



Minutes
BOARD OF DIRECTORS
The Research Corporation of the University of Hawai'i
November 15, 2021
Virtual Meeting

PRESENT:

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

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

CALL TO ORDER:

The meeting was called to order by Chair Bal at 1:03 p.m.

PUBLIC COMMENT PERIOD (IF APPLICABLE)

No written or oral testimony was received.

APPROVAL OF MINUTES OF THE OCTOBER 25, 2021 MEETING

Upon motion made (Maberry), seconded (Goodin), and duly carried, the minutes of the October 25, 2021 meeting was approved as circulated.

STRATEGIC PLAN DISCUSSION

Mr. Adler started the discussion by reinforcing the importance of having a strategic plan, and reminded the board of directors that the purpose of today's meeting is to receive their counsel and guidance on the proposed goals and objectives. Once RCUH receives feedback from the board of directors, staff will take into account their ideas, criticisms, and viewpoints and propose a firmer plan for approval.

Before moving onto the proposed goals and objectives, Mr. Adler recommended that the board take a look at the existing plan, which he frequently uses as a model to other non-profits and businesses. He quickly reviewed the format of the current plan and inquired whether the board would like to change the format moving forward. Several board members commented that they were pleased with the existing format and felt it was effective with measurable metrics. Executive Director Gouveia proposed that the format remain the same, but suggested adding a comment section at the end of each objective for more efficient tracking and record-keeping.

As the discussion proceeded to the new plan, ED Gouveia shared that there are three key points to keep in mind before getting into the details:

- 1) RCUH is committed to working more closely with UH in the future in all aspects of the relationship;
- 2) The development of most objectives and benchmarks will be dictated by the 10% cap and the outcome of the UH Management Fee Task Force Committee; and
- 3) Keep it simple. ED Gouveia believes that RCUH should focus on getting back to the basics and refine what is already in place. This includes making necessary and appropriate changes to RCUH's policies and procedures, as well as the services that are provided to UH, with UH's input.

ED Gouveia expressed that he wants to ensure that RCUH is providing services that UH needs, not what we think they want. He also reiterated the importance of having everyone at the table for these discussions. Director Syrmos shared that he liked that the proposed goals and objectives tie into the strategic plan. He noted that UH does not control RCUH's operating budget or the percentage of these expenditures of the University as a whole of the RCUH. Director Syrmos suggested that to keep RCUH within the 10% cap, the corporation could keep the operating budget constant or find other stakeholders besides the University, such as other state agencies. He added that UH comprises more than 90% of RCUH's business, and therefore pays 90% of this management fee; however, it is not a good business decision to have one main client.

Director Karl inquired whether a goal which has been deemed satisfied/completed, should still be considered a goal in the future. Mr. Adler suggested that the board consider some of the carryover goals, since the 10% cap on the management fee may change some of the objectives. Director Syrmos noted that he liked that these goals were dynamic; using the example that providing good service is something that has to constantly be worked on and can always be improved. Mr. Adler then transitioned the discussion to review the proposed goals.

Goal #1: Evaluate and implement recommendations from the RCUH Task Force.

Director Syrmos had suggested adding a bullet point that references "increasing services provided to other entities outside of UH," but Director Paloma recognized that it could fall under Goal #5 "Expand services to non-UH research, development, and training projects." ED Gouveia concurred with her comment and noted that RCUH must follow different rules when providing services to UH versus other state agencies.

In regards to the objective of updating the UH/RCUH Internal Agreement, Director Goodin asked whether the act of updating the document is in RCUH's control or if it has to be negotiated. ED Gouveia responded that both RCUH and the UH president sign off on that agreement and that negotiations will likely begin shortly. He explained that the agreement dictates how RCUH gets paid and that it has been renegotiated many times over the years. ED Gouveia also recognized that the 10% cap conflicts with the current agreement.

Director Syrmos clarified that the 10% cap is on the Research Training and Revolving Fund (RTRF) and does not apply to other fund options, such as General Funds or Tuition and Fees Special Funds (TFSF). He suggested that since RCUH handles a large amount of TFSF projects for the University, that fund could be a viable option to help pay for the management fee. ED Gouveia stated that the Task Force has touched upon that issue, but hasn't had an in-depth discussion on the topic yet.

Director Karl asked whether the Task Force Report will be a public document and Director Syrmos affirmed that was correct. Director Syrmos disclosed that the report has been shared with President Lassner and Chair Bal, who is head of the Research and Innovation Committee for the UH Board of Regents. The report is expected to be shared with both the UH Board of Regents as well as the RCUH Board of Directors in early 2022. Director Karl explained that he wanted to ensure the Task Force Report is a public document since it will be referenced in RCUH's strategic plan.

Goal #2: Redefine and clarify RCUH's identity and services to stakeholders.

Director Karl inquired whether there are misconceptions for RCUH to dispel. ED Gouveia declared that there are misconceptions about RCUH from many stakeholders, not just one in particular. He emphasized that RCUH was created to serve the University of Hawai'i, which is why UH is RCUH's main client. ED Gouveia exclaimed that further discussions are needed with RCUH, UH, and legislators to evaluate the statute and determine expectations for all parties. Mr. Adler also recalled that prior to Lenny's hiring, he facilitated a meeting with former ED Sylvia Yuen, Principal Investigators (PIs), and project staff and noted that a lot of researchers had misunderstood RCUH's mission and services. He suggested that the last bullet be re-worded for clarity.

Director Syrmos stated that RCUH only has exemptions for procurement and civil service for research-related purposes, but believes that its use has expanded outside of research at the University. He recognized that ED Gouveia has been doing an outstanding job in attempting to articulate what RCUH can do versus what UH can do and the responsibilities for each entity. Director Syrmos added that while he may question a few of the requests RCUH has processed for PIs in the past, ED Gouveia is developing a good process and that UH also needs to educate its faculty members and staff.

Goal #3: Reform RCUH's internal operations to improve client services.

Director Goodin suggested that the last two bullets may overlap, but recognized that the last bullet is focused on IT. Mr. Adler mentioned that it seems like IT will be a continued challenge that will carry over to this new strategic plan. ED Gouveia explained that the replacement of the AS400 for the financial system was put on hold due to the pandemic, but it is currently being evaluated by UH to determine whether the proposed replacement will be cost-effective and useful to both parties. There is also uncertainty on how to pay for the replacement, which is estimated to cost \$1.5 million. RCUH has recently made a concerted effort to invest in its IT infrastructure, which was previously overlooked for many years. Mr. Sakamoto confirmed that the AS400 is more than 30 years old.

Goal #4: Improve client relations through increased engagement.

Mr. Adler acknowledged that some of these objectives blur into each other, which is normal. ED Gouveia explained that this goal ties into the misconceptions individuals have about RCUH, and that these objectives apply to both the University of Hawai'i, as well as state agencies.

Director Paloma inquired how she and Chair Bal can support RCUH in their role as Regents, and how the board as a whole can help RCUH in communicating the desired message. ED Gouveia stated that the presentation at the previous board meeting was intended to provide background information so that the board has a better understanding of RCUH's operations. While some updates need to be made to the presentation, it should help clear most misconceptions of RCUH and can help the board ensure that RCUH is following its intended purpose.

Director Karl felt that Objective #2 is inherent in the state mandate, so he's unsure of what benchmarks would fall under that objective. Mr. Adler suggested that the objective could be removed if the intention is implicit. ED Gouveia stated that the objective ties into the misconceptions of RCUH, specifically RCUH's role in construction. Mr. Adler asked if there are other areas besides construction that the objective could apply to and ED Gouveia mentioned revolving accounts, which he plans to address with Velma Kameoka (Interim Vice Provost for Research).

Goal #5: Expand services to non-UH research, development, and training projects.

Director Karl asked how the cost would be determined if a not-for-profit requested RCUH's services. Mr. Yee explained that RCUH would charge a 5% indirect cost rate; the negotiating federal indirect rate is 3.1%. RCUH uses the federal indirect rate for any state direct projects, but the rate is slightly higher for not-for-profits using private monies. He added that the rate can be revisited.

Director Karl inquired whether they would run a contract/grant through RCUH rather than requesting specific services. Mr. Yee responded that RCUH sometimes receives requests, but each request is reviewed, including the source of funds. RCUH conducts a more intensive review for state funds to ensure there is no violation of union rules. ED Gouveia added that there are parameters to accepting service orders from direct projects. Director Karl thanked them for their explanation, but commented that it seems like it would be a lot of work for a small percentage of business. He suggested that RCUH would need another large client like UH in order to share the cost of services. ED Gouveia agreed and stated that opportunities are limited and RCUH needs to be wise with how much effort is put into this initiative.

On the other hand, ED Gouveia acknowledged that it would be beneficial to conduct more outreach as RCUH has recently received a higher number of direct project requests and nearly half of the requests have been rejected or needed to be re-routed through different processes.

During the final comments, Director Karl remarked that RCUH should consider having the same number of objectives per goal, but noted it was a minor suggestion. Mr. Adler agreed that there should be a cap on the number of objectives, but recognized that it may be difficult to make it consistent since each goal carries different weight.

In closing, Mr. Adler reconfirmed that the goals and objectives will be cleaned up and reformatted to the existing template in preparation for the next board meeting for ratification. ED Gouveia added that he feels RCUH is going in the right direction and that the Task Force has helped tremendously. Mr. Adler turned the meeting back to Chair Bal, who wanted to share some closing remarks.

Chair Bal recalled that the original strategic plan was created in response to the State Audit, which set guideposts to help structure the strategic plan five years ago. Today, there is a similar correlation in the sense that RCUH is responding to the Task Force. He also recognized that the expenditure of funds that resulted from that strategic plan were largely driven from an inattention to modernization. Lastly, Chair Bal noted that five years ago there were no restrictions on what could or could not be considered for the plan. He shared that he does not want to limit the board or RCUH staff and encouraged them to share their thoughts if they believe something important is missing from the current proposal. Chair Bal reinforced that he likes the structure of the strategic plan and believes the salient points are being addressed. Mr. Adler informed the board that he will work with ED Gouveia and his staff to refine the proposed plan and encouraged the directors to submit any suggested changes as soon as possible.

Director Paloma stated that as a relatively new member of the board, it seems that RCUH is going through an identity crisis. She feels that this is a prime opportunity to solidify the identity and parameters of what RCUH can and cannot do, before taking it on a “roadshow” to inform others. Director Paloma expressed that it seems like others have defined that identity for RCUH in the past, but this strategic plan is an opportunity to avoid future misconceptions, which have taken time away from daily operations. She believes this is an opportune time to not only affirm the RCUH identity, but also capitalize on communicating that identity so that stakeholders, including the board of directors, have an easier time articulating that message within the community. ED Gouveia affirmed that Director Paloma had a good read of the current situation. He also noted for the record that prior to the Task Force established by the legislature, Director Syrmos had already convened a committee to evaluate the issues.

Director Karl thanked the staff for their effort, and inquired whether a formal SWOT analysis would be appropriate for this document. Mr. Adler recognized that a SWOT analysis can be used to amplify strengths and minimize weaknesses, and stated that RCUH has a good plan so staff may not need to do too much, however a quick effort may be worth it. He also claimed that the SWOT can be accomplished over the next few years and the plan can be refined over time. ED Gouveia agreed that Director Karl had a good suggestion, and shared that he has been considering doing an internal audit, primarily to focus on compliance. Director Syrmos concurred with Director Karl and emphasized that outliers are endangering the larger objective and mission of RCUH and UH. He acknowledged that RCUH is there to facilitate the research enterprise of the University, and appreciates that ED Gouveia has begun to implement conditions on what RCUH can and cannot do, given that the statute is so broad. Director Syrmos noted that RCUH needs to use that freedom wisely.

ADJOURNMENT

The meeting adjourned at 2:20 p.m.

/s/ Kaylee Hull

Kaylee Hull
Executive Administrator

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