



Minutes
BOARD OF DIRECTORS
The Research Corporation of the University of Hawai'i
October 25, 2021
Virtual Meeting

PRESENT:

Eugene Bal, Kelli Goodin, Ken Hayashida, David Karl, Michael Maberry, Vassilis Syrmos. Excused: Diane Paloma, Joseph Pickard.

RCUH Staff: Leonard Gouveia, Nelson Sakamoto, Glenn Yee, Kaylee Hull
Attorney General's Office: Reese Nakamura

CALL TO ORDER:

The meeting was called to order by Director Bal at 9:02 a.m.

PUBLIC COMMENT PERIOD (IF APPLICABLE)

No written or oral testimony was received.

APPROVAL OF MINUTES OF THE SEPTEMBER 7, 2021 MEETING

Upon motion made (Karl), seconded (Hayashida), and duly carried, the minutes of the September 7, 2021 meeting was approved as circulated.

EXECUTIVE DIRECTOR'S PRESENTATION

ED Gouveia explained that the purpose of this presentation was to provide a better understanding of the relationship and role that UH and RCUH have played, and currently play, for the State of Hawai'i. The intent is to provide background information and not address any substantive issues at this time. ED Gouveia thanked the management team for their efforts in developing this presentation and noted that this document will be modified and kept up to date on RCUH's website under "About Us."

Given the immense amount of information, ED Gouveia offered the opportunity to email any follow-up questions about the presentation to rcuh@rcuh.com. He explained that this opportunity is available to board members and anyone watching today's meeting; responses to questions will be posted on the RCUH website. ED Gouveia continued with a brief update on RCUH's strategic planning efforts, the Task Force committee, and upcoming board meetings, before presenting the slideshow.

The presentation consisted of four sections: *About Us*, *Overview of RCUH Financials*, *Summary of State Audits*, and *Current Priorities*. The *About Us* section covered RCUH's mission, vision, leadership, purpose, and provided an explanation of who we serve, overview of RCUH employees, and UH guidelines for hiring RCUH employees. One key point that ED Gouveia mentioned is that RCUH employees are not eligible for the state retirement system and that the volume of expenditures that RCUH processes does not equate to revenue.

In the *Overview of RCUH Financials*, ED Gouveia explained that RCUH does not directly receive any appropriated G-funds from the State Legislature and instead is funded through fees collected from a percentage of expenditures run through RCUH's Financial System. These formulas are listed in the Internal Agreement for UH projects, and the Master Agreement for state agencies (excluding UH). He added that it costs UH researchers approximately 3% to run their projects through RCUH.

This section also displayed RCUH's four types of revenue sources and a flow chart of how those awards are processed through service orders to RCUH. Charts showed that in FY 2020, UH consisted of 94.5% of RCUH's volume of business and RCUH received approximately \$7.7 million in total fees from the University. Director Syrmos requested that RCUH include a slide that reflects how many employees are supported by fund type.

Chair Bal asked whether the fees for UH-related projects are all paid through Research and Training Revolving Funds (RTRF) and Director Syrmos explained that extramural fees were paid from federal funds, while intramural fees are a mixture of RTRF and Tuition and Fees Special Funds (TFSF). He added that the management fee to RCUH is paid through RTRF except for revolving accounts (revolving accounts generate their own funds to cover their fees). Mr. Yee noted that the amount of extramural fees that UH will pay in FY 2021 will drop substantially to approximately \$5.5 million from the \$6.4 million in extramural fees paid in FY 2020. This is based upon the nearly completed financial audit.

As ED Gouveia showed a FY 2020 comparison in UH Awards, Expenditures, and RCUH Revenue, Director Syrmos suggested it would be more accurate to change the "UH Awards" bar to "UH Expenditures," and noted that the number would fall to approximately \$400 million. When looking at the fees collected from direct projects, ED Gouveia recognized that the revenue is minimal and from mostly non-state projects

During the Q&A period, Director Karl requested clarification on the 3% cost to UH researchers who run their projects through RCUH. Director Syrmos explained that the 3% is a cost paid by the University, not the individual research projects. Mr. Yee added that the effective 3% rate is also an efficiency ratio that shows how much it costs to use RCUH's finance and HR services.

In the *Summary of State Audits*, ED Gouveia noted that among 23 agencies for which follow-up reviews were conducted, RCUH was 1 of 3 agencies to implement all of its recommendations. He emphasized that despite this positive review, RCUH will continue to take the auditor's recommendations seriously and do its best to ensure that there are not repeat findings.

In the *Current Priorities* segment, ED Gouveia provided an overview of legislative actions and noted that RCUH is in the process of creating a new tracking process for future legislative matters, modeled after the system in place at UH. He added that President Lassner provided an update to the UH Board of Regents last week and encouraged directors to view the recording if possible. He explained that UH was charged with convening a task force to review UH's arrangement for services with RCUH. ED Gouveia added that although the report is not finalized, it is very close to being completed. The recommendations from this task force report will have tremendous impact on RCUH's upcoming strategic plan, which will be discussed in a special meeting scheduled for November 15, 2021. He mentioned that over the past year, he has compiled a list of things that RCUH should KEEP doing, START doing, and STOP doing. This evaluation will continue in parallel to all other ongoing activities that RCUH is involved with.

In conclusion, ED Gouveia thanked everyone who contributed to this presentation and shared that he has met with numerous UH and RCUH administrators, board members, researchers, staff, and others to gather input and identify pertinent issues for discussion and creation of RCUH's new strategic plan. He stated that collaboration has been increasingly positive and expects it to get better.

APPOINTMENT OF ADDITIONAL AUDIT COMMITTEE MEMBERS

As chair of the Audit Committee, Director Hayashida appointed Directors Maberry and Pickard to the Audit Committee, which is also meeting this week. He added that he appointed ad hoc member Wally Chin to the committee since none of the current directors have accounting backgrounds; Mr. Chin serves as the Chief Financial Officer for the Hawaii Community Foundation and is active in the local financial community.

EXECUTIVE SESSION

Upon motion made (Maberry), seconded (Hayashida), and duly carried, the board voted to enter into an Executive Session to discuss the evaluation of the Executive Director [HRS §92-5(a)(2)]. Chair Bal provided a brief report on the Executive Session and noted that Director Syrmos left the meeting at this time due to another scheduled appointment. Chair Bal stated that the board was pleased with ED Gouveia's performance over the past year, despite the pandemic and other hurdles. He also asked to coordinate a meeting with both ED Gouveia and Director Maberry, chair of the Personnel Committee, in order to provide more detailed feedback.

ADJOURNMENT

The meeting adjourned at 10:21 a.m.

/s/ Kaylee Hull

Kaylee Hull
Executive Administrator

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