

INTERNAL AGREEMENT

THIS AGREEMENT entered into this 28th day of June, 1996 and amended (2001 and 2007), and restated as of July 27, 2017, by and between the UNIVERSITY OF HAWAI'I, hereinafter called the "UNIVERSITY", and THE RESEARCH CORPORATION OF THE UNIVERSITY OF HAWAI'I, hereinafter called the "CORPORATION".

RECITALS

A. The CORPORATION was established by Act 209, Session Laws of Hawai'i 1965 (codified in Chapter 304A, Hawai'i Revised Statutes) to provide the UNIVERSITY and other state agencies or political subdivisions of the State, any private person, firm, partnership, association, company, or corporation with an expeditious managerial environment, which is necessary to function in the highly competitive research environment and the quest for research funding support from the federal government and private industry, by granting to the CORPORATION administrative flexibility in procurement and hiring of personnel.

B. The objects for which the CORPORATION is organized, as stated in Section 304A-3001, Hawai'i Revised Statutes, are "to promote all educational, scientific and literary pursuits by (1) encouraging, initiating, aiding, developing, and conducting training, research and study in the physical, biological and social sciences, humanities, and all other branches of learning; (2) encouraging and aiding in the education and training of persons for the conduct of the training, investigations, research and study; (3) the furnishing of means, methods, and agencies by which the training, investigations, research and study may be conducted; (4) assisting in the dissemination of knowledge by establishing, aiding and maintaining professorships, or other staff positions, fellowships, scholarships, publications, and lectures, (5) engaging in other means of making the benefits of training, investigations, research, and study available to the public; and (6) taking any and all other actions reasonably designed to promote these purposes in the interest of promoting the general welfare of the people of the State." In order to carry out these statutory purposes and objectives, the CORPORATION was granted statutory authority which provides it with administrative flexibility in hiring its personnel, in procuring goods and services, and in handling and disbursing moneys by being excepted from the following state laws:

- (a) Sections 36-27 and 36-30, Hawai'i Revised Statutes, relating to special fund reimbursements to the state general fund;
- (b) Chapter 103D, Hawai'i Revised Statutes, relating to advertising for bids and purchases to be made in Hawai'i whenever public moneys are expended; and with respect to construction contracts, provided that the exception shall not apply where state funds are used and compliance with chapter 103D is required by a bill enacted by the legislature;
- (c) Chapter 76, Hawai'i Revised Statutes, relating to civil service; and
- (d) Section 78-1, Hawai'i Revised Statutes, relating to public employment.

The CORPORATION was also granted broad authority pursuant to Section 304A-3003, Hawai'i Revised Statutes, to, among other things, coordinate the CORPORATION's activities with the work of state agencies for the purpose of relating research work to the economic development of the State of Hawai'i whenever practical or desirable, to promote and stimulate cooperative research activities, and to do any and all acts reasonably necessary to carry out the objects and purposes of the CORPORATION and the UNIVERSITY.

C. The CORPORATION is a public instrumentality and body corporate, under the control and general management of a Board of Directors that consists of three members appointed by the Governor; two members of the University's Board of Regents, one member appointed by the Senate President; one member appointed by the Speaker of the House; and one member being the University's Vice President for Research and Innovation, who is an ex-officio, nonvoting member.

D. The CORPORATION is a part of the UNIVERSITY for administrative purposes as provided for in Section 26-35, Hawai'i Revised Statutes, and the administrative supervision of the CORPORATION by the UNIVERSITY shall be in the manner expressly set forth in Section 26-35, Hawai'i Revised Statutes.

E. The CORPORATION has been conducting such of its affairs as are of mutual concern to the UNIVERSITY and the CORPORATION in a manner consistent with the applicable provisions in Section 26-35, Hawai'i Revised Statutes, as well as UNIVERSITY policies that have been communicated by the UNIVERSITY to the CORPORATION from time to time.

F. To fulfill the CORPORATION's statutory mandate, the UNIVERSITY and CORPORATION have been utilizing the CORPORATION's administrative flexibility to perform the UNIVERSITY's externally-sponsored investigation, research, and training contracts and grants pursuant to the terms of this Agreement. The UNIVERSITY and the CORPORATION desire to continue to utilize the CORPORATION's administrative flexibility to perform the UNIVERSITY's extramurally-sponsored investigation, research, and training contracts and grants, that may be appropriately assigned to the CORPORATION by the UNIVERSITY and which are to be administered in accordance with UNIVERSITY policies and procedures.

G. The UNIVERSITY has requested, and the CORPORATION desires to provide the UNIVERSITY, the utilization of the CORPORATION's administrative flexibility to procure goods and services for the extramurally-sponsored investigation, research, and training projects and grants, and the provision, by hire or other means, of technical and support personnel as may be required by the UNIVERSITY to fulfill the terms and conditions of such research and training awards.

AGREEMENT

The Parties agree as follows to a mutually acceptable set of relationships, responsibilities, and procedures.

ARTICLE I

Definitions

1.1 "Agreement" shall mean this Internal Agreement and as made effective on the date provided herein.

1.2 "Board of Directors" shall mean the Board of Directors of the Research Corporation of the University of Hawai'i, State of Hawai'i.

1.3 "Board of Regents" shall mean the Board of Regents of the University of Hawai'i, State of Hawai'i.

1.4 "Contract or grant" shall mean any contract, grant, cooperative agreement, or other agreement between the UNIVERSITY and an extramural sponsoring agency relating to an investigation, research, education, or training project.

1.5 "Core administrative position" shall mean a personnel position filled by an employee who is under the direction, supervision, and control of the Executive Director of the CORPORATION.

1.6 "CORPORATION" shall mean The Research Corporation of the University of Hawai'i, State of Hawai'i.

1.7 "Extramurally-sponsored research or training award" shall mean financial assistance provided by an extramural sponsoring agency in the form of a grant, contract, lease, cooperative agreement, or other agreement that supports, stimulates, promotes, or accomplishes a cooperative research project or activity, or the research or training purposes stated in an award document.

1.8 "Extramural sponsoring agency" shall mean an agency or organization that is not under the jurisdiction of the UNIVERSITY and shall include, but not be limited to, agencies of the Federal Government, State Governments, local governments, foreign nations, and private agencies, both for profit and not for profit.

1.9 "Fiscal Year" or "FY" shall mean the period from July 1st through June 30th of each year.

1.10 "Indirect cost rate" shall mean that rate which is negotiated by the UNIVERSITY with the appropriate federal cognizant agency, and used to allocate the CORPORATION's indirect costs to each University service ordered project or activity, including revolving fund accounts and RCUH direct projects.

1.11 "Indirect costs" shall mean those costs that are incurred for common or joint objectives, and cannot be identified readily and specifically with a particular sponsored project or instructional activity or any other institutional activity.

1.12 "FS" shall mean the University's Financial System, which is the financial accounting and reporting system of the UNIVERSITY.

1.13 "Management fee" shall mean the fee paid by the UNIVERSITY to reimburse the CORPORATION for administrative costs and expenses incurred by the CORPORATION in providing specialized administrative services to the UNIVERSITY, such fee being determined pursuant to Article VI.

1.14 "Modified Total Direct Costs" or "MTDC" shall mean those direct costs incurred by the CORPORATION and consisting of salaries and wages, fringe benefits, materials and supplies, services, travel, subgrants and subcontracts up to \$25,000 each but excluding equipment costs as defined in 2 CFR 200.33, trainees' tuition, stipends and allowances, rental space, and charges from specialized service facilities.

1.15 "Practice" shall mean any written or customary policy or procedure previously adopted by the CORPORATION or UNIVERSITY.

1.16 "Principal Investigator" shall mean the UNIVERSITY employee who is officially designated by the UNIVERSITY to be the project manager for a particular sponsored project or activity, including any research or training project, and delegated the primary discretionary responsibility for the day-to-day and overall operational management of the project or activity, including the fulfillment of the scope and work plan of the research or training award.

1.17 "Project position" shall mean a personnel position of an employee employed by the CORPORATION and under the direction, supervision, and control of the designated Principal Investigator pursuant to fulfilling a contract or grant that will also pay or fund the employee's wages or salary.

1.18 "RCUH direct project" shall mean extramurally sponsored research or training awards awarded directly to the CORPORATION as the prime contractor or grant recipient responsible for the overall performance under the award.

1.19 "Recharge center" shall mean a UNIVERSITY facility providing institutional services on an ongoing basis primarily to projects or activities that are supported by an extramurally-sponsored research or training award.

1.20 "Revolving fund accounts" shall mean the revolving accounts that are established by the CORPORATION for the purpose of supporting a UNIVERSITY specialized service activity, recharge center, or other sales or service activity that are of a self-sustaining and income-generating nature and which are maintained within the CORPORATION's special account in accordance with the authorization of Section 304A-3010, Hawai'i Revised Statutes.

1.21 "Specialized Service Facility" or "SSF" shall mean a UNIVERSITY facility providing institutional services on an ongoing basis to projects or activities that are primarily supported by an extramurally-sponsored research or training award and the project or activity involves the use of highly complex or specialized facilities with revenues exceeding \$250,000 per year.

1.22 "Sponsor" shall mean a private, federal, or non-federal agency or organization that provides financial assistance in the form of a grant, contract, award or other agreement to support or stimulate a research or training activity.

1.23 "Subcontract" shall mean an award made by the CORPORATION to a vendor for the performance of a substantial portion of the scope of work for a project or activity.

1.24 "Subgrant" shall mean an award made by the CORPORATION to a subrecipient, usually another institution, for the performance of a substantial portion of the scope of work for a project or activity.

1.25 "UNIVERSITY" shall mean the University of Hawai'i, State of Hawai'i.

1.26 "Work" shall mean the effort or activity directed toward the production or accomplishment of the research or training project goal.

1.27 "Working capital" shall mean the funds that are available for the CORPORATION to cover estimated disbursements of funds to be made by the CORPORATION on behalf of the UNIVERSITY for a given period.

ARTICLE II

Appropriate Undertakings and Services to be Provided by the CORPORATION to the UNIVERSITY

2.1. When requested by the UNIVERSITY and agreed to by the CORPORATION, the CORPORATION shall provide certain specialized administrative services for UNIVERSITY research or training projects. These administrative services shall include, but not be limited to, the procurement of goods and services and the hiring of personnel.

2.2. If requested by the UNIVERSITY and agreed to by the CORPORATION, the CORPORATION shall also provide research services, new ventures services, and scientific or economic development services, which comport with the statutory purposes for which the CORPORATION was established.

2.3. All UNIVERSITY requests for administrative services, as noted in sections 2.1 and 2.2 above, shall be made in writing and pursuant to law and as further provided by University Administrative Procedures (AP) 12.203 and 12.204, which specify the criteria and administrative procedure through which services of the CORPORATION can be requested by the UNIVERSITY. Notwithstanding any provision to the contrary, the CORPORATION reserves the right to decline any request for services if acceptance of such request would be contrary to the purposes or objectives of the CORPORATION under Chapter 304A, Hawai'i Revised Statutes.

2.4 The UNIVERSITY shall not request services of the CORPORATION for UNIVERSITY activities or programs that are not within the statutory purposes of the CORPORATION, and which would allow the UNIVERSITY to evade competitive bidding and other statutory requirements for UNIVERSITY programs or activities that were not intended to be exempted under Chapter 304A, Hawai'i Revised Statutes, and as provided in the Recitals previously stated herein.

ARTICLE III
Processing of Proposals

3.1 Research or training proposals prepared by UNIVERSITY staff members shall be reviewed, approved, and forwarded to a Sponsor in accordance with the UNIVERSITY's established practices, policies and procedures.

3.2 Copies of proposals of possible interest to the CORPORATION may, in the discretion of the University President or designee, be forwarded to the CORPORATION.

3.3 Any communication with a potential Sponsor shall follow existing UNIVERSITY practice or procedure. If desired, the UNIVERSITY may request the advice or assistance of the CORPORATION.

ARTICLE IV
Responsibilities of the University

4.1 The UNIVERSITY shall be solely and directly responsible for fulfilling the terms and conditions of the extramurally-sponsored research or training awards and for assuring compliance with all sponsor requirements, including, but not limited to compliance with applicable laws and regulations. The CORPORATION's sole responsibility shall be limited to furnishing the administrative services set forth in Article V of this Agreement.

4.2 The UNIVERSITY shall make the necessary funds available to the CORPORATION, as provided in Article VI of this Agreement.

4.3 The UNIVERSITY, through the officially-designated Principal Investigator, shall be solely responsible for the supervision of the research or training projects and the projects' work and that the work being performed is directly related to the extramurally-sponsored research or training. The Principal Investigator will comply with all requirements and procedures of the CORPORATION relating to the services provided by the CORPORATION, including procurement and hiring of personnel. The Principal Investigator will ensure that CORPORATION employees follow UNIVERSITY research policies and procedures in the performance of the CORPORATION employees' work-related duties on UNIVERSITY projects.

4.4 The UNIVERSITY shall designate from time to time, in a written communication to the CORPORATION by the University President or designee, the persons or offices authorized to bind and obligate the UNIVERSITY, as required in Article V of this Agreement.

ARTICLE V
Responsibilities of the CORPORATION

5.1 All commitments and disbursements of project funds, subcontracts, or subgrants made by the CORPORATION on behalf of the UNIVERSITY shall be authorized by the UNIVERSITY's officially authorized representative and as designated pursuant to paragraph 4.4.

5.2 The UNIVERSITY's FS shall be the book of original entry, and the CORPORATION shall provide to the UNIVERSITY for recording in the UNIVERSITY's FS all commitments and disbursements of project funds made by the CORPORATION on behalf of the UNIVERSITY.

5.3 The CORPORATION shall not make any disbursement of project funds without the prior written approval of an authorized representative of the UNIVERSITY. If the CORPORATION determines, in good faith and in its reasoned judgment, that the UNIVERSITY representative's authorization does not properly fall within the scope, policy, or terms and conditions of the applicable extramurally-sponsored research or training award, the CORPORATION shall notify either the UNIVERSITY's Vice President for Research and Innovation or Director of Research Services for appropriate action.

5.4 If the extramurally-sponsored research or training award requires the prior approval of the Sponsor before any specific expenditure may be made, the CORPORATION shall, if requested by the UNIVERSITY, assist the UNIVERSITY in preparing the appropriate request to the Sponsor.

5.5 The CORPORATION shall provide to the UNIVERSITY fiscal and administrative services that are related to the procurement of goods and services and the hiring of personnel required by the UNIVERSITY's research or training projects, including any financial information on expenditures made by the CORPORATION on behalf of the UNIVERSITY that may be used by the UNIVERSITY for reporting to and billing of Sponsors. The CORPORATION shall not provide project auditing services.

5.6 If an expenditure was made by the CORPORATION on behalf of the UNIVERSITY for a project or activity and was not authorized by the UNIVERSITY through an authorized UNIVERSITY representative, and such expenditure was subsequently determined by the Sponsor to be improper, the CORPORATION shall pay to the UNIVERSITY the amount of any loss in reimbursement of funds resulting directly therefrom.

5.7 If an expenditure was made by the CORPORATION on behalf of the UNIVERSITY for a project or activity and was authorized by the UNIVERSITY through an authorized UNIVERSITY representative, and such expenditure was subsequently determined by the Sponsor to be improper, the UNIVERSITY shall reimburse the CORPORATION regardless of whether the UNIVERSITY is in turn reimbursed.

ARTICLE VI

UNIVERSITY's Payment for the CORPORATION's Administrative Services on Behalf of the UNIVERSITY

6.1 The UNIVERSITY agrees to reimburse the CORPORATION for the administrative expenses incurred by the CORPORATION in providing specialized administrative services to projects of the UNIVERSITY in accordance with Schedule A, Schedule B, and Schedule C provided below.

6.2. Schedule A. Without exception, all UNIVERSITY extramurally-sponsored research and training awards service ordered to the CORPORATION will be included in the fee computation. For quarterly billing purposes, the estimated fee will be based on the following computation:

$$\frac{\text{UH MTDC}}{\text{All Projects MTDC}} \times \text{RCUH Operating Expenses} = \text{UH Management Fee}$$

where historical data is used to estimate the first ratio and the RCUH Board approved budget (less contingency allowances) is used for RCUH Operating Expenses. UH MTDC shall include only UH extramurally-sponsored research and training awards. MTDC generated by RCUH direct projects, UH internally-funded projects, UH revolving fund accounts, and any other non-UH extramurally-sponsored research or training awards shall not be included in UH MTDC and shall be included in All Projects MTDC. At the close of the fiscal year, actual figures for the fiscal year will be used to compute the actual UH Management Fees for that fiscal year and any required adjustment to billing based on the estimated fee will be made on the next quarterly bill after the issuance of the audited financial statements for that fiscal year. For the actual computation, MTDC will be on a cash basis and RCUH Operating Expenses will be as reflected in the audited financial statements of RCUH for that fiscal year.

6.3 Schedule B: The following shall apply to (a) all UNIVERSITY revolving fund accounts serviced by the CORPORATION, including SSFs, recharge centers, and other sales or service activity, and (b) all internally-funded projects, including those funded from general, special, or trust funds.

a. The CORPORATION shall recover its administrative expenses by charging each individual project or activity its indirect costs based on negotiated indirect cost rates that have been received from the appropriate federal cognizant agency, if applicable.

b. For all other projects, the equivalent of the above rates, subject to further adjustment or modification by prior mutual agreement in writing by the parties.

Any provision contained in this Agreement to the contrary notwithstanding, any modified total direct costs for accounts covered in Schedule B shall be excluded from Schedule A accounts.

6.4 Schedule C: If the UNIVERSITY requests the services of the CORPORATION other than those services provided in Schedules A and B above, the UNIVERSITY shall reimburse the CORPORATION for all direct expenses incurred in providing such services.

6.5 If the CORPORATION executes a direct agreement with a non-UNIVERSITY entity, the CORPORATION may enter into an agreement with the UNIVERSITY for use of UNIVERSITY facilities with the UNIVERSITY's personnel in the performance of those direct agreements. In those cases, the CORPORATION shall reimburse the indirect costs of the UNIVERSITY at the highest federally-approved rate that is applicable, subject to adjustment by mutual agreement. The CORPORATION shall obtain the UNIVERSITY's prior approval when entering into a direct agreement that would obligate the CORPORATION to supply services that will be supplied in turn by the UNIVERSITY.

6.6 The reimbursements for administrative expenses incurred by the CORPORATION in providing services to the UNIVERSITY, as specified in sections 6.2 and 6.4 above, shall be made on a quarterly basis in advance on an estimated basis.

6.7 Within one hundred twenty (120) days following the close of each fiscal year, for Schedule A purposes the CORPORATION shall submit to the UNIVERSITY an annual accounting report in a format that is mutually agreed upon, which report shall include the following: (a) the actual costs of the UNIVERSITY's projects as specified in section 6.2 of this Agreement on a modified total direct costs basis, (b) the actual administrative costs of the CORPORATION, and (c) a computation of any required adjustment of the estimated advances for the fiscal year. The report shall also include for Schedule B and C purposes the following: (a) total modified total direct cost basis for UH internally funded projects and related Schedule B fees, (b) total modified total direct cost basis for UH revolving fund accounts and related Schedule B fees, and (c) total modified total direct cost basis for Schedule C projects and related Schedule C fees. This annual accounting report (which is independent of the federal single audit report required under 2 CFR 200) shall be certified by an independent certified public accountant.

ARTICLE VII

Working Capital: Reimbursement

The UNIVERSITY shall provide a non-interest bearing working capital advance to the CORPORATION in an amount determined by mutual agreement of the CORPORATION and the UNIVERSITY that shall be used by the CORPORATION as working capital for UNIVERSITY projects or activities. Reimbursements for payments made by the CORPORATION on behalf of the UNIVERSITY shall be made on a weekly basis, based upon the actual expenditures of the preceding one-week period; provided, however, that until such data is available, the reimbursements shall be made on a mutually-agreed basis.

ARTICLE VIII

Personnel

8.1 The UNIVERSITY may request the CORPORATION to hire or provide the services of technical and support personnel for UNIVERSITY research and training projects.

8.2 Any technical and support personnel requested by the UNIVERSITY and hired by the CORPORATION pursuant to paragraph 8.1 shall be employees of the CORPORATION and their terms and conditions of employment shall be governed by the practice, policies or procedures of the CORPORATION.

The provisions of Article 8.2, notwithstanding, specific employees designated by the UNIVERSITY shall be employees of the UNIVERSITY, and the UNIVERSITY's tax identification number shall be utilized for such employees, provided however, that the CORPORATION shall provide such services that are necessary for their employment, including, but not limited to, recruitment, payroll, and benefits.

8.3 The CORPORATION shall keep account of all personnel costs and shall maintain records of such expenditures for the UNIVERSITY. The UNIVERSITY shall reimburse the CORPORATION for all such expenditures together with the reimbursement required under Article VII of this Agreement.

ARTICLE IX

Equipment Purchases and Inventory

9.1 If the UNIVERSITY determines that a specific equipment is required to support a research or training project or activity of the UNIVERSITY, and upon the request of the duly authorized UNIVERSITY representative, the CORPORATION may procure the requested items of equipment utilizing its best efforts to obtain the equipment on the terms desired by the UNIVERSITY.

9.2 Upon acquisition and receipt of the equipment and reimbursement of the cost thereof to the CORPORATION, the control and custody of such equipment shall vest immediately with the UNIVERSITY. To assist the UNIVERSITY in adequately accounting for such equipment, the CORPORATION shall make its records available to the UNIVERSITY.

9.3 The UNIVERSITY may request the CORPORATION to procure and take title to specific equipment to be leased to the UNIVERSITY. The terms and conditions of any such lease shall be negotiated on a case-by-case basis.

ARTICLE X

Revolving Fund Accounts

10.1 When requested by the UNIVERSITY and agreed to by the CORPORATION, the CORPORATION shall establish, separate revolving fund accounts for specialized service facilities, recharge centers, and other research and training projects that have a sales and service component; provided, however, that the revolving fund account must support the research and training activities of the UNIVERSITY and are within the scope of the statutory purposes for which the CORPORATION was established.

10.2 The UNIVERSITY shall maintain fiscal control and authority over the revolving fund accounts and shall be responsible for all financial obligations of the accounts, except for the expenditures that are not authorized by the UNIVERSITY through the individuals designated under section 4.4 of this Agreement. If requested, the CORPORATION within available resources, shall provide assistance to the UNIVERSITY in carrying out its responsibilities.

10.3 The CORPORATION shall maintain financial records for each revolving fund account and shall provide a report on each account to the UNIVERSITY's designated representative who is responsible for the account.

10.4 To allow the CORPORATION to recover its administrative costs, the CORPORATION may assess each revolving fund account a fee pursuant to Section 6.3 of this Agreement.

Article XI
Intellectual Property

11.1 The UNIVERSITY may request and the CORPORATION may accept responsibility for the exploitation and maintenance of intellectual property rights.

11.2 If the CORPORATION accepts the UNIVERSITY's request, then the CORPORATION shall vigorously prosecute the exploitation of the intellectual property and shall remit any license fee received for such intellectual property to the UNIVERSITY on a quarterly basis; provided, however, that the CORPORATION may retain a negotiated fixed fee or percentage fee to reimburse the CORPORATION for the expense of administering such intellectual property.

11.3 Except as provided in Section 304A-3009, Hawai'i Revised Statutes, no summary, report, map, chart, graph, table, or other document or discovery, invention or development produced in whole or in part under this Agreement shall be the subject of an application for copyright or patent by or on behalf of the CORPORATION, its officers, its agents, its employees, or its subcontractors without the prior written authorization from the UNIVERSITY.

ARTICLE XII
Other UNIVERSITY Projects

12.1 The UNIVERSITY may assign the administration of other research or training projects that may be internally funded to the CORPORATION; provided, however, that the administration of those projects is within the statutory purposes for which the CORPORATION was established. These projects may include such activities as the animal research facility or other centralized research and training support activities. The CORPORATION may recover its costs through overhead charges pursuant to section 6.3.

ARTICLE XIII
Non-UNIVERSITY Projects

13.1 The UNIVERSITY acknowledges that the CORPORATION may provide services to organizations that are not part of the UNIVERSITY. If the CORPORATION provides services to non-UNIVERSITY projects, the following requirements shall apply:

(a) The CORPORATION shall keep separate accounts for the non-UNIVERSITY projects and shall ensure that the UNIVERSITY is not charged for the costs of servicing such projects.

(b) The CORPORATION shall not enter into an agreement to provide administrative services to a non-UNIVERSITY organization that requires the utilization of UNIVERSITY personnel or facilities without the prior approval of the UNIVERSITY.

(c) When the CORPORATION is a prime contractor or grantee, the CORPORATION shall reimburse the UNIVERSITY for all the UNIVERSITY's costs in connection with the utilization by the CORPORATION of UNIVERSITY personnel or facilities. Such reimbursement shall include all the UNIVERSITY's direct costs as well as any indirect costs as set forth in section 6.5.

ARTICLE XIV

Facilities

14.1 The UNIVERSITY shall provide administrative facilities to the CORPORATION at no cost; provided, however, that:

(a) The CORPORATION shall reimburse the UNIVERSITY for the cost of that portion of the facilities used for serving non-UNIVERSITY related activities;

(b) The CORPORATION shall accept the facilities "as is" and shall restore the facilities to its original condition upon vacating the facilities; and

(c) Any extraordinary costs, excluding normal common area maintenance costs, associated with the facilities shall be borne by the CORPORATION.

(d) The UNIVERSITY shall provide parking to the CORPORATION personnel in core administrative positions on the same basis as regular UNIVERSITY employees.

ARTICLE XV

Miscellaneous

15.1 CONFLICT OF INTERESTS. By statute, two members of the CORPORATION Board are members of the Board of Regents of the UNIVERSITY. If the dual loyalties and dual fiduciary duties create a conflict of interest in the administration of this Agreement, the conflict shall be resolved in the manner set forth in the CORPORATION's Bylaws, as adopted by the CORPORATION's Board of Directors.

15.2 INSPECTIONS.

(a) At all reasonable times, upon prior written notice, the CORPORATION shall permit an authorized representative of the UNIVERSITY to inspect, audit, and make copies of all books, records, summaries, reports, charts, graphs, tables, recommendations, and other documents and materials, as available, produced in whole or in part under this Agreement.

(b) At all reasonable times, the UNIVERSITY shall permit an authorized representative of the CORPORATION to inspect, audit, and make copies of all books, records, summaries, reports, charts, graphs, tables, recommendations, and other documents and materials, as available, produced in whole or in part under all projects covered by this Agreement.

15.3 DISPUTES. Any dispute concerning a matter or acts arising under this Agreement, which is not disposed of by mutual agreement by the parties within thirty (30) days, shall be decided by the Attorney General of the State of Hawai'i or the Attorney General's designee, who shall reduce his/her decision to writing. Such decision shall be final and conclusive. Pending final decision on a matter in dispute, the CORPORATION and UNIVERSITY shall proceed diligently with the performance of their respective responsibilities under this Agreement in accordance with the requests of the other party.

15.4 ENTIRE AGREEMENT. This Agreement constitutes the entire understanding between the parties with respect to the subject matter hereof and supersedes any and all prior understandings and agreements, oral and written, relating hereto. Any modification of this Agreement must be in accord with the following paragraph on "Amendment".

15.5 AMENDMENT. This Agreement may be amended at any time only by written mutual agreement of the parties hereto.

15.6 TERMINATION OF THIS AGREEMENT. This Agreement shall be valid until terminated without cause by either party giving the other party written notice, specifying the effective date of the termination, at least 60 days prior to the effective date of the termination.

15.7 NOTICES. All notices and amendments to this Agreement shall be in writing and sent by mail, by hand delivery, electronic transmission, or by facsimile with a copy to be mailed or hand delivered, and addressed as follows:

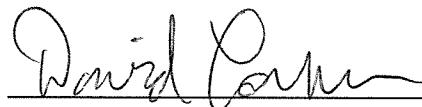
To UNIVERSITY at: University of Hawai'i
Office of the President
Attention: Vice President for Research and Innovation
Telephone: 956-5006
Facsimile: 956-5286
ovpri@hawaii.edu

To CORPORATION at: The Research Corporation of the University of Hawai'i
2800 Woodlawn Drive, Suite 200
Honolulu, HI 96822
Attention: Executive Director
Telephone: 988-8311
Facsimile: 988-8319
rcuhed@rcuh.com

Any such address, contact person, telephone number, email address or facsimile number may be changed from time to time by serving notice to the other party as above provided. Service of such notice shall be deemed complete on the day of actual delivery or at the expiration of the second day after the date of any mailing, whichever is earlier.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

UNIVERSITY OF HAWAI'I



by its President

RESEARCH CORPORATION OF THE UNIVERSITY OF HAWAI'I



by its Executive Director