



Minutes
BOARD OF DIRECTORS
Research Corporation of the University of Hawai'i
Tuesday, June 30, 2020
MIC Presentation Room & Zoom

PRESENT:

Eugene Bal (Zoom), Kelli Goodin, Ken Hayashida, Donna Ikeda, David Karl, Michael Maberry (Zoom), Randolph Moore (Zoom), and Vassilis Syrmos (Zoom)

RCUH Staff: Sylvia Yuen, Brenda Kanno, Nelson Sakamoto, and Glenn Yee

Attorney General's Office: Reese Nakamura

Others: David Duffy, Raynard Soon, Leonard Gouveia and Kaylee Hull

CALL TO ORDER:

The meeting was called to order by Chair Donna Ikeda at 10:20 am.

INTRODUCTION OF NEW BOARD MEMBERS AND OTHERS

Executive Director Yuen introduced new board members Ken Hayashida and David Karl, who replaced David Duffy and Raynard Soon, respectively, and whose appointments were confirmed by the State Senate in late May. Also introduced were Executive Director-designate Leonard Gouveia, who will be starting on July 1, 2020, and Kaylee Hull, who will be assuming Brenda Kanno's position as Director of Corporate Services. A warm welcome was extended to all.

APPROVAL OF MINUTES:

Upon motion made (Maberry), seconded (Moore), and duly carried, the minutes of the March 10, 2020 meeting were approved as circulated.

FINANCIAL STATEMENTS FOR MONTH ENDED 5/31/2020

Mr. Yee reviewed the financial statements for the period ended 5/31/20. RCUH remains in a good financial position. Expenses for the year are on track.

BUDGET FOR FISCAL YEAR 2020-21

Mr. Yee presented the proposed budget for the 2020-21 fiscal year. Due to an economic downturn, RCUH is proposing a reduced budget: 10% or \$850k less in revenues and reductions of the following amounts:

- \$125,000 – Support for UH research and innovation initiatives reduced by 25%
- \$37,500 – Tuition support reduced by 50%
- \$35,900 – Travel reduced by 73%
- \$16,500 – Cash awards for UH Excellence in Research Awards for faculty and students eliminated (100% reduction)

Also, IT maintenance and capitalized costs are being reduced by \$894,000, which represents a 37% reduction.

No salary adjustments will be provided to core staff.

Director Syrmos indicated that grant activity at the University has been increasing but expenditure volume is down slightly because spending has not taken place yet. He anticipates next year to be a good year for extramural awards and does not expect a reduction in expenditures that may affect RCUH. But, the general fund situation is the opposite and UH finances will be decimated so RTRF funds may have to be used for support personnel, etc.

Director Moore inquired whether reducing the IT costs will mean a reduction in capability. Mr. Yee responded that the budget includes funds for IT maintenance and support as well as funds for RCUH's enterprise transformation program, but some initiatives may not be completed as quickly as desired. Director Ikeda echoed a concern that it will be a shame if IT improvements made over the years experience a set back because of budget reductions.

There was concern about the reduced budget. Management assured the board that there will be opportunities to re-evaluate the situation as the year progresses and make necessary adjustments to allow for increased spending whenever possible so IT projects can proceed and support for the UH Excellence in Research awards and other incentives for research and training can be restored.

Director Moore wanted to know about the increase in insurance premiums. Mr. Yee responded that the market is tight and unfortunately the best rate represents an increase in our current premiums.

Director Moore commented that RCUH needs to address ways to sustain itself in the years ahead if the state's economy does not bounce back. Executive Director Yuen agreed. RCUH may need to consider a 3-year budget cycle rather than an annual budget to better manage such a situation.

Director Karl inquired if RCUH can operate with a negative budget. Mr. Yee responded yes, because RCUH can tap into its reserve for working capital to make up the shortfall.

Upon motion made (Maberry), seconded (Moore), and duly carried, the board approved the fiscal year 2020-21 budget as presented, with the request that management address RCUH's future sustainability in light of the state's economic downturn and its effect on the University and the research enterprise.

EXECUTIVE DIRECTOR'S REPORT

Executive Director reported on some recent activities since her written report was distributed:

- A former employee, who filed approximately 68 grievances, lost his petition to the Hawaii Supreme Court.
- President Trump's recent proclamation relating to visas to the US is applicable only to new applicants for H1B visas. Current visa holders are not affected so RCUH employees on such visas are fine. There is a pending visa application that will be affected by the proclamation and RCUH is working with the project and will assist in seeking approval if a decision is made to pursue the request.
- The Strategic Plan update shows the benchmarks that have been met. There are three benchmarks that have not yet been met as of mid-year 2020. Two were postponed because of the COVID-19 pandemic (staff and project surveys and RCUH Forum) and one objective is still a work in progress (rebuilding the reserve for working capital).

As reported to the board earlier, RCUH embarked on a Digital Transformation Plan to provide a road map to modernize RCUH's IT systems to keep abreast of new technologies and to utilize them to increase efficiency and productivity. The plan was developed on 11 guiding principles to assist in the decision-making process, which are presented below:

- Align with RCUH strategic goals
- Prepare for future growth and expansion
- Be cost effective
- Use an enterprise view with all RCUH departments in mind
- Be flexible and innovative
- Enhance the customer experience
- Increase self-sufficiency of functional users
- Automate to improve employee efficiency
- Retain the best system features where possible
- Ensure system and data security
- Prioritize cloud technology

A hybrid approach was recommended for RCUH's financial management system to minimize disruptions and allow for pilot testing of new modules in phases rather than doing a big bang rollout. A SaaS (software as a service) model was the recommended path for RCUH going forward. Costs, functionalities, and other considerations will still have to be evaluated before a decision is made on this and other recommendations.

Executive Director Yuen then recognized David Duffy and Raynard Soon, whose terms on the board recently ended. She expressed RCUH's thanks and appreciation for their support throughout the years and their contributions to the research enterprise and wished them well in their future endeavors. Both Dr. Duffy and Mr. Soon expressed their appreciation to the rest of the board and the staff. Mr. Soon congratulated Executive Director Yuen for her outstanding leadership. RCUH must remember its mission and ensure it can continue to deliver quality-level services and support to the research community. Dr. Duffy said his years on the board have been impressive. RCUH must keep the torch alive to light the way for researchers because without RCUH, the University and its research enterprise will be in big trouble.

RECOGNITION OF EXECUTIVE DIRECTOR YUEN

Chair Ikeda recognized Executive Director Yuen and thanked her for her exceptional leadership over the past five years and for bringing RCUH into the 21st century. She is leaving some very big shoes to fill. Chair Ikeda also recognized the many years of dedicated and outstanding service Brenda Kanno provided to RCUH and the board.

Director Moore echoed Chair Ikeda's comments. Executive Director Yuen has made RCUH a much stronger, efficient, and focused organization, better equipped to meet the needs of its clients. Also, RCUH is one of the few organizations that actually accomplished its strategic plan goals and objectives.

The board wished Executive Director Yuen and Brenda Kanno all the best in their retirement.

ADJOURNMENT

The meeting adjourned at 12:00 noon.

/s/ Brenda K. Kanno

Brenda K. Kanno, Corporate Secretary

NOTE: Unless otherwise noted in minutes, all motions were passed unanimously.