

## **MINUTES**

### **BOARD OF REGENTS' MEETING**

**JUNE 2, 2015**

#### **I. CALL TO ORDER**

Chair Randy Moore called the meeting to order at 2:00 p.m. on Tuesday, June 2, 2015, at University of Hawai'i at Mānoa, Information Technology Building, 1<sup>st</sup> Floor Conference Room 105A/B, 2520 Correa Road, Honolulu, HI 96822.

Quorum (14): Chair Randy Moore; Vice Chair Jan Sullivan; Vice Chair Eugene Bal; Regent Simeon Acoba; Regent Chuck Gee; Regent Wayne Higaki; Regent David Iha; Regent Ben Kudo; Regent Coralie Matayoshi; Regent Barry Mizuno; Regent Helen Nielsen; Regent Jeffrey Portnoy; Regent Lee Putnam; and Regent Michelle Tagorda.

Excused (1): Regent Stanford Yuen.

Others in Attendance: President David Lassner; Vice President for Academic Affairs, Risa Dickson; Vice President for Administration, Jan Gouveia; Vice President for Information Technology and Chief Information Officer, Garrett Yoshimi; Vice President for Legal Affairs and University General Counsel, Darolyn H. Lendio; Vice President for Research, Vassilis Syrmos; Vice President for Budget and Finance/Chief Financial Officer, Kalbert Young; Interim UH Mānoa Chancellor, Robert Bley-Vroman; UH Hilo Chancellor, Don Straney; UH West O'ahu Chancellor, Rockne Freitas; Executive Administrator and Secretary of the Board of Regents, Cynthia Quinn; and others as noted.

Chair Moore welcomed everyone to the last board meeting of the academic year and recognized incoming regents Mike McEnerney and Ernie Wilson who take office July 1, 2015.

#### **II. PUBLIC COMMENT PERIOD**

Executive Administrator and Secretary to the Board of Regents, Cynthia Quinn announced that late written testimony from Dr. Marguerite Butler on behalf of I Mua Mānoa had been received and distributed to the board opposing the UH Mānoa (UHM) budget allocation and supporting cutting higher administration by 10%. Dr. Butler also provided oral testimony regarding the same.

#### **III. REPORT OF THE PRESIDENT**

President Lassner shared the following events, news and activities:

1. Maunakea. There have been many meetings with community members, the Office of Hawaiian Affairs and UH Hilo Chancellor Straney, who convened

meetings with the protestors/protectors and other members of the Native Hawaiian community. There is a divergence of opinion about the TMT project itself, but an alignment around the importance of improved stewardship of Maunakea. The Governor's state plan was anticipated, and UH provided a slightly more detailed plan yesterday. From his perspective the stewardship has improved greatly; annual reports are provided to the legislature, and the State Auditor gave a complimentary report last year of Chancellor Straney and the Office of Mauna Kea Management. However there is always more to do. To that extent, the university will increase efforts, working alongside the state and do better for the mountain and the people to whom it is very special.

2. The National Marine Fisheries vacated its building on Dole Street. The university is in the process of working with the state to have the building and land parcel turned over to the university, most likely acquired by a quit claim deed and accepting the parcel "as is," which is the only way the federal government gives property to the state.
3. Open Educational Resources (OER) initiative. This systemwide initiative to use open source textbooks is taking place mainly at UHM, and in partnership with the community colleges, to reduce costs to students. This is a recent movement on a more structured manner around the country. He credited the UHM Outreach College for offering 81 courses this summer using OER resulting in no textbook costs. The next step is to expand to the community colleges where there is an active initiative with faculty both using and creating OERs that brings together librarians from across the system, with Information Technology Services providing technical leadership on integrating OERs into the online learning system as well as for classroom instruction. There are substantial instructional benefits by giving faculty control of content and the ability to combine pieces from different sources and remix content to customize course materials.

Following the President's report, Chair Moore explained that this special meeting was primarily for approval of the operating budget with a few administrative items. There are two budget items for approval: the overall budget, and the two entities for which the board is directly responsible, which include the Board Office and the Office of Internal Audit. He noted that this is the first time the board has ever reviewed or approved the operating budget for the upcoming year. It is a work in progress and a good start. The Board Office and the Office of Internal Audit budget are first on the agenda because it is part of the overall budget. The administrative items include approval of the trans-pacific fiber optic system procurement that exceeds \$500,000; approval of the external auditor, and discussing the meeting schedule Secretary Quinn put together for the upcoming two fiscal years. The 2 year meeting schedule is an effort to collectively plan the schedule, and have less last minute schedule changes. The discussion on board operations involves a few items discussed at the board retreat last November, regarding have a more strategic focus than transaction focus at board meetings. A handout will be distributed for discussion by the board. He added that there would also be some resolutions thanking outgoing regents.

#### **IV. AGENDA ITEMS**

**A. Approval of the Office of the Board of Regents and Office of Internal Audit Fiscal Year 2016 Operating Budgets**

Secretary Quinn and Director of the Office of Internal Audit Glenn Shizumura gave a PowerPoint presentation on the Office of the Board of Regents and Internal Audit Operating Budget proposals for Fiscal 2015-2016, and provided projected revenues and expenditures for the upcoming fiscal year; work and services performed by the Office of Internal Audit for the past several years; overview of personnel for both offices; historical data on personnel, travel costs, and number of board and committee meetings; cost saving initiatives, goals, and budget parameters for the Office of the Board; and budget to actual figures for the period starting Fiscal Year 2013 to Fiscal Year 2015 for both offices.

Secretary Quinn noted that the proposed \$1,144,290 budget represents about 2% to 3% annually of the UH900 general fund budget; no tuition is used to fund operations. This year costs were approximately 2% because of good business practices, although the number of meetings and personnel increased.

Regarding the Office of the Board operations, the board discussed balancing the appropriate number and setting of committee and board meetings with the importance of sufficiently vetting issues in committee and at the board meetings, reassessing agenda items to become more strategic, and identifying and delegating transactional items to the president.

Regarding the Office of the Internal Auditor, the board recognized the lower cost for the external auditor and inquired as to the scope of assistance the Internal Auditor provides the external auditor, and marked variance of the expenses for the whistleblower hotline. Director Shizumura explained that the work provided for the external auditor does not negatively impact the work of the internal audit. The variance for the whistleblower hotline was due to additional legislative funding and subsequent procurement of a vendor, EthicsPoint.

Chair Moore noted this was the first time seeing a board office and internal audit budget, and suggested that going forward the internal audit budget should go through the Committee on Independent Audit. He thanked Vice Chair Sullivan, Chair of the Committee on Budget & Finance, for recommending approving these budgets. Vice Chair Sullivan explained that while it was challenging, she hopes the board found it helpful, and while the amount is a small percentage of the overall budget, it is over \$1 million. She felt it incumbent on the board to ensure they are utilizing staff and funds in the most efficient and cost effective way.

Vice Chair Sullivan moved for approval of the proposed Fiscal Year 2016 operating budgets for the Office of the Board of Regents and Office of Internal Audit. Regent Gee seconded the motion and the motion was unanimously approved.

**B. Approval of Fiscal Year 2016 Operating Budget for the University of Hawai'i**

VP Young gave a presentation on the university's operating budget request for Fiscal Year 2016; legislative General Fund appropriation highlights for Fiscal Year 2016, an operating budget overview; an overview of the budgets for UH Mānoa, UH Hilo, UH-West O'ahu, and the community colleges; systemwide support; and performance-based funding. He explained that the May 12 operating budget proposal is consistent in all material aspects with one exception being the subsequent revision to the tuition schedule on May 21, 2015, that will apply for Fiscal Year 2016. The revision slightly modified the Tuition & Fees Special Fund (TFSF) portion of the operating budget for UHM. Administration is offering to include a budget of general funds to UHM that will effectively augment tuition revenue and accommodate the recently approved tuition rate schedule.

VP Young asked the board to approve the Fiscal Year 2016 operating budget as proposed by UH administration for all campuses, including the specific budget items as presented in part one and part two of the documents on the agenda, all of which are posted on the board's public website. Budget to actual reporting during the upcoming fiscal year will be based on the operating budget that is approved today.

Regarding use of funds and reserves, the board had comments and concerns on whether the \$6.3 million in the UH900 account—of which \$3.7 million is being allocated to UHM and \$2.6 million to other campuses to assist them with meeting targets—is restricted to performance based goals or targets; expressed concern over the status of deferred maintenance (DM); whether other campuses' reserve accounts similar to UHWO could be used for future DM; if portions of the \$2.6 million could be allocated to other campuses to set up the beginnings of a DM reserve account; if the monies could be used for energy savings that would save on operating costs; and whether the reserves can be reflected as a percentage at year end to align with board policy.

There were questions as to what algorithm was used for calculating reserves and how the community colleges with a projected \$3.1 million balance divided by an operating budget of \$191 million would have adequate reserves; how the \$10 million UHM non general fund deficit is being addressed; and how the general funds are allocated among the different schools and departments at UHM as it appears arbitrary because some show a negative balance and others a positive balance. Regents further inquired whether the allocation of general funds was going to be reviewed in light of TFSF allocation being reworked; what impact, if any, on the UHM new allocation model if the budget is approved as proposed resulting in UHM receiving the equivalent of 7% in new tuition dollars; and whether faculty had appropriate input into the model.

The board also noted that it expected to review how well the university meets targets throughout the year and how projections measured up, and requested administration to monitor and provide periodic reports to the board. It further inquired that if the board approved the president's plan to use \$3.7 million in unrestricted general funds to cover the gap for UHM between 5% and 7% tuition increase for Fiscal Year 2016, how would

that affect 2017 and what funds would be used to maintain operations; what was the significance of the \$8.5 million deficit for UHM; if the projected \$1.8 million deficit in federal funds was relevant to the overall \$8.5 million UHM deficit; whether the quarterly financial review would have the same level of detail as presented in the supplemental materials that goes into campus, community colleges and programs, or be at the top level detail in today's presentation or could the quarterly financial reviews include the detail on areas of concerns.

Regarding other funds not included in the proposed budget, the board inquired whether the board should have a strategic discussion on whether there was a more strategic way to allocate RTRF or if they should maintain the historical practice for allocating RTRF; the possible need for a reassessment of RTRF in terms of investment in facilities; and where does the \$60 million in UHF money, if any, come into play to fund operations since it is not included in the budget, and timing as to when the board will see UHF and RTRF reflected in the budget.

VP Young explained that for Fiscal Year 2016, the \$6.3 million legislative general fund appropriation in UH900 account is unrestricted for Fiscal Year 2016, and restricted to performance based funding for Fiscal Year 2017. Administration proposes that for FY 2016, campuses will be directed to spend those monies as much as possible in areas of performance based outcomes that will mirror the requirements in Fiscal Year 2017. In discussions with the Chair of the Senate Ways and Means Committee, whose initiative it was to implement performance based funding, they discussed keeping the 2016 monies unrestricted to help campuses make investments so they are able to meet performance targets for the second year.

The use of \$3.7 million in unrestricted general funds is effectively a one-time subsidy to UHM to augment revenue from tuition rates for Fiscal Year 2016, but in Fiscal Year 2017 the 7% rate increase UHM anticipated will not be there, and will also not be cumulative or compounding on the original rate schedule of 7% and 7%, and instead it will be compounded at a rate of 5% and 5%. In Fiscal Year 2016, UHM will be given the \$3.7 million and will have to earn that money in Fiscal Year 2017 through performance based outcomes. For Fiscal Year 2017, there will be a different revenue trajectory for UHM that is different from their initial budget plan, and for that reason they will be given additional time to recover reserve policy targets.

Slide 6 of the presentation shows how UHM will utilize the \$3.7 million lump sum funding, and slide 5 shows how the \$5.2 million tuition increase portion will be used. 50% of those monies will go towards reserves, and the other 50% will be invested in programs, of which 38.5% of the \$5.2 million will be distributed according to performance, which leaves 11.5% going to overall operating expenses (e.g., library, etc.). In terms of energy savings, there are metrics around energy efficiency that are not inconsistent with performance based funding.

Regarding concerns about the reserves, VP Young explained that the current reserve policy is set to between 5% and 16%, and all campuses with the exception of

UHM are expected to be within that range. This information was included in the May 12 Budget & Finance Committee presentation which is still posted on the board's public website. The algorithm used for calculating reserves is the projected ending balance for a fiscal year divided by the operating budget, being general funds plus TFSF, for that same fiscal year. The community colleges' reserve is an accreditation requirement and not housed in the TFSF. That fund is counted as the reserve account and is above the 5%.

In terms of reserve accounts used for future DM, community colleges does have a similar reserve account, but not in the order of what is being envisioned for UHWO. It is a prudent approach for the new campus, once the resources are available. However, the current plan is to target reserve funds for the larger campuses. President Lassner clarified that the \$6.3M is general funds that will lapse on June 30, 2016, so they cannot be put into a reserve account.

VP Young said Administration is planning to provide the board quarterly financial status reports that will get closer to a budget to actual presentation, based on the approved numbers as being budgeted for operating revenues and expenses. The reports are still evolving in terms of format and information, and starting fresh with the new fiscal year on this perspective will help them take big steps towards how that report will look, specifically for making comparisons to trajectory targets and projections throughout the year. Budget to actual reports at the campus or program level is a future goal by next fiscal year if not sooner. The original impetus for providing the program level sheets was to provide specific optics and address a fair amount of questions on athletics, Cancer Center, JABSOM, and the Law School. These sheets were intended to give a fuller flavor of what the construction of the UHM budget looks like.

Regarding the significance of the UHM deficit, its expenditures across the entire campus for all sources of funds is in the aggregate about \$8.5 million more than revenues across all those corresponding funds. Balances are primarily in the "other non general fund" category, which are revolving funds, special auxiliary funds (e.g., athletics, cancer center). That category has a large negative fiscal balance that is more than what can be made up by the other funds, especially on the operating fund side which includes general funds and TFSF funds. President Lassner added that what he found most material to the UHM deficit, was turning around the tuition negative, which in the deep dive on UHM financials done at a previous board meeting, showed the incredibly fast erosion from over \$100 million down to single digit million in the TFSF which represented campuswide operational spending beyond revenues, which is what has turned around this budget. It was clarified that the supplemental sheets show a running negative balance, with the \$10 million deficit being referenced for next fiscal year. The running negative balance far exceeds any of these numbers. The balance being reflected in the presentation is only for the TFSF. For reserve calculation purposes, only TFSF counts towards reserves. The deficits are getting paid and the negative balances are basically an accounting treatment as a debt liability that is approaching \$22 million. President Lassner added that no borrowing was taking place and everything was paid out of cash balances.

The \$1.8 million deficit in federal funds for UHM is really due to timing in terms of the federal fiscal year versus the state fiscal year and these are only direct federal funds, which is small in comparison to other federal research dollars. Many federal programs grant multiyear funding, so the money is upfront and expended over time.

Regarding RTRF, Administration noted that the Budget & Finance Committee chair did request including RTRF as part of the overall operating budget in order to have a more sound discussion around how to budget for RTRF, but due to timing, the matter will not be ready until the fall.

Regarding UHM general fund allocation plan, VC Cutshaw explained that the allocations currently follow past practice where allocations reflect what historically had been done based on legislative budget bills, and appropriations made to the individual units. As the budget was cut by the state, there would be an across the board cut to those general funds. Those general funds have not been redistributed in any fashion other than legislative intent. The current status is UHM administration is looking at TFSF right now, which will take all year, and target to look at general fund allocations the following fiscal year.

In the meantime, effective July 1, 2015, UHM allocated 38% of tuition, based on the growth tuition increase between Fiscal Year 2014 and Fiscal Year 2015, back to the instructional units. It is not the new model that was the task group's recommendation, but is an initial step to start allocating tuition based on teaching, and allow time to work on the models in phases next year and vet them through the campus. The first phase is recognizing tuition and instruction; the second phase is a more robust model that allocates tuition based Student Semester Hours (SSHs), credit hours and enrollment, which will be rolled out in Fiscal Year 2016.

The ultimate model will align revenues associated with revenue generating operations and all associated costs which will take until Fiscal Year 2017 to set up a financial tracking system. The modeling, with general fund and tuition allocation for instructional units, turned out to be 38%, so they earmarked growth to be consistent with that. She explained that with the 7% equivalent that UHM will be receiving, the plan is to invest the non-recurring \$3.7 million in performance money in retention and recruitment efforts so they can compete in Fiscal Year 2017 for the recurring performance based funds. Of the 5% tuition increase, 50% of that will go to reserve and the other 50% return to the units and strategic investments, along with the 38% of general funds.

Regarding UHF money, VP Young explained that it is not included in this budget because for the most part these funds are not budget relieving, although some UHF monies have been historic and are used to fund existing operating programs that are not essentially funded from GF or TFSF and rely on UHF contributions. However, similar to the RTRF, if UHF monies are used to fund operations they should be reflected in the budget, and the goal is to provide to the board by early next fiscal year the full

budget picture. President Lassner added that UHF money is completely outside the UH financial system and it is nontrivial activity to integrate the financials of a completely independent 501(c)(3) organization. Full visibility could be provided through the quarterly financial statements from UHF. He further noted that the donations are not necessarily expendable and represent income, some of which goes to endowment and much of which goes to financial aid.

Vice Chair Sullivan thanked administration for the work put in on this budget, she recognized that it may be less than ideal and there is more to do, but it took a lot of hard work to get this far. She moved that the board adopt the University of Hawai'i operating budget for Fiscal Year 2015-2016 for the UHM, UHWO, UHH, community colleges and system as proposed by the administration. Regent Kudo seconded the motion.

Regent Portnoy said he would be voting against the budget consistent with statements at the prior meeting that he believes it is bad fiscal management to hope to get UHM reserves to 5% in 2019 and ignores the economic reality of the university. He noted that 5% is not the goal, but the bare reserve minimum that is being put off for four years, and completely ignores the athletics situation. There is a \$7.5 million deficit for last year and this year, plus over \$20 million that was supposedly written off by the previous UHM chancellor. He has waited for 12 months for someone to come up with an answer for the deficit and they have no answers. This budget does not reflect how the university is going to support and pay for Division I athletics and makes no effort to address the deficit. He had no objections to the other budgets, except for the UHM budget.

The motion having been moved and seconded, it was put to a vote and passed unanimously with the exception of Regent Portnoy who voted no.

Chair Moore thanked everyone, recognized the huge amount of work, and said the board appreciated their efforts.

**C. UH System: Approval to Proceed with the Procurement of Trans-Pacific Fiber Optic System Capacity in Excess of \$500,000**

President Lassner presented for approval of the procurement that is funded by an appropriation from the Legislature, and an initiative of the former Senate Ways and Means Chair, who is now the Governor, who asked UH to do this for the state. It is now ready to be executed thanks to VP Yoshimi. He noted a typographical error in the action memo that should be corrected to reflect that board policy requires board approval for contracts over \$5M; the memo erroneously indicates \$500,000.

Vice Chair Sullivan moved for approval to proceed with procurement of a Trans-Pacific Fiber Optic System Capacity as proposed. Vice Chair Bal seconded the motion, and the motion carried upon unanimous vote by the board.

**D. UH System: Approval of Selection of External Auditor and Delegation of**

### **Authority to the President to Finalize Agreement Fee Schedule**

VP Young said the Committee on Independent Audit received and recommended approval at its May 12 meeting of the selection of Accuity LLP to serve as the external auditor for the university. He reviewed the scope of work that will be done by Accuity LLP and indicated that rates under the new contract are lower than in previous years. He added that the contract could be extended for an additional year to cover the Fiscal Year 2018 audit if the contract amount is mutually agreed upon by both parties.

Regent Kudo moved for approval of selection of Accuity LLP as the external auditor and delegation of authority to the president to finalize the agreement fee schedule, and Regent Mizuno seconded the motion.

The board had comments and concerns on: the scope of work for Fiscal Year 2017 and supplemental services provided by the internal auditor affecting costs; best practices regarding rotating external auditors to ensure independence and a degree of an arm's length relationship, which the committee is responsible for by statute; consider adding a standard performance clause on future contracts; difference in rates for personnel involved in the audit, utilizing audit templates to lower the fee; impact on negotiations if board adopted a policy that limits consecutive contracts to three years.

Regarding rates, VP Young explained that there are annual increases for standard audit work and in addition to the UHH athletics work, there were other aspects that come online for different accounting standards (e.g., increased Governmental Accounting Standards Board requirements), both of which drive up the cost. The proposed audit costs for the next three years are still less than any one year in the past three years.

Regarding rotation as a best practice, VP Young explained that Accuity LLP had been doing the external audit for the last six years, and prior to that the former firm that morphed into Acuity LLP did the audit, so the personnel on the audit have been there longer than the firm. There is no formal requirement in the public sector for rotating external auditors. Sarbanes-Oxley Act requires that principals should be rotated off, but there is no similar requirement for the public sector. Rotation was considered by the committee, however, the procurement process had already been undertaken, the members of the procurement selection committee did their due diligence in following required state laws, and the selection was fair. Accuity LLP and the partners that are on the engagement for the audit have a strong background around the university audit, which was taken into consideration during selection.

He concurred that firms that have familiarity do have advantage in that they may be able to do the same degree of work without assigning senior partners, which is reflected in the cost they provide to clients. Changing auditors might be good for best practices and will help keep an arm's length relationship but the consequence of the loss of familiarity may increase costs. He indicated that even if the standard performance clause is not explicitly in the contract, it is implied as they are dealing with licensed

professionals who must meet industry standards for conduct as well as state standards. Additional discussions could take place because the contract has not been signed. As an alternative, revisions can be incorporated in the next RFP, and further work with the committee guidelines on the selection of the next external auditor could be provided before procurement starts. Currently, the language of the RFP is constrained to a three year contract, and any change to that would require another bid process which would leave the university without an auditor next month.

President Lassner said there had been business issues in previous UHH athletics audits. The issues typically have to do with internal control, and if there are new issues, those get presented, and a status update would be provided on how the previous issues were addressed.

The motion having been moved and seconded, it was put to a vote and passed unanimously.

The board went into recess at 4:05 p.m. and reconvened at 4:15 p.m.

**E. Board of Regents: Approval of Biennium Board Calendar**

**F. Discussion on Board Operations**

Secretary Quinn reviewed the board calendar and discussed the logic behind the meeting schedule. Having an advance schedule helps administration schedule and plan their workload.

The board had comments and concerns on balancing the benefit of vetting matters well in committee with the benefit of reducing the number of meetings to increase ability to attend more meetings for new regents to learn and encourage participation.

Chair Moore said the calendar was non-committal and could be refined later. Committee days are routinely held two weeks before board meetings, and with annual agendas for board and committee meetings, the number of meetings could meet on alternate months, and having committee meetings on one day reduces time and expense for neighbor island regents. The board concurred with moving forward with the proposed schedule.

Chair Moore referred to the committee structure matrix distributed to regents during the break (Attachment 1), to consider migrating the committee structure to be more strategic and structured around the university's four strategic initiatives and better aligned with the direction of the university. Committee on Student Success is aligned with Hawai'i Graduation Initiative. The metrics are reflected in the areas of responsibilities, and a summary of the UH Productivity and Efficiency Metrics are indicated on the handout. The notes/proposed changes explain where the board could shift to be more strategic, less transactional, and what could be delegated so long as actions are consistent with guidelines. Task groups are shown as subcommittees in the relevant lead committee. He provided clarification for the new regents on the existing

task groups and noted that task groups do not make decisions. The role of a task group is to advise administration utilizing experience of regents. He added that the Committee on Community Colleges is required for accreditation, and the Committee on Independent Audit is required by statute and is best practice.

The board had questions and concerns on: if community colleges could be part of student success; the ability to accomplish the workload for either the existing or proposed committees; the need to look at this holistically and find a balance so regents can be engaged, fully informed, responsive, and fulfill their fiduciary duties.

Chair Moore said it might be worthwhile to research whether community colleges could be a subcommittee of student success. Responsibilities for each committee were based on a review of last year's committee agendas, and the areas of responsibility came out of what the committee did last year. The proposed structure is meant to be more strategic. If the regents spend all their time on transactional items they do not get to spend time on where the university will be in 10 years and how do we get there. Collectively, the board needs to determine the purely transactional matters that should be delegated to administration with parameters; administration needs to synthesize reports to critical elements and provide regents materials early so more time could be spent on strategic issues in deep dive; the value of having committees vet information in their individual areas and report to the board; the efficiency of using consent agendas; the difficulty of this past year that increased the workload of the committees and board, and the hope that having a full complement of regents would help improve workload; and the timeliness of having a new Committee on Research & Innovation.

Regent Acoba noted that the public holds the regents accountable regardless, and those regents who went through the Senate confirmation process were told by legislators that they want them to speak up more and take more action. He agreed that some committees might be able to be combined, but believed others such as athletics should be a standalone committee. He suggested the committees devote part of time to long term planning at each meeting.

Regent Gee explained the spectrum of the number of meetings throughout his history with the university, which has gone from indifference/disengagement to recent stronger regent engagement and committee structure. The board needs to determine the ideal relationship between the board and president and what the president needs from the board. Separating transactional and strategic matters is difficult and warrant additional discussion. There are areas of overlap and cooperation. Many things have already been delegated, and these types of changes require conformance in board policies. He would settle for less efficiency if they can have the right kind of university. The university needs to run like a business, but is not a business. The job of education is much more important than that. Hawai'i has geographic disadvantages that raise the cost of doing business and education. He added that they need to be careful when making change, it is a balance, and should relate to what President Lassner needs and how fine tuned the board wants those decisions to be.

Chair Moore said the discussion on committee structure would be continued.

**G. Board of Regents: Approval of Resolutions in Appreciation and Recognition of Regents Chuck Gee and Helen Nielsen, and Interim Regents Dileep G. Bal and Pete Hoffmann**

Chair Moore explained that the certificates of appreciation issued to outgoing interim Regents Dileep G. Bal and Peter Hoffman at the April 16 board meeting needed board ratification. He also presented outgoing Regents Helen Nielsen and Chuck Gee with leis and reading of resolutions in recognition of their service.

Regent Matayoshi moved for approval of the resolutions and certificates, Regent Acoba seconded the motion, and the motion carried by unanimous approval.

At this time Chair Moore recognized outgoing VP for Legal Affairs/University General Counsel Darolyn Lendio and thanked her for service to the university.

**V. ANNOUNCEMENTS**

Vice Chair Sullivan asked the board to join her in wishing Regent Matayoshi a happy birthday and Regent Matayoshi indicated it was Vice Chair Sullivan's birthday on Saturday.

Chair Moore announced that the next board meeting would be in July.

**VI. ADJOURNMENT**

There being no further business, Regent Matayoshi moved to adjourn and Vice Chair Sullivan seconded the motion and with unanimous approval, the meeting was adjourned at 4:59 p.m.

Respectfully Submitted,

/S/

Cynthia Quinn  
Executive Administrator and  
Secretary of the Board of Regents