

**DRAFT**

**DISCLAIMER – THE FOLLOWING ARE DRAFT MINUTES AND ARE SUBJECT TO FURTHER REVIEW AND CHANGE UPON APPROVAL BY THE COMMITTEE**

## **MINUTES**

### **BOARD OF REGENTS COMMITTEE ON INSTITUTIONAL SUCCESS MEETING**

**JUNE 6, 2024**

A video recording of this meeting may be viewed at the Board of Regents website as follows:

[Meeting Video](#)

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

Chair Gabriel Lee called the meeting to order at 11:48 a.m. on Thursday, June 6, 2024, at the University of Hawai'i (UH) at Mānoa, Information Technology Building, 1st Floor Conference Room 105A/B, 2520 Correa Road, Honolulu, Hawai'i 96822, with regents participating from various locations.

Committee members in attendance: Chair Gabriel Lee; Vice-Chair Lauren Akitake; Regent Neil Abercrombie; Regent Wayne Higaki; and Regent Mike Miyahira.

Committee members excused: Regent Diane Paloma.

Others in attendance: Regent Laurel Loo; Regent Abigail Mawae (ex officio committee members); President David Lassner; Vice President (VP) for Administration Jan Gouveia; VP for Academic Strategy Debora Halbert; VP for Legal Affairs/University General Counsel Carrie Okinaga; VP for Research and Innovation Vassilis Syrmos; VP for Information Technology/Chief Information Officer Garret Yoshimi; VP for Budget and Finance/Chief Financial Officer Kalbert Young; UH-Mānoa (UHM) Provost Michael Bruno; UH-Hilo Chancellor Bonnie Irwin; UH-West O'ahu (UHWO) Chancellor Maenette Benham; Executive Administrator and Secretary of the Board of Regents (Board Secretary) Yvonne Lau; and others as noted.

#### **II. APPROVAL OF THE MINUTES**

Chair Lee inquired if there were any corrections to the minutes of the April 4, 2024, and May 2, 2024, committee meetings which had been distributed.

Regent Abercrombie questioned the accuracy of the minutes regarding the selection of, and finalization of contract terms with, a consultant to undertake a feasibility study for the redevelopment of the University Avenue 'Ewa Parcel ('Ewa Parcel) especially considering prior discussions on the Public Broadcasting Service Hawai'i (PBS Hawai'i) building which sits on the designated property.

Chair Lee and VP Young stated the minutes were correct with respect to this issue.

**DRAFT**

Once again Chair Lee asked if there were any corrections to the minutes. Hearing none, the minutes for both meetings were approved.

### **III. PUBLIC COMMENT PERIOD**

Board Secretary Lau announced that the Board Office received numerous written testimonies regarding the Legacy Endowment Fund. Additionally, one individual signed up to provide oral testimony.

Meagan Harden provided verbal comments on the Legacy Endowment Fund.

Written testimony may be viewed at the Board of Regents website as follows:

[Written Testimony Received](#)

### **IV. AGENDA ITEMS**

#### **A. Recommend Approval of Contracting of the Migration and Ongoing Operation of the Kualii Financial System (KFS) to the Kualii Hosted Version (Fully Hosted Software-as-a-Service)**

VP Yoshimi began by going over the wide array of services and infrastructure provided, managed, and maintained by Information Technology Services (ITS) at UHM, in addition to ITS's core enterprise systems including KFS. He then reviewed the administration's request to approve contracting for the migration of KFS from the current, on-premise operation to Kualii hosted software-as-a-service (SaaS) which, in the aggregate, is in excess of the \$5,000,000 threshold for the procurement of goods and services established under Regents Policy (RP) 8.201 and, as such, requires board approval. He also explained the principles behind, and benefits afforded by, fully hosted SaaS, such as the substantial avoidance of likely future costs related to resource intensive upgrades and custom enhancements of on-premise technology systems that would be incurred; noted major on-premise enterprise systems ITS has already migrated, or is currently in the process of migrating, to modern SaaS environments, stating use of these services is a current industry standard; went through a historical timeline of ITS's affiliation with KFS; discussed the processes used to ensure migration to the SaaS would be done in a manner most beneficial to the university and its constituencies, acknowledging the efforts of Amy Kunz, Associate Vice President (AVP) for Budget and Finance/University Controller, and her staff; and spoke about some of the specific advantages KFS's move to an SaaS will provide to the university.

Regent Miyahira asked whether the university anticipated software evolutionary development costs in the future once the KFS migration to a SaaS occurs. VP Yoshimi stated one of the major benefits of a SaaS is the assumption of forward-looking software development and enhancement costs by the vendor. As a result, the university will inherit future software changes and upgrades as part of its subscription to the service.

Regent Higaki questioned whether migrating KFS to a SaaS will result in changes to the amount of full-time equivalent (FTE) staff at ITS. VP Yoshimi replied that, given

**DRAFT**

ITS's ability to retrain and enhance the skills of staff currently assigned to maintaining the legacy portions of KFS so they can work on other, high priority technology service areas for the university, ITS anticipates there will be zero net changes in headcount FTE.

Regent Miyahira moved to recommend board approval of contracting of the migration and ongoing operation of KFS to the Kualii Hosted Version, seconded by Regent Higaki, and noting the excused absence of Regent Paloma, the motion carried with all members present voting in the affirmative.

Regent Abercrombie and Regent Higaki lauded the work of VP Yoshimi, AVP Kunz, and their respective teams on this matter.

## **B. Update on Broadband Projects and Future Board Requests**

VP Yoshimi presented an update on the university's continuing role in leading broadband infrastructure initiatives for Hawai'i at the behest of Hawai'i's Congressional delegation, the State Legislature, and the last two governors, emphasizing the critical role broadband plays in global connectivity and its impacts on day-to-day living; the aging and brittle nature of fiber connections both here in Hawai'i and across the nation; the importance of developing a robust, resilient, and reliable broadband infrastructure network throughout the state, an issue that was brought to the fore during the COVID-19 pandemic and when Internet service had been lost for several days on some islands due to fiber cuts; and the need to ensure digital equity for all residents. He noted the allocation of nearly \$60 billion in federal funding to states and territories for investments in broadband infrastructure projects deemed to be of high priority and importance by each individual state or territory receiving the funds; discussed the primary sources of roughly \$400 million in federal funding obtained by Hawai'i for a number of major broadband infrastructure initiatives and programs, including those he is responsible for executing on behalf of the State; went over the rationale for the State's decisions to designate the university to serve as the lead coordinator for all State broadband infrastructure efforts; and spoke about several of the major goals and objectives of these projects, such as the implementation of an open access interisland network through investments in a new submarine fiber optic cable system as well as multiple cable landing stations for this system and upgrading the internet capacity at State-owned, public housing facilities. He also informed the committee on the current status of projects involving the building of a subsea fiber optic cable system, details of which were contained within the presentation, and broadband equity access; pointed out the administration will be returning to the board sometime in the future to seek approval for portions of these projects once designs are solidified; talked about some of the economic and trans-pacific connection opportunities afforded to Hawai'i through the laying of a new submarine fiber optic cable system and the building of landing stations, highlighting Google's Pacific Connect Initiative which seeks to upgrade and increase fiber interconnections between the West Coast of the United States, Hawai'i, Guam, the Northern Marianas Islands, Japan, and other areas in the Pacific Region; and announced the initiation of conversations between the university and Google on rights-of-entry and prospective ground lease terms for landing station sites on the Kaua'i

**DRAFT**

Community College (KauCC) and UHWO campuses, providing details on both and underscoring the substantive benefits expected to be received by UH through these agreements.

Regent Abercrombie conveyed his belief in the positive impacts the development of broadband infrastructure will have on research at the university and questioned whether ITS and the Office of the Vice President for Research and Innovation (OVPRI) were integrating their efforts on this matter. He also asked if the landing sites at KauCC and UHWO offered increased connectivity between the 10 campuses of the university system and inquired about the capital expenditure needs, as well as the administration's seeking of legislative funding, for the facilitation of these projects. VP Yoshimi responded that ITS and OVPRI are working collaboratively on broadband infrastructure efforts relative to research opportunities. He also stated the two aforementioned landing sites will allow for greater interconnectivity with areas outside of Hawai'i and, by default, provide this access to other campuses within the university system through its internal network. With respect to capital expenditures and funding, VP Yoshimi remarked that the university is anticipating the commercial lease rents will be sufficient to fund the university's capital needs for establishing its fiber connections to the continental United States. The university is also confident that lease rents, investments, and other sources of funding, such as grants from the National Science Foundation, will be sufficient to cover its capital costs for establishing its international fiber connections.

In light of VP Yoshimi's response, Regent Abercrombie asked if federal funding provided for the broadband projects was sufficient. He also inquired as to whether the university will be seeking capital improvement project (CIP) funding from the Legislature for the two landing site projects in the next biennium budget. VP Yoshimi stated the university fully believes federal funding, along with private investments, such as those being made by Google, and approximately \$46 million in State general funds which have already been appropriated, will be sufficient to cover the costs of the noted broadband projects. As such, the university does not anticipate seeking any additional funding for the projects from the Legislature.

Referencing recent connectivity issues for a large number of lessees of the Department of Hawaiian Homelands (DHHL) due to a private provider's discontinuation of phone and internet services, Regent Abercrombie asked if the university would be assisting DHHL in this matter. VP Yoshimi responded in the affirmative noting the provision of nearly \$90 million in broadband funding provided to DHHL through the Tribal Broadband Connectivity Program. He stated the university has also been providing both technical and management support to DHHL on this issue and is assisting the department with executing the federal funding process.

Chair Lee announced that Agenda Item IV.E. would be taken up at this time.

#### **E. FY 2023-2024 Third Quarter CIP Status Report as of March 31, 2024**

VP Gouveia reported on the status of CIPs through the third quarter of FY 2023-2024 stating that ongoing projects are moving forward as anticipated with no major changes or issues to report. However, the administration continues to closely monitor

**DRAFT**

the track and field/soccer complex project which has experienced over two months of delays due to unfavorable weather conditions and pushed the completion date back to January 2025. While Phase 1 of the Early Phase Clinical Research Center (EPCRC) project at the University of Hawai'i Cancer Center (UHCC) has been completed, the university is still awaiting the release of additional federal funding recently awarded to UHCC for its EPCRC project to commence Phase 2 of this endeavor. More details on this project should be known by the next update. Additionally, a notice to proceed has been issued for the Snyder Hall replacement project with a design-build contract for just under \$105 million being recently awarded and the substantial completion date for this building targeted for summer 2027. VP Gouveia also mentioned two projects listed in the report, the Bachman Hall and Leeward Community College Project Development Center renovation projects, which have reached substantial completion and will be removed from the next quarterly CIP update.

Regent Abercrombie expressed his personal views on the impending demolition of the PBS Hawai'i building located on the 'Ewa Parcel, reiterating concerns he raised at prior meetings. He continued to voice his opposition to this action and spoke about materials in his possession which appear to contradict representations made by the administration on this matter. He also talked at length about what he considered to be efforts by current and previous university system administrators to provide misleading information about the PBS Hawai'i building to the board; offered his own theories as to why the PBS Hawai'i building was allowed to deteriorate, asserting that the administration's desire to develop and commercialize the 'Ewa Parcel was not compatible with occupation and use of the building by the Academy of Creative Media's School of Cinematic Arts at UHM (ACM/CINE); advocated for a temporary halt to the demolition until the feasibility study related to the 'Ewa Parcel was completed; stated this entire process was done using a top-down approach; and maintained ACM/CINE was an academic program with refugee status given its numerous relocations to various facilities on the UHM campus, many of which were academically unsuitable to the needs of the program.

Chair Lee provided historical context to, and some of the rationale for, decisions made regarding the demolition of the PBS Hawai'i building including liability concerns, issues with ongoing carrying costs, and the lapsing of a \$2 million legislative appropriation for knocking down the building.

President Lassner engaged Regent Abercrombie in robust discussions on his characterization of dishonesty and deception by senior members of the administration in earlier comments, stating he viewed them as maligning the integrity of these individuals. He also pointed out that this issue was regularly reported on in quarterly CIP updates without concerns being raised by regents until Regent Abercrombie was appointed to the board; put forth potential benefits development of the 'Ewa Parcel would bring to the university other than monetization such as creating a more vibrant, on-campus student life; mentioned actions by the Legislature regarding the possible use of this parcel for desperately needed housing; and commented on Regent Abercrombie's personal relationships with, and interests in, the ACM/CINE program.

**DRAFT**

Regent Abercrombie continued to question the competence of past and present administrations with respect to the PBS Hawai'i building issue.

Vice-Chair Akitake asked about the scheduled completion date of the feasibility study for redevelopment of the 'Ewa Parcel, the source of the \$2 million appropriation for demolition of the PBS Hawai'i building, as well as the lapsing date of these funds, and the timing of the demolition. While she did not have an answer as to when the feasibility study would be completed, VP Gouveia stated the current source of funding for demolition of the PBS Hawai'i building is contained within appropriations made for the university's Renew, Improve, and Modernize projects, pointing out these monies are set to lapse on June 30, 2024. She also provided historical information on the timeframe for demolition of the PBS Hawai'i building, as well as the decision to proceed with this action, noting past attempts to lease out the facility, which were unsuccessful due to the building's condition, and highlighting carrying costs for the facility which continue to be incurred by the university.

Given the above response and the concerns raised regarding the ACM/CINE program's facilities, Vice-Chair Akitake questioned whether clearer communications with the program's constituency about these facilities relative to the proposed direction of the ACM/CINE going forward would help to alleviate some of these fears. VP Gouveia offered to meet with the ACM/CINE program to determine what was feasible in terms of the provision of facilities given the current campus landscape. The administration could then develop an estimated CIP budget for these facilities or facility improvements, if any, and include those figures in the university's CIP budget request when it is brought before the board for review and approval.

Discussions ensued on VP Gouveia's proposal with Regent Higaki suggesting the administration be charged with developing a strategic plan for ACM/CINE with the understanding that such a plan would be developed with a more global perspective, particularly taking into consideration the creative media facility and program located on the campus of UHWO.

Although he appreciated and supported Regent Higaki's recommendation, Regent Abercrombie sought assurances from the administration that it would attempt to develop a strategy to accommodate the ACM/CINE program on the UHM campus. He also apologized to President Lassner if he felt previous remarks made about the administration were offensive. President Lassner stated the administration can pursue this matter further.

Vice-Chair Akitake proposed the administration be directed to provide an update on the development of a strategic plan for the accommodation of ACM/CINE on the UHM campus at the next meeting of the Committee on Institutional Success. Committee members were amenable to this proposal.

Regent Higaki left at 1:28 p.m.

### **C. Update on Energy Savings Performance Contract (ESPC) at UHM**

**DRAFT**

VP Gouveia presented information on an ESPC awarded to AECOM in June 2022 as part of the university's larger efforts to bring to fruition a number of energy-savings projects to the UHM campus. For the edification of newer regents, she went over what constituted an ESPC, the benefits of such an agreement, and statutory requirements applicable to both an ESPC and a private energy savings company, or ESCO, contracted by a facility owner to carry out energy conservation measures, commonly referred to as ECMs. She also provided details on the general scope of the ESPC with AECOM which involves the upgrading and expansion of a chilled water loop currently used by several buildings on the UHM campus for their Heating, Ventilation, and Air Conditioning, or HVAC, systems; reviewed the financing costs and projected energy savings of the nine ECM projects encompassed by the ESPC, in addition to the three agreements which the university is anticipating it will enter into with AECOM; and discussed the next steps in the ESPC process, including seeking board approval for the aforementioned agreements.

Regent Mawae left at 1:32 p.m.

The meeting recessed at 1:42 p.m.

The meeting reconvened at 1:47 p.m.

#### **D. Fiscal Year (FY) 2023-2024 Third Quarter Financial Report**

VP Young provided the FY 2023-2024 third quarter financial report stating that, with only one quarter of the fiscal year remaining, the university appears to be in a positive position relative to spending and revenue trends. He pointed out that overall revenues from all sources of funding were slightly higher than what was experienced in the third quarter of FY 2022-2023, with the exception of Research and Training Revolving Fund revenues, which were marginally lower; highlighted an increase in expenditures due to a variety of factors including a considerable growth in on-campus activity, high inflation for products and services, increased utility costs, and costs associated with previously agreed upon collective bargaining agreements; and presented systemwide and campus specific revenue and expenditure data.

Regent Miyahira asked if the administration was forecasting continued increases in university expenses. VP Young replied in the affirmative, stating outlays for labor costs, which accounts for an extremely large percentage of the university's expenditures, are scheduled to increase in the next fiscal year due to previously agreed-upon collective bargaining agreements.

#### **E. Annual Legacy Endowment Distribution for FY 2023-2024 per RP 8.207**

VP Young gave a brief overview of the history of the Legacy Endowment Fund (Fund) stating that its corpus was received and invested on behalf of the university prior to the creation of the University of Hawai'i Foundation (UHF) and is, therefore, separate and apart from the UHF endowment fund. The Fund is currently managed by UBS Financial Services, who provides quarterly investment performance and asset allocation reports to the board throughout the fiscal year.

**DRAFT**

It was noted that distributions from the Fund are controlled by RP 8.207 which currently provides the president with the authority to annually distribute up to 4.25 percent of the Fund's valuation, which is based upon a 20-quarter rolling average of its market value. VP Young stated that based upon these parameters, and a decision made by the president to distribute 4.05 percent of the Fund's valuation for FY 2023-2024, the amount of funds authorized for distribution was approximately \$2.97 million. He also went over board-designated funding areas for these monies, along with authorized versus actual distribution amounts for the two previous fiscal years, noting funds given out have historically been less than the amount approved for disbursement due to several factors, including a lack of scholarship applications.

Regent Miyahira inquired about the reason for the large variance in actual distributions from the Fund between FY 2022 and FY 2023 to support faculty operations. VP Young replied he could not immediately recall the reason for this variance but can provide a follow-up answer to regents via the Board Office.

Referencing testimony demanding the university divest the Fund of holdings in companies with varying levels of involvement with Israeli military and police elements, Regent Abercrombie questioned the feasibility of doing so. Although he stated nothing is impossible and divestment initiatives have been adopted by the board in the past, VP Young spoke about the challenges faced by the administration and its investment managers when attempting to identify investments from which the university should disassociate to be in compliance with policies adopted by the board, given companies often engage in vast, multiple, and overlapping activities. As such, he stressed the importance of clearly articulating the specific definition of what must be divested from should such an action be taken.

#### **F. Committee Annual Review**

Chair Lee referenced and went over the committee annual review matrix provided in the materials packet stating that it sets forth the actions carried out by the committee throughout the year relative to its goals and objectives. He asked committee members if they had any questions or comments about the committee activities over the past year. None were raised.

#### **V. EXECUTIVE SESSION (closed to the public)**

Regent Miyahira moved to convene into executive session, seconded by Vice-Chair Akitake, and with all members present voting in the affirmative, the committee approved convening in executive session to deliberate concerning the authority of persons designated by the board to conduct labor negotiations or to negotiate the acquisition of public property, or during the conduct of such negotiations, and to consult with the board's attorneys on questions and issue pertaining to the board's powers, duties, privileges, immunities, and liabilities, pursuant to Sections 92-5(a)(3) and 92-5(a)(4), Hawai'i Revised Statutes.

The meeting recessed at 2:06 p.m.



**DRAFT**

Chair Lee called the meeting back to order at 2:51 p.m. stating the committee met in executive session to discuss the matters as noted on the agenda.

**VI. ADJOURNMENT**

There being no further business, Chair Lee adjourned the meeting at 2:52 p.m.

Respectfully Submitted,

Yvonne Lau  
Executive Administrator and Secretary  
of the Board of Regents