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MINUTES

BOARD OF REGENTS COMMITTEE ON INSTITUTIONAL SUCCESS MEETING

NOVEMBER 7, 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 Lauren Akitake called the meeting to order at 9:00 a.m. on Thursday, November 7, 2024, at the University of Hawai'i (UH) æcÁ T } [æÉÁBachman Hall, 1st Floor Conference Room 106A/B, 2444 Dole Street, Honolulu, Hawai'i, 96822, with regents participating from various locations.

Committee members in attendance: Chair Lauren Akitake; Vice-Chair Michael Miyahira; and Regent Neil Abercrombie.

Committee members excused: Regent Diane Paloma and Regent Wayne Higaki.

Others in attendance: Board Chair Gabriel Lee; Board Vice-Chairs Laurie Tochiki and Laurel Loo; Regent Joshua Faumuina; Regent William Haning; Regent Ernest Wilson (ex officio committee members); President David Lassner; Vice President (VP) for Administration Jan Gouveia;

current

developing a new course scheduling proposal to afford SCA students with ample time to utilize the UHWO facilities.

B. Fiscal Year (FY) 2024-2025 First Quarter UBS Legacy Endowment Fund (Fund) Investment Performance Report

Chair Akitake referenced UBS's investment performance report on the Fund for the first quarter of FY 2024-2025 contained within the committee's materials packet, pointing out the gross returns on the Fund's portfolio appear to have outperformed expectations relative to several established benchmarks. She asked Kyle Yoneshige, a Senior VP for UBS, to briefly speak on this matter.

Mr. Yoneshige stated the Fund's portfolio witnessed sound market performance over FY 2023-2024 and continues to do so for the current fiscal year. He explained UBS's position with respect to keeping a good portion of the account growth oriented, in light of the perpetual endowment nature of the Fund, highlighting nearly 70 percent of the portfolio is invested in equities; noted a deliberate trimming back of United States equity positions due to the national elections in addition to ongoing geopolitical uncertainties; pointed out the funds generated by this action were allocated towards a money market account yielding close to five percent, which should basically cover investment costs for this year regardless of market volatility, and fixed income assets where valuation levels appeared to be more attractive; and stated while UBS believes the economic outlook for the United States looks very good at the moment, it will continue to monitor global situations and adjust investment strategies accordingly.

Chair Akitake asked if regents had any questions for Mr. Yoneshige or Ms. Lori

legislators. However, he cautioned that doing so will not allow for expansion of Hawai'i Promise as it presently exists within the community college system to the four-year campuses and would most likely require programmatic modifications. In light of VP Young's response, Chair Akitake asked if it would be possible to modify Hawai'i Promise for implementation at the four-year campuses. VP Young responded in the affirmative.

Regent Wilson sought information about the impact a lack of funding for the expansion of Hawai'i Promise, as is being proposed by the administration, has had on the ability of community college students to further their post-secondary educational aspirations at a four-year campus. Interim VP Teraoka stated she could not speak to what happens to students receiving financial aid from Hawai'i Promise once they leave the community college system but emphasized the program does make a difference for students at the community college level. She also noted the availability of scholarships and other forms of financial aid for students choosing to attend a four-year institution. VP Halbert added that while data related to this specific question is not presently tracked by the university, the request being made for the expansion of Hawai'i Promise is based upon success outcomes being observed among students receiving financial assistance from the program at the community college level, as well as the overall number of students the administration anticipates would benefit from this action. VP Halbert also noted Hawai'i Promise provides "last dollar" scholarships, which means it helps to fill the financial gap for direct educational costs not met by other forms or financial aid. As such, the proposal put forth by the university would not only be applicable to students transferring from the community college system but also to individuals enrolling directly in a four-year institution thereby providing additional educational opportunities for students who can least afford college.

Regent Faumuina asked if the Legislature could choose to partially fund the amount being requested by the administration for Hawai'i Promise. VP Young replied in the affirmative noting ideas have been floated at the Legislature to reduce the amount of the university's ask by establishing certain limitations on Hawai'i Promise at the four-year institutions. He also gave examples of a number of permutations the university could consider should the Legislature appropriate something less than is needed to emulate Hawai'i Promise, as it exists in the community colleges, at the four-year campuses, stressing the university would try to augment the program in such a way so as to have the broadest impact.

Regents engaged in extensive dialogue on, among other things, the fundamental value and importance of Hawai'i Promise to the social and economic well-being of the State; possible strategies which could be implemented by the administration to achieve a successful outcome for the proposal to expand Hawai'i Promise to the four-year campuses; the advantages and drawbacks of reducing the Legislative ask for this item with many expressing a desire to hold the line on the current appropriation amount being sought; the rationale for continuing to seek full funding for Hawai'i Promise at the Legislature and the Legislature's responsibility to provide more money for the program; the need for increased discourse between the regents and the Legislature about the university's funding priorities, including Hawai'i Promise; and the potential impacts on fiscal support for higher education as a result of the recent elections.

FY 2026 and FY 2027 respectively. She also pointed out that, while the board asked the administration to consider pursuing a 3:1 split between the use of CIP and revenue bond monies to finance CIP projects related to student housing at UHM in its capital budget request, the amount being asked for in FYB 2025-2027 consisted entirely of CIP monies. This was because a revenue rate increase to support the issuance of revenue bonds had yet been proposed or approved. However, the previously mentioned ratio of funding for capital projects related to student housing at UHM has been factored in to projected requests for the last four years of the university's 6-year CIP plan.

Chair Akitake asked VP Gouveia to speak to the university's deferred maintenance (DM) backlog. VP Gouveia went over data related to the DM backlog stating it currently stands at approximately \$1.2 billion and talked about its projected growth should the university do nothing to address this matter. She also discussed the forecasted reduction in the DM backlog which could be achieved by sticking to the 6-year CIP plan; noted the age of the university's buildings, especially at UHM, have impacted repair and maintenance costs and will continue to do so; stated each campus has a DM backlog reflective of the CIP monies it receives each year; drew attention to the university's prioritization of capital projects involving health and safety issues; and spoke about ongoing efforts to modernize facilities and use existing campus space in a more efficient and effective manner.

Regent Haning inquired as to whether the project to replace the roof at JABSOM was moving forward. VP Gouveia replied in the affirmative.

Chair Akitake reminded regents of her intent to discuss a moratorium currently in place on new university construction projects that do not meet specific requirements at a future committee meeting.

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