



Minutes

BOARD OF DIRECTORS

Research Corporation of the University of Hawai'i

Friday, June 2, 2023

In-Person Location: East-West Center, Burns Hall 4th Floor, Makai Wing
1601 East-West Road, Honolulu, HI 96848

PRESENT: Eugene Bal, Ken Hayashida, David Karl, Jaret KC Leong, Taryn Salmon, Vassilis Syrmos.
Excused: Kelli Goodin, Diane Paloma

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

CALL TO ORDER

The meeting was called to order by Chair Bal at 9:08 a.m. Ms. Hull indicated that no written or oral testimony was received.

APPROVAL OF MINUTES OF THE MARCH 7, 2023 MEETING

Upon motion made (Hayashida), seconded (Salmon), and duly carried, the minutes of the March 7, 2023 meeting were approved as circulated.

FINANCIAL STATEMENTS FOR APRIL 2023

Mr. Yee reviewed the balance sheet from April 2023, which showed that RCUH's total assets were reported to be \$30.2 million and total retained earnings remained at \$10.6 million. He shared that RCUH's cash is a bit low due to a low amount in advances. The primary reason for this is ship operations, which currently has a low balance in terms of advances to RCUH. Despite this, RCUH should have sufficient cash to operate.

Mr. Yee reported that RCUH's working capital is at about \$8.2 million, which is sufficient as it is above the minimum amount. When reviewing the Statement of Revenues, Expenses, and Changes in Net Assets, Mr. Yee stated that RCUH should be at 83% in terms of revenues and spending. The total operating revenue is \$7.4 million, while expenses are \$6.3 million. RCUH's interest income is at a higher level than usual due to beneficial interest rates. Mr. Yee projects that RCUH's interest income should be at \$1.1 million by the end of the fiscal year.

Upon reviewing RCUH's Retained Earnings, Mr. Yee stated that the Volume of Business (i.e., expenditures run through RCUH) remains at \$268 million, a 12.7% increase compared to last fiscal year. This provides an idea of how much activity has gone on this fiscal year. Mr. Yee continued to review the Statement of Cash Flow, which showed that RCUH's receipts totaled \$258 million year to date, with \$262 million in total disbursements.

BUDGET APPROVAL FOR FISCAL YEAR 2024

Mr. Yee provided an overview of the current fiscal year, which projects total revenues to reach \$8.8 million with an interest income forecast at \$1.1 million, primarily driven by interest rates. RCUH's

operating expenditures is projected to be \$940,000 below budget, primarily due to savings in salaries and wages. The organization has been re-engineering certain positions and there are vacancies yet to be filled. RCUH's capital expenditures are forecast to be approximately \$1.2 million with the two primary projects being the transition of Revolving accounts and upgrading the HR Portal. Upon reviewing its working capital, RCUH's net cash flow is projected to be under \$1 million, with a working capital reserve at \$8.4 million.

Mr. Yee reviewed how he projected RCUH's revenue for Fiscal Year 2024, which includes flat fees for Intramural and Direct projects and a reduction in Revolving account fees. The majority of RCUH's revenue will come from Extramural fees, which are calculated using a proration of Extramural account expenditures to all project expenditures applied to RCUH's operating expenses. Mr. Yee also anticipates a decrease in interest income since the Revolving account cash balances will have been transferred to the University.

In terms of operating expenses, RCUH is proposing a budget of \$8.2 million, similar to Fiscal Year 2023. The biggest ticket items are salaries & fringes and IT services. RCUH Core Staff will receive a 5% salary increase in line with UH's bargaining unit. Mr. Yee added that IT expenditures will remain fairly stable and most contracts have already been negotiated.

Director Hayashida inquired about the discrepancy in salaries and fringes and Mr. Yee explained that RCUH budgets for full staffing versus the forecasted amount, which includes several vacancies. Executive Director (ED) Gouveia remarked that RCUH has experienced difficulties with hiring. While RCUH staff have been running on fumes at certain points, the organization is trying to be as efficient as possible and has been closely evaluating staff to keep operations afloat. RCUH has tried to work with employment recruiters, which are expensive, but almost necessary at this point. ED Gouveia added that there are several impending retirements so staffing will fluctuate until there is a transfer or filling of those positions.

When asked if RCUH salaries are competitive, ED Gouveia responded that it's more of a personnel issue. RCUH strives to keep salaries reasonable and in accordance with UH to avoid discrepancies. Since core staff are not unionized, it's easier to address these issues. He answered that RCUH's salaries are competitive, but does not like desperation hires at a higher salary compared to their peers. Ms. Higa noted that RCUH has flexible pay bands and tries to align those with the market and the University.

Director Karl asked whether there are any opportunities for student interns. Ms. Higa stated that RCUH currently has two student workers. When discussing whether a larger program could facilitate this, ED Gouveia shared that he's received interest from Engineering and the Law School. He's exploring whether students would be able to intern for credit at RCUH, but discussions have not gotten that far yet. He wants to ensure that RCUH is consistent with UH in these practices and although RCUH has a few student interns, he'd like more. Ms. Higa clarified that these students are undergraduates and Director Leong suggested that it may be beneficial to look for students majoring in Public Administration.

Mr. Yee continued to review the proposed budget, which reflects a net income of \$727,000, but explained that after eliminating interest income the amount would virtually break even. In terms of capital expenditures, RCUH anticipates two major initiatives next fiscal year, which includes

transitioning RCUH's Financial Portal to an enterprise platform called LumiSight and the replacement of the AS400. Other capital expenditures include IT enhancements to Employee Self-Service (ESS) and the Electronic Hiring System (EHS), and purchasing additional furniture for the acquisition of two new offices. Mr. Yee noted that there was an error in the materials due to an incorrect formula and that the working capital reserve at the beginning of the year for FY 2023 (both budget and forecast), should be \$7.4 million. *The revised projected working capital reserve at the end of FY 2023 (Budget) is \$6.5 million, FY 2023 (Forecast) is \$8.4 million, and FY 2024 is \$7.4 million.* Since RCUH is investing more in capital expenditures, it will result in a decrease in working capital, but over time RCUH should recover it through depreciation. Mr. Yee added that \$7.4 million is at the minimum of reserve requirements based on the new policy.

In regards to fringe benefits, Ms. Higa informed the group that there were no rate increases with Kaiser Permanente, however they did see a 13% increase with HMSA. Projects currently pay for 60% of an employee's health plan, while the employee is responsible for covering the other 40%. We are seeing other employers increasing the employer contribution as a way to potentially recruit and retain employees, but RCUH does not have any plans to change its allocation at this time.

Director Karl asked what types of procedures RCUH has when it receives an unexpected windfall in interest and deciding what to do with it. Mr. Yee responded that RCUH has its working capital reserve and retains interest profits to use in the regular operations, as well as any improvements. If the reserve amount were to get too high, money would be returned to UH per the RCUH Working Capital Reserve policy. When asked if there is a wish list that RCUH keeps, Mr. Yee stated that the wish list RCUH has is the improvements to the IT systems. Since RCUH tries to operate on a breakeven level, it does not focus on property or equipment, other than IT enhancements for its clients. ED Gouveia added that if there was an item on a wish list, RCUH would bring it to the attention of the RCUH Board. He also noted that a lot of the funding from CDs will go away with the transition of the Revolving Accounts. ED Gouveia reiterated that interest income helps to offset UH's fees, but if the reserve amount became excessive RCUH would follow the new working capital reserve policy and return funds as part of its fiduciary duty with the University.

Upon motion made (Hayashida), seconded (Leong), and duly carried, the proposed Fiscal Year 2024 budget was unanimously approved.

Chair Bal called for a brief recess from 9:40 a.m. to 9:47 a.m.

PROJECT PRESENTATION: PACIFIC DISASTER CENTER

ED Gouveia introduced Cassie Stelow, Director of Information Technology at the Pacific Disaster Center (PDC), to provide an overview of PDC's mission and work around the globe. Although PDC's headquarters are on Maui, it works globally, recently moving into Africa and Europe regions. Staff work with U.S. and international agencies, including foreign governments, to develop their capacity to respond to national disasters. Ms. Stelow also highlighted that PDC won the prestigious Sasakawa Award in 2022 for their efforts.

PDC developed a public version of Disaster Alert, which is a public smart phone app that gives people and their loved ones the information they need to stay safe anywhere in the world. PDC has expanded into the commercial private sector through UH's licensing partnership. They're working

with a company to offer their data and software as a service and have been in talks with Fortune 500 companies, such as Meta (Facebook). In terms of funding, PDC's base budget hasn't increased much, while costs have. PDC receives funds from the Department of Defense, as well as a variety of funders. She explained that a subset of this funding returns to the University as well.

Senator Daniel Inouye founded PDC in 1992 following the devastation of Hurricane Iniki. The University of Hawaii began managing the agency since 2006 and supports its mission to provide evidence-based research and data using technology solutions to reach decision makers, and to reduce disaster risk while increasing resilience worldwide. In layman's terms PDC serves as the bridge between science and decision makers, and providing these decision makers with easily digestible information. PDC collects real-time data from satellites and tsunami buoys to develop insights and models for many different types of natural disasters. Ms. Stelow noted that AI has helped PDC make complex messages easier to digest and gave kudos to PDC Director Ray Shirkhodai, who encouraged the use of AI in the past few years.

PDC highlights include the first and only global climate impact analysis in 2022 and the first women, peace and security analysis, which was featured in the recent U.S. Congressional Report on Women, Peace, and Security. PDC also worked with NASA last year to develop the first global flood prediction model. PDC is one of the Top 20 hi-tech organizations in the state by revenue and typically opens 1-2 positions per year. It has a robust paid internship program with the help of the UH System, Maui Economic Development Board, and Akamai Internship Program. Ms. Stelow reported that many interns become long-time employees with a high retention rate.

When asked whether all PDC employees are RCUH employees, Ms. Stelow stated that is correct, however they do work with contractors. Director Leong clarified that the UH President is the only UH employee associated with the project, but inquired why UH isn't mentioned anywhere on PDC's website or slides? Ms. Stelow acknowledged that the website was recently updated, but that she will look into that.

Following the presentation, VPRI Syrmos gave credit to President Lassner and PDC Director Shirkhodai for bringing PDC back to life and to the success that it is today. Ms. Stelow gave an overview of the types of subject matter experts that PDC hires and that typically their backgrounds are in disaster management or former military. She also conducted a demo of how reports are pulled on the DisasterAWARE website.

EXECUTIVE DIRECTOR'S REPORT

ED Gouveia began his report by sharing his earliest recollections of Chair Bal, who served as RCUH Chair the majority of his time on the Board. He stated that Chair Bal's guidance helped him make short and long term visions for RCUH, and he thanked him for his suggestions on how to approach difficult situations. ED Gouveia believes that Chair Bal has much to be proud of and thanked him for his years of service.

ED Gouveia mentioned that the two bills on RCUH's radar were not scheduled for public hearings after the crossover to the House. Despite this, ED Gouveia is aware that more work is to be done relating to the Task Force report and stated that he will work very closely with VPRI Syrmos to review Intramural Accounts. He continued that everything seems to be on target with the transition of

Revolving Accounts, which is scheduled for July 6, 2023. ED Gouveia thanked Mr. Yee and those on the UH side for working together on this issue.

ED Gouveia reported that RCUH is working on several IT concerns with DataHouse, including the installation of the new enterprise platform and the implementation of the AS400 replacement. DataHouse plans to use SAP, which is used by the State of Hawaii, and RCUH will continue to include CIO/VPIT Garret Yoshimi and Jodi Ito on this process to ensure that the system works with the UH system.

He shared that RCUH is working to reform its internal operations and he has met with managers to get their input on the strategic plan and how to reduce the administrative burden for researchers and become more efficient. RCUH will continue to reach out to UH to ensure that policies are consistent and systems are compatible.

ED Gouveia reported that although there are no new direct projects this quarter, he is currently reviewing a few potential projects. He concluded by thanking the RCUH Core Staff for working hard with the transition for the move and noted that staff will take into consideration the RCUH project survey results. ED Gouveia has reached out to a few individuals personally regarding the survey and shared that there's still some confusion between the Office of Research Services (ORS) and RCUH. Despite this, he stated that we're all on the same team and we will continue to do our best to direct them to the right place and provide advice when necessary.

RCUH PROJECT & CORE STAFF SURVEY RESULTS

Ms. Hull provided an overview of the 2023 RCUH Project Survey results, which included 879 responses from project staff, Fiscal Administrators (FAs), and Principal Investigators (PIs). She reported that based on this year's survey, RCUH slightly improved in overall satisfaction from the field and the top three words to describe RCUH remained Helpful, Efficient, and Professional. The majority of responses came from Project Staff and the Honolulu County, which is an accurate reflection of RCUH's constituents. There were fluctuations in the ratings for RCUH's financial services compared to the 2021 survey results, with the main concern being staff shortage and quicker response times. Respondents also mentioned improvements to the Financial Portal, which we believe will be addressed with the upgrade of the AS400 and the implementation of the Lumisight platform.

Ratings for RCUH's HR services saw drastic increases in satisfaction since 2021 with the main concerns being a more intuitive and user-friendly systems, and quicker response times and recruitment processing. The responses for the Corporate Services department were minimal since many of its responsibilities are behind the scenes and are not as front-facing as HR or Finance. Items for concern remain the RCUH website, which could be updated and more user-friendly, and making policies and procedures easier to navigate.

When asked whether RCUH reduced the project's administrative burden, 43% said Yes, 43% were Unsure, and 13% said No. Overall, satisfaction with RCUH as a whole increased 7% since 2021 (73% to 80%). The results are clear that PIs need more support from RCUH with 66% being satisfied or very satisfied. In terms of next steps, RCUH will begin internal discussions within departments to

discuss survey comments and suggestions, before developing a projected timeline for proposed changes.

For the RCUH Core Staff survey results, Ms. Hull reported that RCUH saw improvement in 14 out of 22 questions that were used in the 2021 Core Staff Survey. RCUH received 28 responses (85% response rate) and saw major improvements in the following statements:

- RCUH supports balance between work and personal life (+41%)
- Morale in department is high (+34%)
- Employees are treated well and respected (+30%)

The areas for improvements are communication amongst sections and ensuring pay is reasonable/commensurate with job responsibilities. Ms. Hull reviewed the areas with highest ratings in 2023, which included “My job responsibilities are clearly defined,” “I have a good understanding of RCUH’s mission,” and “I am satisfied with my benefits as an RCUH employee.” Statements with low ratings revolve around addressing poor performance, providing opportunities for training and professional growth, and internal communications.

ED Gouveia shared that these results are helpful, but there remains to be confusion as individuals don’t understand the difference between RCUH and UH. VPRI Syrmos responded that the results are irrelevant if individuals don’t understand what they’re rating. ED Gouveia replied that it highlights the need to train individuals more on the UH/RCUH relationship and address the issues. Director Leong added that he’s had experience talking with RCUH employees, who believed that they were state employees eligible for the Hawaii Employees’ Retirement System (ERS). Ms. Higa shared that she has experienced it herself as she has visited various islands to meet with RCUH employees regarding Open Enrollment and many individuals weren’t aware of their benefits. She stated that her theme for the next year is “back to basics,” to ensure that RCUH employees have a better understanding of their status and benefits from the onboarding process.

VPRI Syrmos shared that many PIs come from institutions where the services of ORS and RCUH are under one institution and that the UH/RCUH relationship is one of the few institutions in the country in which it is separate. ED Gouveia acknowledges that he’s spoken with many individuals over the years who have been confused by the UH/RCUH relationship, and that the PIs he spoke to recently have been with the University for a long time. Despite this confusion, he emphasized that the good part about the project survey is that it identified issues to address and that RCUH will incorporate those under the goals and objectives of the strategic plan.

[Director Hayashida left at 10:40 a.m.]

Director Salmon inquired about the current number of core staff employees RCUH has, as well as vacancies, due to the common theme of being short-staffed and the difficulty of filling positions. Ms. Hull responded that RCUH has approximately 35 full-time employees. Ms. Higa shared that HR has been fully staffed since January but based on the project survey, HR is now planning to hire a Benefits Coordinator and will continue to reassess its needs in order to service projects. Mr. Yee added that Finance’s challenge is replacing long-time employees who are retiring, although the timing works well with the replacement of the AS400. On the procurement side, it’s been difficult to find individuals familiar with state, federal, and UH procurement. Mr. Yee shared that he has

resorted to headhunters, but even then the procurement position has been unfilled for 6-9 months. ED Gouveia added that part of the issue is that RCUH is re-evaluating its internal operations to ensure that it is not overstaffed, and is trying to maintain balance as best as possible. He believes that with the current established management team, RCUH is in good shape and not in any critical danger at the moment.

APPOINTMENT OF PERSONNEL COMMITTEE FOR EVALUATION OF EXECUTIVE DIRECTOR

Chair Bal stated that the purpose of the Personnel Committee is to conduct the annual evaluation of the Executive Director. He appointed Director Hayashida, Director Leong, and Vice Chair Goodin (Chair) to the committee.

MAHALO TO OUTGOING BOARD CHAIR

Chair Bal recalled that for the last 10 years he's been a UH Regent, all 10 years he's been assigned to RCUH and he believes it was a good fit. Soon after UH won the contract for the Maui High Performance Computing Center in 2001, he received a call from the then RCUH Executive Director who planned to bring the Board of Directors. Chair Bal stated that he was in awe of that Board, and is still in awe of that Board. He declared that the Board's dedication, expertise, and leadership is what makes for a high functioning board. Chair Bal concluded that it has been his honor and pleasure to serve on this Board, and wished the Board and RCUH the very best in the future.

ADJOURNMENT

The meeting adjourned at 10:54 a.m.

/s/ Kaylee Hull

Kaylee Hull
Executive Administrator

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