



Minutes

BOARD OF DIRECTORS

Research Corporation of the University of Hawai'i

September 19, 2023

In-Person Location: East-West Center, Burns Hall 4th Floor, 4005/4009
1601 East-West Road, Honolulu, HI 96848

PRESENT: Kelli Goodin, William Haning, Ken Hayashida, David Karl, Jaret KC Leong, Ernest Wilson.
Excused: Taryn Salmon, Vassilis Syrmos.

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 Vice Chair Goodin at 9:05 a.m. Ms. Hull indicated that no written or oral testimony was received.

WELCOME NEW BOARD MEMBERS

Vice Chair Goodin welcomed the two new board members from the UH Board of Regents. She introduced Ernie Wilson as a retired executive and Army officer with over 50+ years of experience in travel, hospitality, food service, military logistics, and higher education. He's held numerous executive management and senior staff positions for hospitality organizations and also spent the last 15 years in academia teaching, developing, and implementing new curriculum at several universities.

Bill Haning is an emeritus professor of psychiatry at the John A. Burns School of Medicine. He currently serves as Director of Addiction Psychiatry/Addiction Medicine Residency Training Programs, Principal Investigator for the Pacific Addiction Research Center, and President for the American Society of Addiction. Director Haning also comes from a military background having retired from the Navy as a Captain in 2009.

APPROVAL OF MINUTES OF THE JUNE 2, 2023 MEETING

Upon motion made (Hayashida), seconded (Karl), and duly carried, the minutes of the June 2, 2023 meeting were approved as circulated.

FINANCIAL STATEMENTS FOR FISCAL YEAR 2023

Mr. Yee reviewed the unaudited financial statements for Fiscal Year 2023 and highlighted RCUH's total assets at \$45.7 million with a total liability of \$34.8 million. He reported that total retained earnings remained under \$11 million, while total current assets tallied \$42.3 million, mostly in cash. Mr. Yee expects this number to drop as the year progresses due to the transition of Revolving Accounts from RCUH to UH. He explained that the working capital and project contingent liabilities reserve represents RCUH's working capital reserve, which totaled \$7.6 million.

[Deputy Attorney General Reese Nakamura entered at 9:13]

When reviewing the “Statement of Revenues, Expenses, and Changes in Net Assets,” Mr. Yee pointed out the YTD (i.e., Year To Date) Actual column, which reflects how much RCUH spent in the 2023 fiscal year. He reported that RCUH received just under \$9 million in total fees and interest income, while RCUH’s operating expenses totaled \$7.6 million, resulting in a net operating income of \$1.4 million. Mr. Yee added that RCUH received \$1.2 million in interest income, which was driven by RCUH’s cash balances. Other items Mr. Yee highlighted include:

- RCUH invested in TCDs and a sweep account, which generated interest income.
- Salaries and wages were below budget due to consolidated positions in Human Resources and vacancies in Finance.
- Expenditures in Info Tech Services was above budget due to the programming required for the transition of Revolving Accounts back to UH.
- The \$1.3 million in capital assets under IT System Development is for the enterprise platform RCUH is currently developing.

In the Retained Earnings sheet, Mr. Yee focused on the Volume of Business from UH Projects, which indicates the volume of expenditures that are run through RCUH. He shared that RCUH saw a 16% increase over the prior year with \$333 million in expenditures on behalf of research projects. There were no comments on the cash flow sheet.

Executive Director (ED) Gouveia mentioned that the interest and other income is anticipated to decrease due to the Revolving Account transition. He stated that it was RCUH’s fiduciary duty to try to acquire as much interest as it could, but that will no longer occur since that cash will transition back to the University. ED Gouveia added that RCUH has had some personnel issues over the past few years, but it seems to be improving. RCUH has had to hire headhunters to help us recruit core staff, which has been an ongoing struggle across the state. He thanked the existing core staff for stepping up and working hard to get the work done.

ED Gouveia clarified that the \$333 million that RCUH processed is not profit or income. RCUH’s operational budget is approximately \$8.9 million to function. He stated that some individuals have confused what RCUH makes versus what it processes. Mr. Yee commented that the fee RCUH receives from UH amounts to approximately 3% of total expenditures.

Director Hayashida inquired how many positions RCUH is short by, and Mr. Yee responded that it’s roughly four positions. Director Haning shared his concerns regarding fixed wage scales and asked how RCUH is planning to respond to the demand for higher wages. ED Gouveia expressed that this issue was brought up this week and Ms. Higa summarized the new pay transparency equity law that will go into effect on January 1st in Hawai‘i. Since “salary as commensurate” is no longer an option, the HR Department is communicating with projects to ensure that their employees are paid fair and equitably. Ms. Higa opined that since salaries will be visible for similar positions across the state, she anticipates that salaries will rise to keep up. The RCUH HR Department does have a plan of action and has met with project staff from some of the larger research projects to review their salary equity for current employees.

Director Leong asked whether there is a plan for retention as he has seen more departures due to better offers. Ms. Higa explained that most recent departures have been due to retirements and that staff has stabilized on the HR side after shuffling individuals based on their strengths and adjusting their scope. She has seen a positive response to this strategy and is investing in professional development for her staff. Ms. Higa added that RCUH is also developing career maps for individuals who come to work for RCUH to show room for progression.

Director Karl asked how the new law will affect the posting of salaries as the existing pay scale is fairly broad. Ms. Higa replied that the bill states “reasonable” salaries, which means that RCUH’s current pay scale is too broad to post in a job listing. Projects will have to post a reasonable range within the pay scale, and will need to create internal pay scale guidelines to ensure equity.

Director Karl asked whether the Volume of Business for Revolving & SSF accounts will disappear due to the transition. Mr. Yee responded that RCUH will see a drop, but not all of it will go away. He shared that SSF accounts at UH are allowed to procure and hire through the RCUH system, but it’s up to the project to decide to use RCUH. He believes that some projects will return, but Director Karl expressed his concern as the Volume of Business for Revolving Accounts make up roughly 10% of RCUH’s total expenditures. ED Gouveia stated that RCUH is unsure of the impact yet and is not sure how UH has set it up on their side to make the funds more accountable to the Legislature. He estimates that RCUH may receive 50-70% of what was previously processed.

Director Wilson asked whether the pay transparency law will impact UH’s ability to be competitive in the research industry. ED Gouveia replied that he thinks there’s more flexibility in the research industry than the State since the funds have already been encumbered by the federal government, however those who are paid by research funds do not have longevity or a guarantee of employment compared to Administrative, Professional, and Technical (APT) employees at UH.

FINANCIAL STATEMENTS FOR AUGUST 2023

Mr. Yee briefly reviewed the financial statements for August 2023, which reflected RCUH’s total current assets at \$27.7 million. He pointed out that this is a significant drop from June’s totals (\$42.3 million) due to the transfer of Revolving Accounts. Mr. Yee indicated that RCUH’s working capital reserve totaled \$8 million, which is within the current policy.

Mr. Yee stated that the percentage of budget column reflects two months of activity, or approximately 16.7%. The interest and other income total exceeds that rate, but this is due to the remnant cash on hand prior to the transfer of Revolving Accounts. This number should even out over the year and get closer to the estimated \$750K number. Mr. Yee added that in terms of Volume of Business, RCUH experienced a 6% increase from last year. He had no comments on RCUH’s cash flow.

PROJECT PRESENTATION: COORDINATING GROUP ON ALIEN PEST SPECIES (CGAPS)—A PROJECT OF THE UH PACIFIC COOPERATIVE STUDIES UNIT (PCSU)

ED Gouveia introduced Christy Martin, the Program Manager and Information Officer for the Pacific Cooperative Studies Unit (PCSU), but also works closely with other projects within the UH College of Tropical Agriculture and Human Resources (CTAHR). Ms. Martin also works with political and agency leaders at the local, state, and national levels to communicate biosecurity needs and possible solutions, and conveys strategic action needs back to partners. She has been a longtime RCUH employee and recently won 3 Emmys for her work as executive director on the documentary “Saving ‘Ōhi‘a – Hawai‘i’s Sacred Tree.”

Ms. Martin expressed that it is thrilling to do this work and shared her appreciation for RCUH’s administrative efficiency and structure, which allows various funding sources to support the projects on the ground. She mentioned that the University of Guam was missing this structure, and therefore mirrored RCUH’s structure with the creation of the Research Corporation of the University of Guam (RCUOG). Ms. Martin reminded the Board that although RCUH is exempt from the state’s procurement policies, it doesn’t mean that projects are always able to use that authority.

Ms. Martin shared the difficulties of protecting natural resources, including water, native species, and ecosystems, across property lines. She identified six RCUH-associated watershed partnerships that are good examples of projects that fill gaps across property lines. Ms. Martin added that CGAPS was formed since several agencies were working on combatting invasive species, but not talking to each other. The Invasive Species Committees were also formed as a “gap filler” between agencies due to the lack of early detection and rapid response capabilities. Ms. Martin highlighted the work of the Maui Invasive Species Committee, which recently modified a sprayer under a helicopter with ant bait to treat little fire ants and another project that used drones and herbicide ballistic technology to target invasive plants. She also commented on the following achievements:

- The Hawai‘i Ant Lab developed the ability to treat little fire ants that live up in trees; this process is now used internationally
- CTAHR received federal and private contributions to combat the Coconut Rhinoceros Beetle since the State does not fund this work.
- RCUH hired a Ballast Water and Hullfouling Coordinator to combat aquatic invasive species. The State saw the value in this position and created a permanent civil service position.
- RCUH employee Dave Cohen pioneered the process to breed native sea urchins that are used to manage invasive seaweeds.
- RCUH supports the UH School of Law’s Environmental Legal Fellows program, which tries to bridge the gap between researchers and policy makers.
- RCUH supports Forest Bird Recovery Projects on Kaua‘i and Maui, that work with some of the most critically endangered species in the world.
- The Plant Extinction Prevention Program protects native species in remote areas and RCUH Employee Hank Oppenheimer discovered a new species, which was named after him
- The Rapid ‘Ōhi‘a Death project received emergency funding to get RCUH employees on the ground and identify pathogens that were new to science. There is a concerted outreach effort to inform the general public on how to reduce the risk of this disease from spreading.

Director Wilson asked if there is anybody in the state that does this work and Ms. Martin stated that RCUH is a tremendous resource to support all of these projects. She emphasized that RCUOG basically looked at RCUH’s structure and copied it. ED Gouveia mentioned that he’s been in touch with the Executive Director in Guam, who wanted to bounce some ideas around as they are a much smaller organization. He added that President Lassner has also visited the UOG several times.

Director Wilson asked whether the project has reached out to the rest of the Pacific. Ms. Martin shared that the project works regularly across the Pacific. Monies are flowing in to fight the influence of China in the Pacific and this is an opportunity to acquire more funding and solidify this work.

Director Karl shared that the concept of invasive species intrigues him and that he appreciates the fantastic work being done, especially on the ‘ōhi‘a. A question was asked whether Ms. Martin was familiar with the motivation of hiring former DLNR Director Suzanne Case, as the inaugural director of the UH Office of Land and Ocean Conservation Futures. Ms. Martin responded that Ms. Case has done a lot of work in many different areas and sees this as an opportunity to focus on federal funding, including from the Department of Defense. She looks forward to seeing what their initiatives are and that there is great need to do the work that is going to integrate fire and community protection. With the invasive grasses and shrubs, there is a need for more holistic planning and communications on this topic and she believes RCUH could be a major player in this aspect.

Director Haning inquired whether there are educational opportunities provided by these research projects. Ms. Martin explained that the projects previously offered volunteer opportunities on a more frequent basis, but one of the challenges is quickly registering unplanned volunteers. The current

structure requires a one-month head start, but she encourages individuals to volunteer through KUPU, which is not a RCUH project. She stressed that early internship opportunities is an area that the University has the chance to expand on to hook the younger demographic. Director Wilson concurred that faculty needs to be thinking about more opportunities to get students engaged by providing life experiences and added that he is glad to be a part of this board. Ms. Martin concluded that she is looking at ways to engage the next generation of researchers. Vice Chair Goodin shared that she also sees opportunities from a workforce development standpoint and that she appreciates the work of CGAPS and PCSU, as well as Ms. Martin's advocacy for RCUH.

Vice Chair Goodin called for a brief recess at 10:16 a.m. The meeting resumed at 10:29 a.m.

EXECUTIVE DIRECTOR'S REPORT

ED Gouveia thanked Ms. Martin for her presentation and addressed two points that she brought up. One, is that RCUH can be a conduit to hiring permanent civil service positions. He believes it's important for stakeholders to know that RCUH is not here to take over any positions, it's here to help. There are some legislators who may believe RCUH's statute needs to be changed, but ED Gouveia stated that there is no evidence RCUH has gone beyond what it should be doing as authorized by the current statute, in fact he thinks there is more work that RCUH could do to help support UH and our state.

The second point ED Gouveia wanted to address was early opportunities to engage students in research. He believes that although involving minors is risk adverse, it's critical to invest in the next generation. There are many benefits to hiring students and he reiterated that RCUH would be totally supportive in working with UH to support that type of effort.

Director Hayashida asked whether RCUH could hire students and ED Gouveia responded that this is possible at RCUH, but he was referring to minors. ED Gouveia shared that he didn't know anything about the research industry in high school and there's opportunities for the state workforce development council to build that pipeline with high schools and middle schools to the university. He added that he does not want to step on UH's toes, but he believes it can be explored as a group collaboration.

Director Wilson agreed that this is important and said that public education in the State of Hawai'i should be a seamless journey, from pre-K to high school and beyond. Director Haning echoed those sentiments and suggested it may be beneficial to make Hawai'i P-20 aware of this idea of hiring potential students as researchers.

ED Gouveia briefly summarized the structure of these reports and mentioned that the RCUH leadership team and management team have been meeting more frequently to ensure everyone is on the same page and promote transparency within the organization.

Impact of Maui Wildfires

ED Gouveia reported that at least one RCUH employee lost their home and from a project standpoint the Maui Forest Bird Recovery Project reported minimal damage to their office, while the Mauna Kahalawai Watershed Partnership recently restored power to their offices. ED Gouveia added that the Pacific Disaster Center played a role in the disaster response. He remarked that a group of RCUH Core Staff volunteered for the Hawaii Foodbank's Food Drive Day to give back.

Legislative Update

ED Gouveia reported that RCUH received a request for information regarding the process for onboarding new board members. UH General Counsel and Deputy AG Nakamura reviewed RCUH's response that was submitted to the University for distribution to the Legislature. He shared that RCUH has an orientation pamphlet that has been improved and updated to include hyperlinks to all of the relevant statutes, the Chapter 92 Sunshine Law text, as well as the guide to the State Ethics Code. ED Gouveia thanked the board members for volunteering their time and effort to RCUH.

Installation of Enterprise platform and replacement of the AS400

ED Gouveia reported that RCUH currently uses an old accounting system that needs to be replaced and met with DataHouse yesterday on the status of the project. The Revolving Account transition caused a delay to the timeline and the estimated completion date is the end of 2024. ED Gouveia noted that there are some UH Revolving Accounts that were allowed to operate under RCUH past the UH deadline due to difficulties with meeting the July 1st deadline. He stated that RCUH will continue to work closely with UH VPIT/CIO Garret Yoshimi to ensure RCUH is in alignment with the University.

Miscellaneous items:

- Office of Naval Research Audit: The Office of Naval Research conducted an audit and there were no findings or material weaknesses or violations of federal standards. Auditors expressed satisfaction with RCUH's procurement systems.
- TIAA breach: There was a third-party data breach with TIAA that affected RCUH employees. TIAA has been working closely with RCUH to address this incident.
- HMSA Credit: ED Gouveia mentioned that this was a relatively minor issue that took a significant time to address. He thanked the core staff for working on this efficiently and returning money back to employees and their projects.
- Revolving Accounts transition: He acknowledged that there are a small number of Revolving Accounts that need to be wrapped up.

Strategic Plan Updates

ED Gouveia provided a brief summary of the development of the strategic plan for the new board members. He explained that he doesn't typically review every item in this report, but board members can review the material and raise issues or ask questions as needed. ED Gouveia reiterated his belief in transparency with the board and reminded them that the strategic plan is a living document with anticipated changes and modifications as the years go on. He noted that RCUH core staff managers have proposed updates to the document, which has been shared with the UH Office of the Vice President for Research and Innovation for their feedback. ED Gouveia plans to share the updated document with the Board for their review.

ED Gouveia added that a lot of effort has been put in to reduce the administrative burden for researchers. Managers have been instructed to review their respective policies for efficiency, accuracy, and consistency with UH.

Direct Projects

The final item that ED Gouveia highlighted is RCUH's new direct project for the Western State Genetic Network. He noted that RCUH currently has 24 active Direct Projects, which is allowable under the statute. ED Gouveia remarked that requests are evaluated and if RCUH is unable to accept the project, it will help individuals find the correct pathway to move forward and execute their research.

Director Hayashida asked who the Principal Investigator is and where the funding comes from for the Western States Genetic Network. Ms. Higa responded that the PI's name is Patricia Hew and that the

funding is from federal monies that were awarded to the State Department of Health. Future announcements of Direct Projects will include the name of the Principal Investigator and the funding source. ED Gouveia shared that RCUH has been tracking how many direct projects have been rejected due to concerns from certain legislators. He added that RCUH does have employees working on Maunakea since the new stewardship and oversight authority hasn't determined how to move forward with employment. Those individuals will remain employed under RCUH until the new authority finds a solution.

Federal Government Shutdown

ED Gouveia received an email before this meeting, which states that a federal shutdown is expected to occur Oct. 1, 2023. He explained that RCUH does have a reserve in place that could cover a two-week period of expenditures. If a shutdown were to go beyond that and RCUH did not receive any reimbursements, RCUH would have to ask VP Syrmos for funding from his Research Training and Revolving Funds (RTRF). RCUH will monitor the situation and ED Gouveia added that the last time this occurred in 2013, RCUH and UH still received funding from the federal government and was not impacted.

APPOINTMENT OF AUDIT COMMITTEE & DELEGATION OF AUTHORITY TO APPROVE FY 2023 AUDITED FINANCIAL STATEMENTS

Vice Chair Goodin appointed Director Hayashida to chair, Director Salmon, ad hoc member Wally Chin (SVP & Chief Administrative Officer from the Hawaii Community Foundation) and herself. Due to the timing of the audit, Vice Chair Goodin requested a motion to delegate the authority to the Audit Committee to approve the Fiscal Year 2023 Audited Financial Statements. Upon motion made (Haning), seconded (Wilson), and duly carried, the Board of Directors approved the motion.

EXECUTIVE SESSION

Upon motion made (Hayashida), seconded (Leong), and duly carried, the RCUH Board of Directors convened in executive session to consider the hire, evaluation, dismissal, or discipline of an officer or employee, where consideration of matters affecting privacy will be involved, pursuant to Section 92-5(a)(s), Hawai'i Revised Statutes.

The meeting resumed at 11:30 a.m. [Director Haning left at this time]. Vice Chair Goodin thanked attendees for their patience. She stated that the purpose of the session was to discuss the performance evaluation for the Executive Director. The board concluded its discussion and shared that they are pleased with ED Gouveia's performance over the last year and look forward to his continued leadership at RCUH.

ELECTION OF OFFICERS

During the call for nominations, Director Hayashida was nominated for the Chair position. Ms. Hull called for a vote and the board unanimously elected Director Hayashida to serve the one-year term as Board Chair. For the Vice Chair position, Director Hayashida nominated Director Leong, while Director Karl nominated Vice Chair Goodin to serve the remainder of her term in her current position. Director Leong withdrew his nomination and the board unanimously elected Vice Chair Goodin to serve another term.

ADJOURNMENT

The next Board of Directors meeting is tentatively scheduled for Tuesday, December 5. The meeting adjourned at 11:36 a.m.

/s/

Kaylee Hull
Executive Administrator

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