campus Center facilities share, with other University projects belonging to the Bond System, an obligation to insure bond investors that facilities will be maintained in a manner that will assure fulfillment of the bond debt as well as remain self-supporting and self-sustaining.

The $8 increase being proposed represents a 36% increase in fees. This $8 increase in the first year is to offset the deficit over the past two years. The subsequent incremental increases are required to continue to provide students with improved activities, programs, and services. Among these improvements will be wireless internet ports throughout the
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Campus Center mall and lounge areas; increased email terminals for students to access readily; new and improved sound systems to handle “noteworthy” performers; responsive programming that supports instructors’ efforts in the classroom; and replacement tables, chairs, and whiteboards in meeting rooms to increase facility usage and consequent revenue increases.

Full-time personnel costs have also risen with negotiated collective bargaining unit wages increasing 7% for fiscal year 2002 and another 7% for fiscal year 2003. Likewise, part-time student employees have been awarded increases in their wages by $.75 per hour for calendar year 2002 and another $.50 per hour for calendar year 2003. Further, ongoing maintenance of aging facilities along with planned physical renovations, repairs, and improvements has been deferred. In spite of Campus Center fees remaining at the same levels since 1988, new services, programs, and activities have been introduced or added to enhance student life and to build the sense of “University community” for students, faculty, and staff. Among these are: comfortable lounge furniture to provide opportunities for informal interaction, impromptu discussion, and respite; consistent programming in different venues of Campus Center facilities for entertainment and educational purposes; improved audio-visual equipment in all meeting rooms for conference users; and two large-screen televisions to support casual and concentrated viewing of world events.

Endeavoring to forestall any increases to the Campus Center student activity fees, leaders from the Campus Center Board (CCB), the student organization that governs the Campus Center programs and facilities, together with staff of the Campus Center, have explored alternatives to raise revenues and decrease expenditures. Besides deferred repairs and maintenance, part-time and full-time staff positions have been left vacant to keep expenditures at acceptable levels. To raise revenues, the Campus Center has looked at new services and re-negotiated revenue contracts. Additional financial support has been sought from the University either through increases from the University Bookstore’s annual support, the University’s subsidy for electricity, and other sources. These efforts have not fully stabilized the financial situation of Campus Center.

Student leaders from the Campus Center Board initiated this proposal to increase Campus Center fees in Summer 2001. They have remained committed to keeping Campus Center the gathering place for students and the University community, and have continued to spearhead this effort. To widely disseminate the fee increase proposal, ads were run almost daily in the campus newspaper since April 5, 2002, and in-person petition drives were conducted from April 1, 2002 to May 2, 2002 at the Campus Center, the residence halls, and other campus locations. Email list servers were also used to distribute information and to receive feedback. The Campus Center Board also developed a website containing information about the proposed amounts and the rationale for the increase, and publicized this website. Additionally, leaders from the Campus Center Board attended meetings of ASUH, the undergraduate student government, and met with leaders from GSO, the graduate student government to solicit support. Finally, a public meeting was
conducted on April 10, 2002 to hear student concerns about the fee increase.

To date, a total of approximately 1,300 signatures have been collected from students expressing their support of the proposed fee increases. Some of the concerns raised were: 1) why should students pay for the repairs and maintenance of a University or State building; 2) college attendance is seen as already expensive and students cannot afford any type of fee increase; 3) why should all students pay the fee when some don’t avail themselves of the programs, services, and facilities; and 4) have all avenues of generating revenue been exhausted before asking students to pay more fees. In responding to their concerns, it was explained that: 1) State reimbursable general obligation bonds were originally sold to provide the funds to construct and furnish Campus Center and as such, a mandatory student fee was established to cover the principal and interest payments of the bond; 2) the proposed fee increases are in line, and in fact lower than what’s required of students at comparable institutions of higher education; 3) a campus center/student union serves to enhance the quality of student life for all on campus as well as the academic and social image of the institution, irrespective of student use; and 4) alternatives to funding from non-student fee sources have been and continue to be explored.

Regent McElrath asked if the contract with Marriott can be revised to see if funds could be derived to defray some of the operational costs at the Campus Center. She was informed that the current contract extended to the year 2008.

President Dobelle asked Vice President Ching to initiate efforts to change the use of fees from maintenance to offering more educational programs for students such as outside speakers and concerts.

Regent Kurisu moved to approve the increase in Campus Center fees at UH-M~noa as requested. The motion was seconded and unanimously carried.

Naming of the Institute for Astronomy Building at the University Research Park in Hilo

Interim Chancellor Neubauer, in concurrence with the Institute for Astronomy, requested that the Committee approve the naming of the Institute for Astronomy building located in the University Research Park in Hilo “Kākahau ʻōia” followed by the functional building designations, “University of Hawaiʻi Institute for Astronomy” and “Mauna Kea Operations Center.”

The Institute for Astronomy building houses programs of the UH-M~noa Institute for Astronomy (IfA) as well as the Office of Mauna Kea Management. The building also houses astronomy-related programs of the University of Hawaiʻi at Hilo. The facility, located at the University Research Park in Hilo, was funded through appropriations by the State Legislature.
Under Board policy, the authority for the naming of buildings, other than for functional designations, rests with the Board. Functional designations may be made by the chancellor of each campus. Kākahau'ula is the original name given to the highest point on Mauna Kea. The Historic Preservation division of the State Department of Land and Natural Resources believes that the name refers to the cluster of cinder cones which merge and collectively form the summit of Mauna Kea. Translated, it means “the god Kā of the red hued snow.” Kā is associated with the building of canoes, and the reference to red hued snow is associated with the sacredness of the highest places in the islands.

The proposed name symbolizes the reverence for Hawai‘i’s cultural heritage and was reviewed by the community organization Kahu Ku Mauna, the Office of the Chancellor of UH-Mānoa, the Office of Chancellor of UH-Hilo, as well as scholars from the Hawaiian Studies sector.

Regent Kurisu moved to authorize the naming of the Institute for Astronomy building in the University Research Park in Hilo Kākahau'ula followed by the functional building designations “University of Hawai‘i Institute for Astronomy” and “Mauna Kea Operations Center.” The motion was seconded and unanimously carried.

Report on the Performance of the Fundraising Campaign by the University of Hawai‘i Foundation

Mr. Robin Campaniano, Chairman of the University of Hawai‘i Foundation Board provided an overview of the Foundation’s performance, highlighting the recently completed campaign. He indicated that the Foundation will need additional funds in order to raise its sights for the coming years, explaining that nationally, around 11 cents is spent for every dollar raised for university development.

Approval of One-Month Extension to Existing Agreement for Services Between the University of Hawai‘i and the University of Hawai‘i Foundation

The University of Hawai‘i Foundation President Betsy Sloane requested that the Committee grant an extension of the current Agreement for Services between the University of Hawai‘i (UH) and the University of Hawai‘i Foundation (dated May 21, 1997) for one month commencing July 1, 2002 at the same prorated compensation. This would maintain the status quo and provide time for the Foundation and UH to negotiate an agreement to plan, implement, and support a five-year $250 million fund raising campaign.

The existing Agreement between the Foundation and UH will expire on its own terms on June 30, 2002. The Agreement provides a portion of the Foundation's operating funds. The Foundation and the UH administration are currently discussing a six-year arrangement by which the FOUNDATION will manage a major centennial fund raising
campaign and handle other services. To avoid any funding gaps, program dislocation, or personnel loss, a temporary "bridging" extension of one month was requested.

Compensation paid by UH to the Foundation would be at the current annual rate of $1 million per year, prorated to one month. All other terms and conditions remain unchanged.

Regent Kurisu moved to authorize the extension of the current Agreement for Services between the University of Hawai‘i and the University of Hawai‘i Foundation for one month commencing July 1, 2002 at the same prorated compensation. The motion was seconded and unanimously carried.

Transfer of Additional Season Tickets to ‘Ahahui Koa Anuenue and Establishment of Individual Football and Wahine Volleyball Ticket Prices for the 2002 Season

Interim Chancellor Neubauer requested that the Committee authorize the transfer of additional season tickets for all sports to ‘Ahahui Koa Anuenue. Season tickets will be made available to members of the general public by ‘Ahahui Koa Anuenue as part of its fund-raising efforts for the athletic department through its reorganized membership program. The number of seats to be transferred will be determined by the Athletic Department but shall not exceed 23,594 seats.

The Athletic Department further requests authorization to establish individual football and wahine volleyball game ticket prices for the 2002 season. However, the Athletic Department will retain season ticket prices at their existing levels.

The University of Hawai‘i Athletic Department has been involved in reorganizing its booster organization, ‘Ahahui Koa Anuenue (AKA) through meetings with all stakeholders involved with UH Athletics (i.e. representatives of the booster organizations, student-athlete group, business community, donors, faculty, etc.) From this group of 65 representatives, a consensus was reached to collectively work with AKA to restructure its organization including its board of directors. One of the primary objectives is to increase revenues for the athletic department. The reorganized AKA Board held their initial meetings and agreed to support the athletic department’s initiative to reconstruct the “Premium Seat Donation”, currently in place from previous years.

If approved, this process would take effect beginning with the 2002 football and wahine volleyball seasons. For all other sports, the AKA Board will be working with the athletic department to develop a similar program for “Premium Seat Donations”. This increase of allocated seats will provide AKA the ability to generate new revenue. For many years, it has always been the practice of AKA to generate revenue for the athletic department through this process.

As in the previous year, the same season ticket prices will be maintained but
individual game ticket prices will reflect the quality or perceived quality of the opponent. This will allow the UHAD to continue to maximize revenues from the most desired opponents. The proposed prices for the 2002 season would be as follows:

**Proposed Individual Football Ticket Prices for the 2002 Season:**

<table>
<thead>
<tr>
<th>Opponent</th>
<th>Sideline</th>
<th>Youth/Senior System</th>
<th>Endzone</th>
<th>Citizens/Students*</th>
<th>Students#</th>
</tr>
</thead>
<tbody>
<tr>
<td>Washington State</td>
<td>$28</td>
<td>$21</td>
<td>$16</td>
<td><strong>$3</strong></td>
<td></td>
</tr>
<tr>
<td>Cincinnati &amp; San Diego St.</td>
<td>$23</td>
<td>$17</td>
<td>$12</td>
<td>$3 WAC</td>
<td></td>
</tr>
<tr>
<td>Games</td>
<td>$21</td>
<td>$16</td>
<td>$12</td>
<td>$3</td>
<td></td>
</tr>
<tr>
<td>Eastern Illinois</td>
<td>$19</td>
<td>$15</td>
<td>$11</td>
<td>FREE</td>
<td></td>
</tr>
</tbody>
</table>

* Youth, Senior Citizen, and UH Student Tickets are located in the North Endzone.
# See attachment II for locations

**Proposed Individual Wahine Volleyball Ticket Prices for the 2002 Season:**

<table>
<thead>
<tr>
<th>Adult/Lower</th>
<th>Adult/Upper</th>
<th>Senior/Upper (age 4-18)</th>
<th>Super Rooter</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier I</td>
<td>$14</td>
<td>$9</td>
<td>$6</td>
</tr>
<tr>
<td>Tier II</td>
<td>$13</td>
<td>$8</td>
<td>$6</td>
</tr>
<tr>
<td>Tier III</td>
<td>$12</td>
<td>$8</td>
<td>$5</td>
</tr>
</tbody>
</table>

The three levels (tiers) of ticket prices will be determined in accordance with the success and marketability of an opponent. Tier I prices will be assigned to the most successful and marketable opponents; Tier II will be assigned to the second most successful and marketable teams; and Tier III will be assigned to the least most successful and marketable teams.

Following the presentation, testimony was received from Mr. David Ellis strongly encouraging the Board of Regents to audit ‘Ahahui Koa Anuenue and to reconsider this proposal. He informed the Committee of perceived improprieties such as a loan to a former Board member of Koa Anuenue. He expressed that the public will resent being forced to become a member of Koa Anuenue in order to purchase tickets. They feel that they are now being punished for their years of loyalty to the University’s athletic program.

Mr. Yoshida reminded that booster clubs are, by NCAA regulations, independently audited on an annual basis.

Regent Kurisu moved to approve, for a period not to exceed one year, the transfer of additional season tickets to AKA, and the proposed ticket prices for the 2002 season for
Football and Women's Volleyball as reflected above which shall include a premium fee for designated sections of no more that $50 per seat. The motion was seconded and unanimously carried.

**Financial Statement Audit, University of Hawai'i at Mānoa Health Services for Fiscal Year Ended June 30, 2001**

Interim Chancellor Neubauer reported that a financial audit was performed of the University of Hawai'i at Mānoa Health Services for fiscal year ended June 30, 2001 by the firm Akamine, Oyadomari & Kosaki, CPA's, Inc.

The auditors did not note major weaknesses or significant discrepancies in the examinee’s design or operation of the internal control structure. However, they commented on matters relating to the management of property and equipment inventory, improvement of controls and reconciliation over cash collections, maintenance of a perpetual inventory of drugs and medical supplies, segregation of duties for cash receipting, review of financial reports on a regular basis, timeliness of grant reports and billings, resolution of outstanding accounts payable for patients, and the establishment of a written policy for insurance claims.

University Health Services prepared corrective action responses to the auditor’s recommendations. Upon review of the procedures instituted, the Office of Internal Audit determined that the audit recommendations have been satisfactorily implemented. Accordingly, the Office of Internal Audit will monitor the examinee’s efforts through periodic progress reports to ensure proper compliance and satisfactory implementation of the auditor's recommendations. Vice President Sloane will contact the examinee if they fail to meet their follow-up deadlines.

Regent McElrath asked that there will be a segregation of duties, particularly in the cash receiving area and where drugs and medical supplies are being handled to guard against abuse. She encouraged continued oversight in this area which is highly prone to abuse as evidenced in medical operations throughout the nation.

Regent Kurisu moved to receive the audit report of the University of Hawai'i at Mānoa Health Services for the year ending June 30, 2001 as performed by Akamine, Oyadomari & Kosaki, CAP’s, Inc. The motion was seconded and unanimously carried.

**2002 Report on the University of Hawai'i - West O'ahu Physical Campus Development**

Mr Ah San explained that on December 9, 1993, the Board of Regents had designated a 500 acre parcel makai of the H-1 Freeway in Kapolei as the site for the permanent UH West O'ahu campus. On March 22, 1996, the Board endorsed the Governor’s proposal to shift the site of the campus to a 991 acre parcel mauka of the H-1
The 991 acre site is the result of a land exchange agreement between the Estate of James Campbell and the State of Hawai‘i, through its Board of Land and Natural Resources. The land exchange agreement was recorded at the Bureau of Conveyances and the Land Court of the State of Hawai‘i on April 29, 1997. The Declaration of Covenants, Conditions, and Restrictions of the Land Exchange Agreement was previously submitted to the Board.

During the fall of 2001, the University Administration, the Estate of James Campbell, and the Governor explored the possibility of relocating UH West O‘ahu from the 991 acre site to the City of Kapolei. The parties agreed that the development of UH West O‘ahu in the City of Kapolei would be advantageous from an urban planning perspective and development cost. The Governor and University submitted a funding proposal to the Third Special Session of the 2001 Legislature and the University received an appropriation of $8,000 million in general obligation bonds for plans and design for the development of UH West O‘ahu in the City of Kapolei.

During the late fall of 2001, the University initiated a site review process for UH West O‘ahu. The site review considered 16 sites, which, through the use of criteria, has been reduced to three sites. The final three sites include: (1) three locations within the City of Kapolei; (2) the site of the former Kapolei Sports Complex; and (3) Leeward Community College.

The Governor has allotted the $8.000 million appropriated by the Third Special Session of the 2001 Legislature and the University has interviewed and selected three firms for the preparation of plans and design. Subject to an academic program plan and site selection, the scope of work includes the preparation of facilities programming/educational specifications, a new LRDP, environmental impact statement, Plan Review Use Resolution, and architectural drawings.

The governor’s Executive Capital Improvements Program Budget Recommendations for Fiscal Year 2002-2003 included $142.000 million in general obligation bonds for the construction of UH West O‘ahu. The $142.000 million was not appropriated by the 2002 Legislature.

The University Administration intends to hold public informational meetings this summer to solicit comments from the community regarding the possible sites for the permanent campus of UH West O‘ahu. Community input is valued for the purpose of making a recommendation to the Board in selecting a site for the UH West O‘ahu campus.

In closing, Mr. Ah San informed that significant changes to the planned development of UH West O‘ahu have occurred since the Board approved the UH West O‘ahu long range...
plan in January 2000. Resolution of the site selection is required to enable site specific planning and design guidelines to proceed.

Regent Kobayashi asked whether the 991 acres were in fee. Mr. Ah San indicated that it was and that the covenant requires development by 2007 or the original 200 acres from Campbell Estate will have to be returned.

**Status Report on JABSOM, New Campus in Kaka'ako**

Mr. Ah San reported on the progress of the John A. Burns Medical School project at Kakaako, informing that the project was on schedule and that a lease would be secured from HCDA. A special management area permit will be obtained shortly. He added that the project has been well received by the entire community including the construction industry as well as government.

There being no further business before the Committee, the meeting was adjourned at 5:45 p.m.

Respectfully submitted,

David Iha, Secretary

Dated: July 16, 2002

c: Chairperson Allan K. Ikawa
Members, Committee on Finance and Facilities
President Evan S. Dobelle
Senior Vice President and University General Counsel Walter S. Kirimitsu
Vice President James R. W. Sloane
Interim Vice Chancellor Rodney Sakaguchi