

Board of Directors Meeting

Wednesday, March 13, 2024
East-West Center | Burns Hall
9:30 a.m.



Meeting
BOARD OF DIRECTORS

Research Corporation of the University of Hawai'i

Date: Wednesday, March 13, 2024 | Time: 9:30 a.m.

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

A G E N D A

Public Testimony on Agenda Items

Written testimony may be submitted via email to rcuhed@rcuh.com; U.S. mail to 1601 East-West Road, Burns Hall 4th Floor, Makai Wing, Honolulu, HI 96848; or facsimile to (808) 956-0502. All written testimony submitted are public documents and will be posted on the board's website and distributed to the board. Oral testimony will be limited to three (3) minutes per testifier.

1. Call to Order
2. Approval of Minutes of the December 5, 2023 Meeting
3. Financial Statements for January 2024
4. Report of Audit Committee
 - a. N&K CPAs Fee Proposal for FY 2024 Audit
5. Executive Director's Report
 - a. Legislative Update
 - b. Strategic Plan 2024 Update
6. Proposed Salary Adjustment Guidelines Effective July 1, 2024
7. Discussion and Approval of Proposed Bylaw Revisions
8. Adjournment

c: Office of the Lieutenant Governor

Reasonable accommodations for people with disabilities are available upon request. Requests for accommodations should be submitted via email to rcuhed@rcuh.com or by calling Kaylee Hull at (808) 956-0503. Requests should include a detailed description of the accommodation needed. In addition, please include a way for RCUH to contact the requester if more information is needed to fulfill the request. Last minute requests will be accepted, but may be impossible to fill.



DRAFT Minutes

BOARD OF DIRECTORS

Research Corporation of the University of Hawai'i

December 5, 2023

In-Person Location: East-West Center, Burns Hall 4th Floor, 4005/4009

1601 East-West Road, Honolulu, HI 96848

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

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 Hayashida at 9:15 a.m. Ms. Hull indicated that no written or oral testimony was received.

APPROVAL OF MINUTES OF THE SEPTEMBER 19, 2023 MEETING

Upon motion made (Karl), seconded (Wilson), and duly carried, the minutes of the September 19, 2023 meeting were approved as circulated.

FINANCIAL STATEMENTS FOR OCTOBER 2023

Mr. Yee reviewed the balance sheet for October 2023, which captures four months into RCUH's fiscal year. He reported approximately \$37 million in assets, \$25.5 million in liabilities, and total retained earnings of \$11.6 million. Mr. Yee explained that RCUH is letting Time Certificates of Deposits expire and putting those funds into a sweep account, which has a 5% interest rate. He also highlighted the working capital and project contingent liability reserve, which reflects a net working capital of approximately \$8.1 million.

In regards to the Statement of Revenues and Expenses, RCUH's actuals is on par with the year to date average (36.3%). Mr. Yee noted that although RCUH has turned over most of the Revolving Account funds to the University, a few accounts remain at RCUH such as Ship Ops and Mauna Kea Shared Services. Director Karl asked if Ship Operations will remain at RCUH and Director Syrmos responded that the project has a deadline of July 2024. He added that projects can still procure equipment and services and pay for them through RCUH's financial portal system.

Mr. Yee highlighted RCUH's volume of business over four months, which reflects that nearly \$123 million has been processed, a 12% increase compared to the previous year. He shared that UH Extramural Awards are down and Director Syrmos noted that this may be due to the HERF money that was transferred to RCUH in previous years. Mr. Yee did not have any comments on the cash flow statement, however he did share that the middle column reflected the volume of business being run through RCUH (\$117 million).

REPORT OF AUDIT COMMITTEE

Vice Chair Goodin reported that the Audit Committee met to accept the audited financial statements for Fiscal Year 2023. Although the audit wasn't completely finished at that time, it's since been completed with no modifications to what was presented to the committee. The committee voted to

accept the report, which didn't show any major material weaknesses or significant deficiencies from the financial statements. Vice Chair Goodin called for a motion to ratify the acceptance of the FY2023 audit. (Wilson Moved, Jaret seconded). Upon motion made (Wilson), seconded (Leong), the Board unanimously voted to accept the financial audit for fiscal year 2023.

Director Syrmos asked whether RCUH transmits the audited financial statements to the legislature per statute §36-2.5. Executive Director Gouveia explained that it's included in RCUH's Annual Report, which is transmitted to the legislature, and Deputy Attorney General Nakamura noted that he will look into it. ED Gouveia added that RCUH shares its financials with UH and it is not being hidden, but acknowledged it may not be in the format they want. Director Wilson stated that visibility will likely be much higher from the Legislature with the broadband contract and Chair Hayashida asked if UH presents it to the Board of Regents. ED Gouveia stated that it is not, however now that the Revolving Accounts have been transferred back to UH, he believes it will be reported under their normal course of business. He added that RCUH does work with and responds to requests from UH's auditors as well. Director Syrmos acknowledged that RCUH did a great job with managing the Revolving Accounts since it must process whatever UH requests, but there were questions as to how the funds were being used (by UH owners of the funds that were created).

APPROVAL OF BYLAW REVISIONS

ED Gouveia explained that RCUH had wanted to propose some minor changes to the bylaws to include updated guidance on remote meetings and clarify the verbiage regarding the approval of contracts. In Article 4, Section 6 it states that *"The Board shall approve any contract, lease, cooperative agreement or other transaction which exceeds or may exceed \$1.0 million in value in the aggregate and which is not authorized in any agreement previously approved by the Board."* He explained that there are many extramural awards over \$1 million that are processed without the need for board approval, however the language isn't very clear.

When he spoke to previous Executive Directors and board members, their interpretation was that the agreement previously authorized by the Board includes the Internal Agreement. ED Gouveia noted that there is language in the UH Regents policy that *"Should it be determined, in consultation with the board, that a contract or settlement is anticipated to have a significant impact on policies, programs, or operations; or result in potential institutional liability, the prior approval of the board shall be required regardless of amount and source of funding."* ED Gouveia believes that similar language should be adopted into RCUH's bylaws. He reported that this ties into the broadband contract that President Lassner reported to the UH Board of Regents, which did not require their approval. He suggested that the proposed changes are to clarify the language, but does not change anything operationally. Director Syrmos agreed that there shouldn't be any change to the bylaws as the UH President already signs agreements over \$5 million and he signs agreements over \$1 million; adding a requirement for RCUH Board approval for these types of contracts would stymie research.

There was an inquiry as to whether there was legislative concern or lack of understanding of the process regarding UH/RCUH's workflow for research projects. ED Gouveia stated that the bylaws proposal was prompted to ensure there is no misinterpretation over RCUH's authorization to handle contracts over \$1 million. He restated that RCUH will seek board approval for any contract/agreement for the benefit of RCUH's core staff operations, unlike those in support of UH Extramural awards. ED Gouveia requested that the board take some time to evaluate the issue and proposed changes and it can be voted on in the future, hopefully at the next meeting.

EXECUTIVE DIRECTOR'S REPORT

ED Gouveia opened his report by thanking his leadership team for putting this together and wished happy holidays to those in attendance. He reported that he's been working with RCUH Finance staff and the Attorney General's Office on executing a \$60 million Public-Private Partnership (P3) agreement with Ocean Networks, Inc. (ONI). As this is RCUH's first time involved with a P3 agreement, it was recommended by the Attorney General's office that RCUH seek services from an attorney with experience in these types of agreements. The individual that RCUH is working with has been used by the State and UH for the Aloha Stadium and RISE project. ED Gouveia provided backstory on the evolution of this agreement and stressed that P3 agreements have become more popular across the country, but many have failed when the parties were not on the same page. To ensure RCUH does its due diligence for the protection of UH, RCUH, and the State of Hawaii, RCUH has the external counsel on board to review and negotiate the proposed agreements and is working to get it done as quick as possible. He noted that no vote is necessary and that today's presentation is for informational purposes only.

ED Gouveia continued onto achievements related to RCUH's Strategic Plan since the last Board of Directors meeting. He reported that RCUH is currently evaluating the purpose and need for its line of credit with the Attorney General's Office. This topic has previously been brought to the Board's attention, however additional information has been brought up so RCUH will come up with a clear path for discussion, hopefully at the March 2024 meeting.

He highlighted that four board members were able to attend the Outstanding Employees of the Year award and two attended the recent forum. ED Gouveia shared that he's grateful for the board's engagement and hopes they feel that there is open communication with him. Other highlights include the following:

- Transitioning the UH Marine Center to eTimesheets
- Accommodating the new Pay Transparency Law in RCUH's HR Portal
- Addressing the core staff shortage by filling nearly all vacancies
- Coordinating a staff retreat to ensure core staff have a complete understanding of what we do and why we do it
- Improving RCUH's IT security and systems
- Executing the annual forum on AI's impact on academic research
- Scheduling virtual Q&A sessions for project staff
- Scheduling an in-person security briefing for cleared personnel on Maui

ED Gouveia added that MFA is a little behind schedule, but is forecast to be completed in early 2024. He shared that he's heard from the researchers that they're happy with the changes RCUH has been making and that RCUH continues to work on replacing the AS400. He concluded his report by noting that RCUH's strategic plan is a living document and that changes can be made as needed.

Finally, since not all RCUH board members were able to attend the RCUH Awards Luncheon in October, four videos were shared highlighting the 1st place awardees. Following the videos, Director Wilson inquired whether there is a coordinated process to combine the knowledge gained from different research projects as so much is happening in different fields. Director Syrmos responded that these processes are UH processes and RCUH is a service provider to UH for two things: procurement and HR. He emphasized that RCUH employees are hired to support UH projects and provide procurement services since they are exempt from the state procurement code, other than that everything else is coordinated by the University. Director Wilson suggested that in terms of gathering and disseminating information, stakeholders should consider how the university can capitalize on this from a strategic level. There was further discussion on whether projects are siloed

and whether it was RCUH's role to bring people together. Director Syrmos expressed that most campuses put on seminars to bring researchers together in a variety of fields and that RCUH is doing extremely well in supporting UH's research enterprise. ED Gouveia affirmed that RCUH is here to serve the University's needs and acknowledged that RCUH does support a few Direct (non-UH) projects, but does not anticipate that those projects will make up a large portion of RCUH's volume of business. He added that RCUH continues to receive requests for direct projects and evaluates whether it is an appropriate fit with RCUH's statute. If it isn't, RCUH will try to help the project find the right avenue for their work.

Chair Hayashida declared that Hawai'i's school system doesn't understand how great a school UH is and all the research that is being done in the state and that this is a big gap. Director Wilson concurred and recalled emphasizing the importance of adding data science to the General Education curriculum. He stated that connecting the dots between the Department of Education (DOE) and the University's world-class research is what he referred to earlier. ED Gouveia shared that he does have a few contacts with the DOE and has visited Honouliuli Middle School, which received an award for a mural tied to a researcher that does work with that school. He believes that middle school students should be targeted for exposure to research opportunities in the state and Vice Chair Goodin agreed that public schools should be targeted and that students should be exposed at an early age, in addition to their parents. ED Gouveia added that the University is doing well in that regard.

PROJECT PRESENTATION: STATE BROADBAND INITIATIVE: CONNECT KĀKOU

UH Vice President for Information Technology and Chief Information Officer Garret Yoshimi provided a presentation on the State Broadband Initiative. He began by highlighting the broadband context for Hawai'i and the importance of Internet for all, especially rural communities who rely on telehealth services. VP Yoshimi stated that it's critical to futureproof the state's communication infrastructure since the commercial market may not offer services to areas that lack financial return. In 2008/2009, the Hawaii Broadband Task Force was formed by the Legislature, which was chaired by President Lassner. The task force came up with some forward-thinking propositions, however there has not been much progress since then as it would require a lot of funding. The pandemic was an impetus for some of the federal funding that has been allocated for this initiative.

VP Yoshimi discussed the State's aging fiber connections that connect the islands to the rest of the world. Hawai'i is dependent on these undersea fiberoptic cables that have a life span of 25 years; meanwhile two of three systems have already surpassed the 25-year threshold. He disclosed that when the CARES funds were disbursed to Hawai'i, Sen. Schatz inserted language in several of these bills to ensure the funding of submarine fiberoptic cable systems and cable landing stations. VP Yoshimi explained that through the Bipartisan Infrastructure Law (BIL), Hawaii received two awards that were sub-awarded to the University. He provided an overview of the various government entities that are involved in this project, including the Lieutenant Governor's Office, the Department of Business, Economic Development & Tourism (DBEDT), and the Department of Hawaiian Homelands (DHHL). VP Yoshimi also provided a high-level overview of the primary federal sources, including the Tribal Broadband Connectivity Program, which allocates up to \$90 million to DHHL. The University entered in a Memorandum of Understanding (MOU) last year to provide network assistance to DHHL at no cost. After reviewing the required matching funds for the Broadband Equity Access Deployment (BEAD) program, VP Yoshimi provided an update on the current status for the various projects, and noted that not all projects are being processed through RCUH.

In terms of the ONI agreement, he explained that this capital project is to create the first landing locations, starting in Hilo, that would then interconnect with UH locations and DR Fortress on Oahu. By having diverse landing sites and locations, it would provide resilience to the public network. He explained that \$60 million is half of the cost to construct these landing locations and that there is

zero liability to the State and public sector for cost overruns, operations, maintenance, and liability for future capital calls. The State is receiving a 20% equity interest in the outcome; this prorated equity percentage covers the cost of operations and maintenance and levels out the risk for the rest of the equity partners. The State will also receive access to one pair of fibers to connect plus a Lit Capacity of 300GB for the State and 200GB for DHHL (UH and DOE currently share 200GB of connections) to accommodate future capacity. VP Yoshimi reported that the activity to establish these landing locations has already attracted significant additional interest in new transpacific cable builds. One of the biggest roadblocks to attracting new systems to land here is the uncertainty of individual operators having to go through the permitting and landing process.

VP Yoshimi reviewed the achievements and milestones for this project, which included a site selection and desktop study completed in 2022. Former Governor David Ige and his cabinet approved plans submitted to the U.S. Treasury in Fall 2022, and in April 2023 the award was announced in a White House press conference. He shared that currently he is working to execute the partner agreement with the help of Attorney Craig Scully who has participated in a number of Hawaii P3's. He is encouraged that he will get an agreement soon that is good for the project that will protect both UH and RCUH. The targeted Ready for Service date is December 2026. VP Yoshimi added that counties are also engaged in conversations and are very excited about this partnership moving forward.

Director Karl stated that this work is very impressive and noted that the detailed map was made possible by RCUH through the Kilo Moana. He followed up inquiring how RCUH's stance on construction affects this project. VP Yoshimi explained that the way this project is structured, RCUH nor UH is directly constructing any of the elements in the project. The University will manage and oversee the activities of ONI, which will engage its subcontractors and employees on the Design and Build aspect. ONI will be responsible for its own subcontractors, while UH oversees their oversight of the construction project. Director Leong asked whether UH/RCUH assumes any liability or risk and VP Yoshimi assured the board that the answer is no and that one of the main elements in the agreement is that the risk and responsibility to complete the project is on the private partner. Director Leong inquired whether the RISE project was structured similarly, but VP Yoshimi responded that the situations for each P3 project is different. ED Gouveia reinforced that the key element here is that there is no future liability for future funding for the State. He explained that it's critical to avoid executing this agreement in a piecemeal fashion to ensure that there are no future "gotchas." Another question was raised regarding the creation of an LLC for bonding and VP Yoshimi stated that it'll likely be created this legislative session or next session. The University may hold it temporarily while the entity is established. VP Yoshimi shared that he'll likely present an update next year before the next projects are initiated.

VP Syrmos explained that for the RISE project, UH CFO Kalbert Young served as the individual who oversaw financial transactions and asked who within RCUH would serve in that role. VP Yoshimi responded that the responsibility would fall on himself from an execution standpoint as the designated Principal Investigator for these projects. RCUH would provide execution support and advice in terms of contracting.

Director Wilson noted that P3s have been around a long time in the hotel industry and that it's good that RCUH was able to procure Craig Scully's services. VP Yoshimi shared that P3s/consortiums are the common setup for anyone building a long-haul transpacific network. Director Syrmos commended VP Yoshimi for his work and acknowledged that this is wonderful news for the State. Chair Hayashida also commended VP Yoshimi and ED Gouveia for navigating this project. ED Gouveia disclosed that he hopes the agreement will be executed by the next board meeting and an update will be provided at that time.

There was a final inquiry regarding UH's involvement on quantum computers, but VP Yoshimi doesn't believe there's major interest in quantum since it's a large investment from a computing perspective.

2024 RCUH BOARD OF DIRECTORS MEETING SCHEDULE

There was no discussion on this agenda item, other than recognizing that board meetings will be moved to the first Wednesday of the month.

ADJOURNMENT

ED Gouveia thanked his staff before the meeting concluded. The meeting adjourned at 11:27. The next Board of Directors meeting is scheduled for March 6, 2024.

/s/

Kaylee Hull
Executive Administrator

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

RESEARCH CORPORATION OF THE UNIVERSITY OF HAWAII
BALANCE SHEETS
JANUARY 31, 2024 and 2023

ASSETS	2024	2023
CASH AND CASH EQUIVALENTS	\$ 13,764,233	\$ 26,851,146
RESTRICTED CASH (RETIREE MEDICAL AND LIFE INSURANCE)	1,700,000	1,700,000
TIME CERTIFICATES OF DEPOSIT	3,000,000	9,500,000
SHORT TERM INVESTMENT	4,032,434	3,949,993
RECEIVABLES		
UNIVERSITY OF HAWAII, NET	3,090,316	-
PREPAID EXPENSES	<u>88,684</u>	<u>475,543</u>
TOTAL CURRENT ASSETS	<u>25,675,667</u>	<u>42,476,682</u>
FIXED ASSETS (Less accumulated depreciation of \$8,133,159 and \$7,902,582 for FY 2024 and FY 2023, respectively)	<u>3,399,304</u>	<u>2,058,953</u>
TOTAL ASSETS	<u><u>\$ 29,074,971</u></u>	<u><u>\$ 44,535,635</u></u>
LIABILITIES AND RETAINED EARNINGS		
LIABILITIES:		
ACCOUNTS PAYABLE	\$ 527,438	\$ 157,020
ACCRUED EXPENSES AND PAYROLL TAXES WITHHELD	2,925,232	3,136,215
ADVANCES		
UNIVERSITY OF HAWAII, NET	-	16,914,795
OTHER SPONSORING AGENCIES, NET	2,309,687	3,040,893
WORKER'S COMPENSATION RESERVE	2,651,304	2,722,245
UNEMPLOYMENT RESERVE	3,194,998	2,975,754
VACATION PAY OUT RESERVE	<u>769,598</u>	<u>506,803</u>
TOTAL CURRENT LIABILITIES	<u>12,378,257</u>	<u>29,453,725</u>
LEASE LIABILITY	145,554	257,434
SUBSCRIPTION LIABILITY	140,844	-
ACCRUED SUPPLEMENTAL RETIREMENT BENEFITS	1,863,876	1,958,116
RETIREE MEDICAL AND LIFE INSURANCE BENEFITS	<u>2,539,015</u>	<u>2,560,866</u>
TOTAL LIABILITIES	<u>17,067,546</u>	<u>34,230,141</u>
RETAINED EARNINGS:		
INVESTED IN CAPITAL ASSETS	3,399,304	2,058,953
DESIGNATED FOR:		
WORKING CAPITAL	7,495,923	7,165,279
PROJECT CONTINGENT LIABILITIES RESERVE	<u>1,112,198</u>	<u>1,081,262</u>
TOTAL RETAINED EARNINGS	<u>12,007,425</u>	<u>10,305,494</u>
TOTAL LIABILITIES AND RETAINED EARNINGS	<u><u>\$ 29,074,971</u></u>	<u><u>\$ 44,535,635</u></u>

NOTES:

- 1) This balance sheet does not include accruals for liabilities related to project expenditures.
- 2) Outstanding purchase orders totaled \$71,119,927 and \$88,017,697 at January 31, 2024 and 2023, respectively.

RESEARCH CORPORATION OF THE UNIVERSITY OF HAWAII
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE PERIOD ENDED JANUARY 31, 2024 and 2023

	FYE 6/30/24 BUDGET	YTD ACTUAL	% OF BUDGET	YTD LAST YEAR
REVENUES:				
UNIVERSITY OF HAWAII	\$ 7,678,480	\$ 4,241,283	55.2%	\$ 4,036,561
OTHER SPONSORING AGENCIES	540,000	325,751	60.3%	307,046
INTEREST AND OTHER INCOME	750,000	988,252	131.8%	561,885
TOTAL OPERATING REVENUES	8,968,480	5,555,286	61.9%	4,905,492
OPERATING EXPENSES:				
SALARIES & WAGES	3,831,864	1,954,797	51.0%	1,818,747
FRINGE BENEFITS	997,194	470,785	47.2%	470,154
INFO TECH SERVICES	500,000	457,739	91.5%	262,501
HUMAN RES./PAYROLL SYSTEM	707,401	352,704	49.9%	381,343
SUPPLIES	120,000	44,473	37.1%	21,630
TRAVEL	32,500	2,761	8.5%	8,659
CPA SERVICES	51,832	51,832	100.0%	49,005
UTILITIES	18,850	4,788	25.4%	8,277
RENTAL - SPACE/EQUIP/OTHER	142,200	78,745	55.4%	173,182
REPAIRS & MAINTENANCE	-	-	0.0%	-
BANK FEES	24,000	23,029	96.0%	18,551
TRANSPORTATION	500	-	0.0%	-
BOARD OF DIRECTORS MEETINGS	10,000	1,134	11.3%	1,257
INSURANCE	600,000	360,839	60.1%	336,504
PROFESSIONAL/TECHNICAL SUPPORT	242,500	89,497	36.9%	97,048
DISCRETIONARY FUND	10,000	4,801	48.0%	670
STAFF DEVELOPMENT	25,700	11,206	43.6%	5,936
TRAINING MATERIAL DEVELOPMENT	80,000	56,079	70.1%	46,768
TUITION SUPPORT	75,000	28,563	38.1%	24,246
OTHER	140,100	154,660	110.4%	59,986
DEPRECIATION EXPENSE	632,000	368,200	58.3%	387,800
CLAIMS & SETTLEMENTS	-	-	0.0%	-
PROJ OVERRUNS & DISALLOWANCE	-	-	0.0%	-
TOTAL OPERATING EXPENSES	8,241,641	4,516,632	54.8%	4,172,264
OPERATING INCOME (LOSS)	\$ 726,839	\$ 1,038,654		\$ 733,228
INVESTMENT IN CAPITAL ASSETS				
FIXED ASSETS	25,000	26,483		-
IT SYSTEM DEV - INFO TECH SERVICES	2,094,240	261,780		-
IT SYSTEM DEV - HR/PAYROLL SYSTEM	210,000	48,223		17,284
TOTAL INVESTMENT IN CAPITAL ASSETS	\$ 2,329,240	\$ 336,486		\$ 17,284

RESEARCH CORPORATION OF THE UNIVERSITY OF HAWAII
RETAINED EARNINGS (NET ASSETS)
JANUARY 31, 2024

CHANGES IN RETAINED EARNINGS

	INVESTED IN CAPITAL ASSETS	WORKING CAPITAL	PROJ CONTING LIABILITIES	TOTAL OPER FUND BALANCE
BEGINNING BALANCE	\$ 3,431,018	\$ 6,425,555	\$ 1,112,198	\$ 10,968,771
OPERATING INCOME	(368,200)	1,406,854	-	1,038,654
INVESTMENT IN CAPITAL ASSETS	336,486	(336,486)	-	-
ENDING BALANCE	<u>\$ 3,399,304</u>	<u>\$ 7,495,923</u>	<u>\$ 1,112,198</u>	<u>\$ 12,007,425</u>

VOLUME OF BUSINESS

	FY 2024	FY 2023
UH PROJECTS		
EXTRAMURAL	\$ 151,199,509	\$ 149,333,603
INTRAMURAL (GRS)	15,382,252	9,130,815
REVOLVING & SSF	30,368,578	21,571,983
DIRECT PROJECTS		
FEDERAL	74,935	95,185
NON-FEDERAL	<u>7,902,938</u>	<u>7,290,863</u>
	<u>\$ 204,928,212</u>	<u>\$ 187,422,449</u>

UH EXTRAMURAL AWARDS

(obtained from UH Office of Research Services)

	FY 2024	FY 2023	VARIANCE	% VARIANCE
Fiscal Year to Date (Jul 01 to Jan 31)	\$ 389,739,488	\$ 335,136,476	54,603,012	16.3%
12 month period (Feb 01 to Jan 31)	570,541,078	504,892,842	65,648,236	13.0%
3 month period (Nov 01 to Jan 31)	207,931,298	87,488,195	120,443,103	137.7%

RESEARCH CORPORATION OF THE UNIVERSITY OF HAWAII
STATEMENT OF CASH FLOW
FOR THE PERIOD ENDED JANUARY 31, 2024 and 2023

	CURRENT MONTH	FY 2024 YEAR-TO-DATE	FY 2023 YEAR-TO-DATE
BEGINNING CASH BALANCE	\$ 16,740,532	\$ 31,943,905	\$ 20,979,139
Receipts:			
UH Projects	22,495,046	161,181,859	161,893,518
Direct Projects	404,321	7,417,407	7,311,957
Revolving Funds and Other	382,487	4,707,887	11,873,031
UH Management Fee	-	3,047,241	1,049,824
	<u>23,281,854</u>	<u>176,354,394</u>	<u>182,128,330</u>
TCD Redemption	<u>-</u>	<u>2,500,000</u>	<u>7,696,000</u>
Total Receipts	<u>23,281,854</u>	<u>178,854,394</u>	<u>189,824,330</u>
Disbursements:			
Vendors	12,098,890	95,318,211	86,630,532
UH Payroll Clearing	23,173	375,589	1,619,967
Salaries & Wages	8,126,818	58,146,508	51,793,423
Payroll taxes	3,411,648	24,474,237	22,015,329
TIAA-CREF	1,202,450	8,006,224	7,257,195
HMSA/Kaiser/HDS	1,394,874	9,724,626	8,919,120
TCD Purchase	-	1,000,000	4,000,000
Short Term Investment Purchase	-	-	-
Other	-	-	-
	<u>26,257,853</u>	<u>197,045,395</u>	<u>182,235,566</u>
Total Disbursements	<u>26,257,853</u>	<u>197,045,395</u>	<u>182,235,566</u>
Increase(Decrease):			
Petty Cash Balances	(300)	1,290	(5,800)
Bank of Hawaii (PR)	-	-	-
Savings - TCD	-	-	-
Retricted Cash - Retiree Health Ben	-	-	(1,700,000)
Other	<u>-</u>	<u>10,039</u>	<u>(10,957)</u>
	<u>(300)</u>	<u>11,329</u>	<u>(1,716,757)</u>
ENDING CASH BALANCE	<u><u>\$ 13,764,233</u></u>	<u><u>\$ 13,764,233</u></u>	<u><u>\$ 26,851,146</u></u>

NOTES:

This statement of cash flow does not include transactions for revolving accounts or specialized service facilities which are processed by journal entry transactions.

RCUH BOARD OF DIRECTORS MEETING – MARCH 13, 2024 EXECUTIVE DIRECTOR'S REPORT

This report presents programmatic updates and summarizes RCUH's major initiatives since the Board's December 5, 2023 meeting. It begins with updates, followed by a status report of the actions taken toward RCUH's 2022-2026 Strategic Plan.

UPDATES

Legislative Update

Prior to this year's legislative session, the University asked RCUH to provide travel information for UH Employees in preparation for their legislative budget briefing on Jan. 10, 2024. RCUH staff manually cleaned the list of approx. 3,500 travel completions in the 2023 calendar year. To reduce the manual labor in anticipation of next year's request, RCUH plans to look into incorporating additional fields into the Financial Portal and evaluate whether it can incorporate UH's existing eTravel platform.

Additionally, Senator Donna Mercado Kim directly asked RCUH on Jan. 8, 2024, for a list of the 30 highest paid RCUH employees, including their salaries, research projects they're currently pursuing, and their respective department of employment. She also asked for the number of RCUH employees working out of state for two months or longer for the past five years. Despite a 24-hour deadline, RCUH pulled the data and shared it with Senator Kim, as well as UH officials and the RCUH Board of Directors.

ED Gouveia attended the informational briefing on Jan. 10 and provided a response on Feb. 1 to some of the committee's inquiries, such as the number of RCUH employees who work for State Agencies under a Direct Project (54). RCUH also provided Senator Kim with actions that RCUH and UH have taken since the December 2021 Task Force Report to limit our scope; this included (but was not limited to) discontinuing RCUH's Dual Employment policy, transferring revolving accounts back to the University, and tracking Direct Project requests.

In terms of bills, [SB3208](#) was introduced by Senators Kim, DeCoite, Fevella, Hashimoto, Kidani, and Wakai on Jan. 24 to clarify RCUH's purpose. This bill did not move forward, however [SB1511](#) was carried over from the 2023 legislative session and scheduled for a hearing with the House Committee on Higher Education & Technology (HET) on Feb. 9. The University offered comments in testimony, while RCUH submitted opposition to the bill. The HET committee recommended that the bill be passed with amendments and was referred to the Finance committee on Feb. 21.

Hawaii Broadband Initiative P3 Agreement

Since VP Yoshimi's presentation at the December 2023 Board of Directors meeting, ONI and RCUH have executed a contract effective January 23, 2024. This will allow ONI to begin the permitting process. Separate agreements will be executed for the P3 entity and the financing (which may, or may not, involve RCUH – depending on the specific needs of UH). It should be noted that it was recently brought to ED Gouveia's attention that there is a legislative inquiry on the appropriateness of RCUH's involvement in the Broadband Initiative and it is currently being evaluated by the Attorney General's Office.

Replacement of the AS400

The implementation of SAP to replace RCUH's AS 400 system began a new phase on Jan. 29 called the "Fit to Standard Workshops." These workshops are designed to narrow the specific RCUH requirements to enable the SAP developers to plan and design the new RCUH financial system. The workshops have been slowed due to an illness with the SAP facilitator. A decision was made to move forward with a new facilitator and the workshops are set to resume on March 4. In an effort to meet the goal of our

conversion to SAP by December 31, 2024, the workshops will be reduced and focused upon the relevant key RCUH processes that will be necessary in order to perform its fiscal support functions.

Development work on the key data interfaces has started. The interfaces include:

- Re-platformed Financial Portal to SAP
- FREDI and Reverse FREDI
- Electronic Payments and Banking
- Procurement (SuperQUOTE™)
- RCUH PeopleSoft

Implementation of an Enterprise Integration and Application Development Platform

RCUH began User Acceptance Testing (UAT) of the Lumisight platform and the refreshed Financial Portal on Feb. 12. The UAT revealed a high number of errors on the initial form page being tested. Because RCUH previously encountered a number of errors and bugs in its initial October 2023 review, RCUH held a meeting with the DataHouse Executive team to discuss performance issues. DataHouse agreed that the defect rate was too high and will work to address the defects and strengthen their quality control efforts to catch and correct these defects prior to RCUH's UAT. The Lumisight platform and a refreshed Financial Portal is now projected to be rolled out in the 2nd quarter of 2024.

Recruitment of Finance Director

With the impending retirement of RCUH's Director of Finance, the position was posted in December 2023 to begin the recruitment process. ED Gouveia anticipates that it will take some time to find an individual who meets all of the qualifications regarding procurement and accounting experience. To date, no candidate meets all of the MQ's for the position as currently posted.

RCUH Core Staff Retreat

On the last business day of 2023, RCUH staff gathered at Ko'olau Ballrooms for a staff retreat moderated by Dr. Peter Adler. With more than a third of the core staff hired within the last three years, it was critical to connect and level set to ensure everyone has a high-level understanding of RCUH's internal operations. Activities included a SWOT analysis for RCUH as an organization, department presentations, and one-word responses on how staff would like to describe RCUH at the end of 2024. The greatest feedback that RCUH received post-retreat was that it improved staff morale and team cohesion and 17 out of 18 respondents indicated they would recommend a retreat in 2024. Here's some of the feedback from core staff:

"As change is inevitable with staffing, having these types of events that allow for sharing and collaboration is conducive of an inclusive workplace. Sometimes, processes may not cross over within teams that focus on separate missions like Benefits and Accounting, for instance, but knowing each other's challenges and goals could provide insight into some of the day-to-day. (It also helps to understand our resources, as our organization grows with new people)."

"My biggest takeaway was that it is important to learn about what the other departments do so we can do our jobs better. I also learned that it is important to take time to talk to your coworkers as we are a team and a family. Last but not least, that everyone works together to support each other."

"There were similar patterns on pain-points and concerns (i.e., friction points with FAs/Projects, change in UH leadership, etc.) shared across RCUH divisions...this was quite validating to hear and, in many ways, it may have unified the organization. It was also very informative to understand what each division focused on and to share what our own teams did."

"It was a very nice setting for all of us especially this is an off-site event rather than in the conference room at EWC. It gave me a complete free mind set and concentrate. The topics were interesting, and everyone participated in each section."

ACTIONS TAKEN TOWARD GOAL ACHIEVEMENT RCUH 2022 – 2026 STRATEGIC PLAN

GOAL 1. EVALUATE AND IMPLEMENT RECOMMENDATIONS FROM THE RCUH TASK FORCE.

- **Determine the appropriate level of and proper use of RCUH's reserves, line of credit.**
 - **Evaluate purpose and need for line of credit.** RCUH has completed its evaluation of the purpose and need for a line of credit (LOC). The evaluation included a review of the history of the LOC, how the LOC functions to supplement RCUH's cash flow, and the current proposed bank terms and conditions. With guidance from the State Attorney General's Office, RCUH has elected to terminate its line of credit. RCUH will review alternatives for cashflow shortfalls with guidance from the AG's Office.
- **Collaborate with UH in an effort to minimize IT costs.**
 - **Collaborate with UH IT on replacement of RCUH's AS400 system.** RCUH held an SAP Brown Bag Session on Feb. 27 to familiarize RCUH users and key UH Fiscal and UH IT personnel on the available self-service SAP system, resources, and features. The overall response to the session was generally positive and it generated positive internal discussions on RCUH's payroll processes and its interface with the future state SAP system. In addition, the session helped to build further awareness with the University of RCUH's planned move to SAP. RCUH is also working closely with DataHouse on scheduling "Fit to Standard" workshops that are designed to determine RCUH's specific business requirements and match those with the standard functionalities offered by SAP.

GOAL 2. CLARIFY RCUH'S IDENTITY WITH UH AND THE STATE.

- **Ensure stakeholders understand RCUH's role and limitations.**
 - **Educate government agencies, private companies, not-for-profits about RCUH's services and capabilities.** ED Gouveia continues his outreach efforts with government agencies and UH offices, including the Department of Labor and Industrial Relations, the Defense Counterintelligence and Security Agency, and the UH Community Colleges' Office on RCUH's services and capabilities.

RCUH also published and distributed its 2023 Annual Report to the Legislature, Board of Directors, and the Top 100 Principal Investigators in terms of Volume of Business with RCUH. This year's report featured the Center on Disability Studies and the Hawaii Ant Lab.

GOAL 3. REFORM RCUH'S INTERNAL OPERATIONS.

- **Identify and implement efficiencies in RCUH's operations.**
 - **Evaluate internal procedures and streamline for efficiencies.** Project Administration streamlined internal guidelines for privately funded (non-State) Direct Projects to allow for exceptions to RCUH's procurement policies. Since no Federal or State funds are being used by these privately-funded projects, exceptions to RCUH policies on standard terms and conditions for low-risk purchases are being granted. Exceptions are also being granted from

RCUH procurement policies that require justification for multi-term contracts.

- **Invest in development of RCUH core staff.**

- **Utilize and implement feedback from core staff.** As a follow-up discussion to the December staff retreat, an all-staff meeting is scheduled for March 15 to review the "Introduction to RCUH" presentation and recap the discussions from the retreat. ED Gouveia will present the data with additional context to staff. This will further enhance staff's understanding of the "big picture" of RCUH.

In terms of feedback from core staff, another issue that employees have reported is the lack of WiFi connection in certain areas of Burns Hall. RCUH's IT Administrator worked with UH Information Technology Services (ITS) to roll out more UH Wi-Fi hotspots on the fourth floor, which would allow better connectivity for both RCUH and UH guests.

- **NEW – Address staffing shortage:** The Project Administration section is now fully staffed with the hiring of a Project Administration Fiscal Specialist. The Corporate Services (CS) Department is also fully staffed with a CS Coordinator and CS Specialist. These two positions were recruited to fill the CS Director's former position, as well as to backfill a veteran employee who will be retiring at the end of the year.

- **Ensure systems are secure and in compliance with applicable policies, regulations.** In February 2024, Google and Yahoo initiated an email authentication requirement for domain owners who send more than 5,000 emails daily to personal accounts. This would significantly affect RCUH's bulk emails whether it's the e-Newsletter or general announcements. In order to meet this requirement, RCUH's IT Administrator utilized a DMARC vendor to avoid any issues. He configured DMARC to monitor for email spoofing and plans to implement a DMARC policy in the next few months.

In terms of HR-related regulations, the staff ensured that its system and pay schedules were adjusted to accommodate Hawai'i's new minimum wage increase to \$14 per hour. HR staff continues to work directly with Principal Investigators and project staff to ensure that employees conformed with the new pay schedules. HR staff also ensured that all job listings reflect an hourly/salary rate or range that reasonably reflects the actual expected compensation of the position to be in compliance with Hawai'i's Pay Transparency/Equal Pay law, effective January 01, 2024.

- **Implement MFA for all RCUH systems no later than calendar year 2023.** RCUH implemented Duo Security's Two-Factor Authentication on the Financial Portal and HR Portal/Employee Self-Service (ESS) on Feb. 23. By requiring two different channels of authentication, we can protect user logins from remote attacks that may exploit stolen usernames and passwords. A step-by-step guide and Frequently Asked Questions document were distributed to users prior to the launch. There have been reports of enrollment issues for some users, but RCUH staff have been successful in resolving these issues.
- **Develop and implement an action plan for data and systems security.** RCUH's IT Administrator utilized unused HR hardware in the UH IT data center to deploy and configure new domains for the CS/Finance network. He is planning and testing network segmentation simultaneously with the standing up of the new domain.

- **Reduce the administrative burden for researchers.**
 - Re-evaluate RCUH's policies and procedures by the end of 2023; modify as appropriate. Rather than “cut and paste” existing policies and procedures, managers have been taking a closer look at existing policies and internal procedures to identify areas for efficiency. The revised targeted date for this to be completed is by the end of 2024.
- **Enhance IT systems to reduce manual processes and eliminate paper documents.**
 - Replace AS 400 system. See text in “Updates.”

GOAL 4. INCREASE ENGAGEMENT AND OUTREACH TO CLIENTS.

- **Strengthen relationships with Pls, FAs, and Project Staff.** RCUH distributed 85 Service Awards to RCUH employees who have completed at least 10 years of continuous service. CS staff worked directly with Principal Investigators who wanted to offer a personal presentation to their awardees. Additionally, RCUH reached out to Principal Investigators, Supervisory Authorities, and Admin Authorities to promote its Kudoboard for Employee Appreciation Day on March 1st. The Kudoboard was a hit with 81 posts recognizing RCUH employees from various research projects and was featured in the March e-Newsletter.
 - Conduct virtual Q&A sessions each quarter on various RCUH-related topics. RCUH Human Resources held a webinar on Oct. 12 for Pls, supervisors, and project staff on “What Pay Transparency Law Means for you Total Rewards Strategy.” More than 60 individuals participated online and learned about how the impending pay transparency law will affect their recruitments, and how to highlight RCUH's employee benefits to potential new hires.
 - Coordinate professional development opportunities for project staff. Nearly 80 RCUH employees and Principal Investigators attended the live webinar “Building Employee Performance” conducted by the Hawaii Employers Council. RCUH offered two sessions of this interactive professional development training on Feb. 14 and Feb. 28. This was the second of three trainings that are being offered to select Pls and RCUH employees in supervisory roles to align with 2024's performance evaluations.

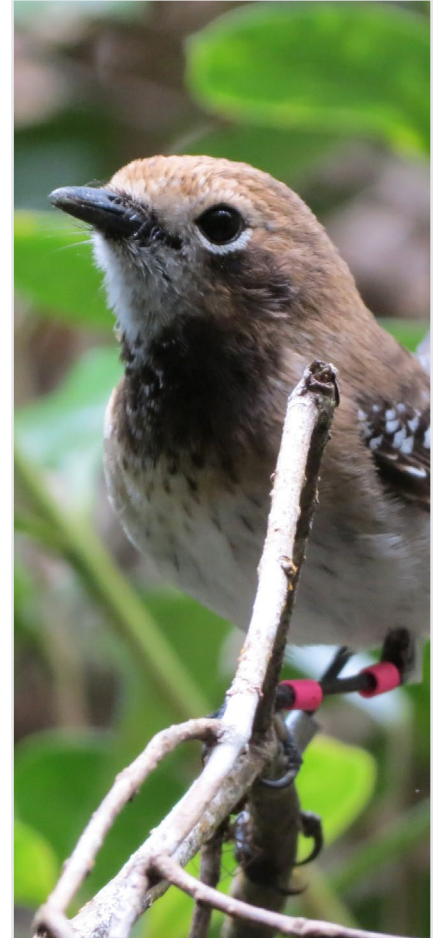
HR staff also collaborated with MetLife to schedule a finance workshop for RCUH employees on “Tax Strategies: The Basics and Beyond” on Jan. 30. This complimentary webinar shared tax planning steps, including tax basics, diversification, cutting your tax bill, and when to call a professional. Twenty individuals attended the lunchtime session and additional Retirewise workshops will be promoted every Wednesday in April. The Retirewise series has different topics that build on each other from budgeting to determining investment options and how to create a will. The Retirewise series is built to educate employees on how to make smarter financial decisions and creating an action plan that works specific for them.

- **Improve external communications to projects.**
 - Conduct annual forum on research-related topics. In collaboration with the UH Mānoa, Office of the Vice Provost for Research and Scholarship, RCUH will be hosting a forum on April 19 titled, “Connecting Voices: Fostering Community Engagement in Research.” It will be a hybrid event featuring six panelists from the University: Pia Arboleda (Indo-Pacific Languages and Literatures), Ruben Juarez (Economics), Donna-Marie Palakiko (Nursing), Christy Martin (Life

Sciences – PCSU), JoAnn Tsark (JABSOM), and Mehana Vaughan (CTAHR).

OTHER ITEMS OF INTEREST:

- **New Direct Projects (Currently 28 Active Direct Projects):**
 - **Hi Local2030 Hub – Watershed Finance and Restoration (\$262,500)**. The project will engage its network to accelerate restoration and improvement within Maui's watersheds, report monitoring results through the State of Hawai'i's Aloha+ Dashboard and design a prospective Fire and Forest Health Fund. The project will prove coordination across the seven entities delivering Maui restoration work, ensuring that projects are aligned with Hawai'i's 2030 Sustainable Development Goals, and being counted towards its nature-based solutions pillar. RCUH will be providing HR and fiscal administrative support.
 - **Hi Local2030 Hub – Ala Wai Stormwater (\$254,265)**. The project will develop a mobile stormwater assessment app to prioritize Green Stormwater Infrastructure (GSI) installations within disadvantaged communities of the Ala Wai Watershed. It will also analyze both the barriers and opportunities for incorporating decentralized GSI retrofit solutions on private properties. Results will be integrated on the Aloha+ Dashboard. RCUH will be providing HR and fiscal administrative support.



2022-2026 STRATEGIC PLAN

The 2022-2026 RCUH Strategic Plan was created by the RCUH Leadership Team and adopted by the RCUH Board of Directors on December 14, 2021. It serves as the basis of a living document to be reviewed annually. Although the primary goals will remain relatively constant, additions and revisions may be made to the objectives and benchmarks as conditions change.

2023 UPDATE KEY



Completed



In Progress/Ongoing

GOAL 1: EVALUATE AND IMPLEMENT RECOMMENDATIONS FROM THE RCUH TASK FORCE		2022	2023	2024	2025	2026
OBJECTIVE	BENCHMARKS					
A. Update the UH/RCUH Internal Agreement	1. Evaluate and determine an appropriate fee structure between UH and RCUH	<input checked="" type="checkbox"/>				
	2. Create specific guidelines for UH and RCUH roles, responsibilities, expectations, and obligations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
	3. Complete negotiations no later than April 30, 2022 with an effective date of June 30, 2023	<input checked="" type="checkbox"/>				
	4. Include a clause that requires a review of the Internal Agreement every five years (or earlier)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
	5. Evaluate decoupling major infrastructure investments from the UH management fee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
B. Determine the appropriate level of and proper use of RCUH's reserves, line of credit	6. Develop policy regarding appropriate RCUH reserve levels and use, including coverage of UH/RCUH liabilities	<input type="checkbox"/>	<input checked="" type="checkbox"/>			
	7. Provide board report specific to annual reserve usage					
	8. Evaluate purpose and need for line of credit	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
C. Collaborate with UH in an effort to minimize IT costs	9. Collaborate with UH IT on replacement of RCUH's AS 400 system	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
	10. Collaborate with UH IT on solicitation and implementation of MFA system	<input checked="" type="checkbox"/>				
	11. Determine and evaluate areas for possible integration between UH and RCUH systems	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
GOAL 2: CLARIFY RCUH'S IDENTITY WITH UH AND THE STATE.		2022	2023	2024	2025	2026
OBJECTIVE	BENCHMARKS					
A. Clearly define RCUH's role and relationship with UH, State of Hawai'i	12. Revisit the RCUH/State of Hawai'i's Master Agreement and determine if an update or clarification is necessary	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
	13. Engage with stakeholders to establish guidelines, expectations for RCUH's scope of work	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
	14. Evaluate and possibly revise RCUH's mission, vision statement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
B. Ensure stakeholders understand RCUH's role and limitations	15. Increase engagement with board members	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
	16. Develop marketing strategy, materials for outreach purposes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
	17. Educate government agencies, private companies, not-for-profits about RCUH's services and capabilities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		

GOAL 3: REFORM RCUH'S INTERNAL OPERATIONS.		2022	2023	2024	2025	2026
OBJECTIVE	BENCHMARKS					
A. Identify and implement efficiencies in RCUH's operations	18. Evaluate internal procedures and streamline for efficiencies	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
	19. Perform operational audit/SWOT analysis and consider recommendations for improvements	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
	20. Identify and prioritize RCUH services to accommodate budget reduction, if necessary					
	21. Evaluate current roles/positions to consider modification of RCUH's organizational chart	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
	22. Develop a formal remote work policy	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			
	23. Establish a single physical location for core staff	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			
	NEW: Develop procedure for annual cleanup of directories in Finance and Training Portals			<input type="checkbox"/>		
B. Invest in development of RCUH core staff	24. Professional development plan for core staff developed and implemented as necessary and appropriate for each position	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
	25. Develop SOPs for each core staff position	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
	26. Utilize and implement feedback from core staff	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
	27. Increase retention of core staff	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
	NEW: Hold an annual RCUH retreat		<input checked="" type="checkbox"/>	<input type="checkbox"/>		
	NEW: Address staffing shortage			<input checked="" type="checkbox"/>		
	NEW: Commit to one project site visit each year			<input checked="" type="checkbox"/>		
C. Ensure systems are secure and in compliance with applicable policies, regulations	28. Perform security audit of RCUH practices and consider recommendations for improvements	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
	29. Implement MFA for all RCUH systems no later than calendar year 2023	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
	30. Develop and implement an action plan for data and systems security	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
	31. Conduct random inspections to ensure internal policies are being followed	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
	NEW: Create new IT policies and procedures		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		

GOAL 3: REFORM RCUH'S INTERNAL OPERATIONS. (CONTINUED)		2022	2023	2024	2025	2026
OBJECTIVE	BENCHMARKS					
D. Reduce the administrative burden for researchers	32. Re-evaluate RCUH's policies and procedures by the end of 2023 ; modify as appropriate	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
	33. Develop digital user guides, manuals for RCUH transactions	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
E. Enhance IT systems to reduce manual processes and eliminate paper documents*	34. Re-evaluate and prioritize IT initiatives based on available budget, priority, and ease of implementation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
	35. Replace AS 400 system	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
	36. Develop electronic service order processing for intramural/ revolving accounts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
	NEW: Create more user-friendly online travel forms			<input type="checkbox"/>		
	NEW: Develop automatic email notifications for Financial Portal transaction approvals			<input type="checkbox"/>		
	NEW: Implement an Enterprise Integration and Application Development Platform		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
	NEW: Evaluate single sign-on platform			<input type="checkbox"/>		
	NEW: Overhaul Electronic Hiring System			<input type="checkbox"/>		
	NEW: Update Human Resources Portal			<input type="checkbox"/>		
	NEW: Implement eTimesheet updates, ePAF enhancement			<input type="checkbox"/>		

MAJOR ACHIEVEMENTS IN 2023

- Established a single physical location for core staff
- Increased outreach to projects via in-person meetings and virtual Q&A sessions
- Established a working capital reserve policy approved by the RCUH Board of Directors
- Began the implementation for the replacement of the AS400
- Enhanced internal data and systems security procedures
- Reduced administrative burden for researchers by revising the EIC determination process
- Transferred the majority of Revolving Accounts back to the University by July 7 deadline
- Closer working relationships and collaborations with various UH departments

GOAL 4: INCREASE ENGAGEMENT AND OUTREACH TO CLIENTS.		2022	2023	2024	2025	2026
OBJECTIVE	BENCHMARKS					
A. Strengthen relationships with Pls, FAs, and Project Staff	37. Consider focus groups with Pls, FAs, and Project Staff to generate ideas on efficiencies and create consistencies	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
	38. Schedule annual meetings on all islands for RCUH Leadership Team and Pls	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
	39. Conduct virtual Q&A sessions each quarter on various RCUH-related topics	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
	40. Coordinate professional development opportunities for project staff	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
	NEW: Host an RCUH Open House			<input type="checkbox"/>		
B. Improve external communications to projects	41. Develop communication strategy based on use of current platforms	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
	42. Respond to inquiries in a timely manner	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
	43. Conduct annual forum on research-related topics	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
	44. Collaborate with UH on transparency and use of targeted communications (consider adoption or modification for RCUH needs)					
	NEW: Develop style guidelines, procedure for external communications			<input type="checkbox"/>		
	NEW: Update RCUH Website			<input type="checkbox"/>		
	NEW: Provide training on RCUH's policies & procedures by department/section to ensure consistent communications with projects			<input type="checkbox"/>		

WHAT'S TO COME IN 2024

- Implementing an Enterprise Integration and Application Development Platform
- Implementing MFA for all RCUH systems
- Replacement of the AS400
- Update of the Human Resources Portal
- Developing a marketing strategy, materials for outreach purposes
- Developing style guidelines, procedure for external communications
- Professional development opportunities for RCUH project staff



February 28, 2024

MEMORANDUM

TO: Chair Ken Hayashida
and Members of the Board of Directors

FROM: Kira Higa
Director of Human Resources

SUBJECT: 2024 Pay Award and Pay Adjustment Guidelines

RCUH is proposing the below compensation guidelines effective July 1, 2024 (or an alternate effective date of October 1st for projects' whose budgets are dependent on the federal fiscal year). According to recent survey data, the national salary increases is averaging 4% for 2024. The high side of the General Pay Awards/Adjustments range is consistent with the UH collective bargaining pay adjustment for 2024. These compensation guidelines will allow Principal Investigators to provide competitive salaries, which are essential to recruiting and retaining highly qualified staff in a tight labor market. RCUH is proposing a range for both General and Merit Pay Awards (i.e., one-time payment) and Pay Adjustments (i.e., permanent increase to base pay rate) to give projects flexibility if there are funding concerns. In addition, this proposal would allow PIs to provide only General or only Merit pay awards or adjustments. Please note that all pay adjustments and pay awards are dependent upon the availability of funds.

July 1, 2024 Guidelines for General and Merit Pay Awards and Pay Adjustments

3.0% to 5.0%	General Pay Award or Pay Adjustment	Eligible employees must receive a Satisfactory rating on their performance evaluation.
2.0% to 3.0%	Merit Pay Award or Pay Adjustment	Eligible employees must receive a Merit rating on their performance evaluation.

BYLAWS

~~The~~ Research Corporation of the University of Hawai'i

ARTICLE 1 General Provisions

SECTION 1. As used in these Bylaws, the word "Corporation" means ~~t~~The Research Corporation of the University of Hawai'i; "Board" means the Board of Directors of the Corporation; "Board of Regents" means Board of Regents of the University of Hawai'i; "Director" means a member of the Board of Directors of the Corporation; H.R.S. means Hawai'i Revised Statutes; and "University" means the University of Hawai'i.

SECTION 2. The seal of the Corporation shall be circular with the words "The Research Corporation of the University of Hawaii, Honolulu, Hawaii" surrounding the word "Seal".

ARTICLE 2 Board of Directors - Composition

SECTION 1. The Board composition shall be as provided in ~~§~~section 304A-3002, H.R.S.

SECTION 2. The term of members of the Board selected by the Board of Regents shall not extend beyond the term as a member of the Board of Regents. The term of a Board member shall expire upon the failure of the member, without valid excuse, to attend three (3) consecutive meetings duly noticed to all members of the Board of Directors and where the Board failed to constitute a quorum necessary to transact business. The Chairperson of the Board of Directors shall determine if the absence of the member is excusable. The expiration of the member's term shall be effective immediately after the third consecutive unattended meeting and unexcused absence. This provision shall not apply to ex-officio members of the Board.

SECTION 3. All members of the Board shall serve without pay but shall be entitled to reimbursement for necessary expenses while attending meetings and while in the discharge of their duties and responsibilities.

ARTICLE 3 Board of Directors - Meetings

SECTION 1. The annual meeting of the Board shall be held during the third or fourth quarter of the calendar year for the purpose of electing a Chairperson and Vice Chairperson as provided in Article 5; for the election of other officers as provided in Article 5; for receiving reports; for the formulation and discussion of plans for the ensuing year; and for the transacting of such other business as may come before it.

SECTION 2. Other than the annual meeting, regularly scheduled meetings of a more frequent nature may be held at such times and places as the Board may decide.

SECTION 3. Special meetings of the Board may be held at any time and place upon the call of the Chairperson of the Board or upon the request of three (3) or more of its members.

SECTION 4. Notice of all meetings of the Board shall be given to all members of the Board by mail, telephone, or other electronic means at least six (6) days in advance thereof. The Board shall give written public notice of all its meetings as required by Chapter 92, H.R.S. If an executive meeting of

the Board is anticipated and known in advance, the Board shall give written public notice of the executive meeting and of the reason for the closed meeting. The written public notices shall be filed with the Office of the Lieutenant Governor at least six (6) days prior to the date of the meeting, and shall include an agenda which lists all of the items to be considered at the forthcoming meeting, and the date, time, and place of the meeting.

SECTION 5. The agenda of the Board meeting, once filed, shall not be changed without a two-thirds recorded vote of all members to which the Board is entitled. No item of reasonably major importance, action on which by the Board will affect a significant number of persons, shall be added to the agenda after the agenda is filed with the Office of the Lieutenant Governor. If the Board is unable to complete the agenda of a scheduled meeting, consideration of agenda items of reasonably major importance not completed at the meeting shall be considered only at a meeting continued to a reasonable day and time.

SECTION 6. All meetings of the Board shall be open to the public except for executive meetings permitted pursuant to Chapter 92, H.R.S. Executive meetings closed to the public shall be held upon an affirmative vote, taken at an open meeting, of two-thirds of the members present, provided that the affirmative vote constitutes a majority of the members to which the Board is entitled.

SECTION 7. Any person may submit written and/or oral testimony to the Board on any agenda item, provided that the presentation of oral testimony shall be subject to the reasonable administration thereof by the Board.

SECTION 8. A majority of the members to which the Board is entitled shall constitute a quorum for the transaction of business.

SECTION 9. The concurrence of a majority of all the members to which the Board is entitled shall be necessary to make any action of the Board valid.

SECTION 10. The Board may hold an in-person meeting at multiple meeting sites connected by interactive conference technology pursuant to §92-3.5, H.R.S.; or a remote meeting by interactive conference technology pursuant to §92-3.7, H.R.S.

ARTICLE 4 Board of Directors - Powers

SECTION 1. The Board shall have charge of the business and other affairs of the Corporation and shall have authority to make, prescribe and enforce all policies, rules, and regulations for the conduct of the business of the Corporation and the management and control of its property.

SECTION 2. The Board may appoint an executive officer or director, with such title as the Board may deem appropriate, and such other employees as may be necessary in administering the affairs of the Corporation. The Board shall set the employees' duties, responsibilities, salaries, holidays, vacations, leaves, hours of work and working conditions. It may grant such other benefits to employees as it deems necessary.

SECTION 3. Any patents, copyrights, inventions, discoveries or other rights arising from Corporation activities shall belong to the Corporation, subject to such policies, rules or regulations as the Board may adopt.

SECTION 4. The Board shall accept all gifts to the Corporation as required by ~~§Section 304A-3003,~~
H.R.S.

SECTION 5. Those Directors who are also members of the University's Board of Regents have dual fiduciary duties and dual loyalties to both the Corporation and the University. Those members may

participate in the deliberation and vote on Corporation matters directly affecting the University with the understanding that, when acting as a Director, the primary fiduciary duty and loyalty is owed to the Corporation's best interest.

In the event the Chairperson of the Board is a member of the University's Board of Regents and there is a conflict in the interests of the Corporation and of the University with respect to a matter directly and specifically affecting the University, the Chairperson shall yield the chair to the Vice Chairperson or, should a further conflict arise, to any other Director who does not have such a conflict, and may vote on the matter.

SECTION 6. The Board shall approve Any contract, lease, cooperative agreement or other transaction which exceeds or may exceed \$1.0 million in value (in the aggregate) for the benefit of the Corporation and which is not authorized in any agreement previously approved by the Board ~~and all loans shall be approved by the Board.~~ Board approval for extramural awards that exceed \$1.0 million in value are NOT necessary as these agreements have been approved and are governed by the UH and RCUH Internal Agreement.

Should it be determined, in consultation with the Board, that a contract or settlement is anticipated to have a significant impact on policies, programs, or operations; or result in potential institutional liability, the prior approval of the Board shall be required regardless of amount and source of funding.

SECTION 7. Committees of the Board.

To facilitate consideration of policies and other significant matters that require the approval of the Board, ~~standing~~ committees may be established as necessary. Authority to act on all matters is reserved to the Board, and the functions of ~~any~~ committee shall be to consider and make recommendations to the Board. The Board, on occasion, may find it necessary to delegate decision-making authority to a committee. When such delegation occurs, the Board will ratify a committee's action.

a. A Personnel Committee may be established for the purpose of:

1. Reviewing and making recommendations on personnel matters requiring Board approval.
2. Developing the appropriate mechanisms for the evaluation of the Executive Director and any other position that reports to the Board.
3. Evaluating the performance of the Executive Director and any other position that reports to the Board and providing a recommendation to the full Board.
4. Reviewing and making recommendations regarding any other matter referred by the Chairperson of the Board.

b. An Audit Committee may be established for the purpose of:

1. Ensuring that RCUH's financial, internal controls, and audit processes are in accordance with generally-accepted auditing standards in the U.S. and are in compliance with policies, statutes, and regulations.
2. Recommending the engagement of an external auditor(s).
3. Reviewing all external audit findings and reports and ensuring that appropriate action is taken.

4. Reviewing and making recommendations on any other matter referred by the Chairperson of the Board.
- c. Other committees may be established as may be necessary.
- d. The Chairperson and members of each standing committee shall be appointed by the Chairperson of the Board and shall serve for one year or until the appointment of their successors. The Chairperson of the Board may be an ex-officio, voting member of all standing committees. The Chairperson may also appoint ad hoc members to a committee.
- e. Select or Ad Hoc Committees may be established by the Chairperson of the Board upon authorization by the Board with such powers and duties as determined by the Board. The tenure of a Select or Ad Hoc Committee shall expire upon completion of its assigned task.

ARTICLE 5

Officers

SECTION 1. The officers of the Corporation shall consist of a Chairperson of the Board, a Vice Chairperson of the Board, the Executive Director, ~~the Deputy Executive Director~~, and such other officers as determined by the Board.

SECTION 2. All officers of the Corporation, except the Executive Director ~~and Deputy Executive Director~~, shall be elected at the annual meeting of the Board, and shall serve for a term of one year, beginning upon election at the annual meeting and until their successors are elected and qualified.

SECTION 3. The Chairperson of the Board, in addition to presiding at all regular and special Board meetings, shall:

- a. Be responsible to enforce and execute all policies, rules, regulations, actions, and documents of every kind and description necessary to conduct the business of the Corporation. This authority is delegated to the Executive Director, except as may be reserved in these Bylaws or by policies approved by the Board.
- b. Appoint the chairpersons and members of the committees of the Board.
- c. Acknowledge communications, petitions, requests, and proposals on behalf of the Board and refer same to the Executive Director or appropriate committee of the Board for action or recommendation.
- d. Maintain liaison with the Executive Director to see that there is an effective working relationship between the Corporation staff and the Board.
- e. Approve all press releases and public statements made by the Board.
- f. Approve agenda items for any regular or special meeting of the Board.
- g. Coordinate the efforts of the Board's committees to strengthen the roles and functions of same.

SECTION 4. The Vice Chairperson will assume the duties and responsibilities of the Chairperson in the absence of the Chairperson and will undertake such other duties as may be assigned by the Chairperson.

SECTION 5. An Executive Director ~~and Deputy Executive Director~~ shall be appointed by the Board, shall serve at the pleasure of the Board, and shall have such duties as established in these Bylaws and as may be modified from time to time by the Board. In the absence of the Executive Director, the

~~Deputy Executive Director~~ Board may appoint an interim director who shall assume the responsibilities of the position.

The Executive Director shall have direct administrative supervision over and immediate executive authority with respect to the conduct of the business and affairs of the Corporation, except that no gift to the Corporation shall be accepted unless approved or confirmed by the Board. In carrying out these responsibilities, the Executive Director shall:

- a. Coordinate and maintain proper relationships with the University, the State of Hawai'i, federal agencies, industry, private donors, and other academic and research institutions.
- b. In accordance with policies established by the Board, executes the basic policies that determine and control the overall objectives, programs, and operations of the Corporation.
- c. Except as limited by these Bylaws, approve contracts with sponsors, both public and private, agreements with agencies, amendments to contracts and agreements, submission of proposals, final overhead negotiations, insurance agreements, rental agreements, lease agreements, patent agreements.
- d. Approve transactions involving personnel, including but not limited to, the authority within statutory guidelines and Corporation policies to hire, compensate, and terminate the services of employees and delegate same to qualified staff members.
- e. Approve transactions involving purchasing, property management, budgeting, accounting, travel, insurance claims, the issuance of manuals of administrative procedure, and except for transactions exceeding \$100,000 in value or involving an interest in land, delegate same to qualified staff members.
- f. Prepare and submit the annual Corporation budget to the Board for the Board's consideration.
- g. Enforce and execute all policies, rules, regulations, actions, and documents of every kind and description necessary to conduct the business of the Corporation, except as may be reserved in these Bylaws or by policies approved by the Board.
- h. Maintain the corporate records of the Corporation, issue notices of meetings to the Board, execute and sign such instruments as require the signature of attestation, and prepare and preserve a record of all meetings of the Board. The Executive Director shall keep the seal of the Corporation, shall affix the same to any instrument requiring it, shall attest the seal or other official act by signature and shall perform such other duties as may be prescribed from time to time by resolution of the Board. In the absence of the Executive Director, or in the event that the Executive Director is not readily and conveniently available, the ~~Deputy Executive Board-~~ appointed interim Director shall perform the duties set forth in this Section 5 of Article 5. The Executive Director shall have the authority to delegate these "corporate secretary" functions to an appropriate designee.
- i. The Executive Director shall have custody of the Corporation's funds and property and keep regular books of account of the Corporation's funds and property. The Executive Director shall see that all money and valuables of the Corporation are deposited in such banks and depositories as the Board shall from time to time designate. The Executive Director shall have power to endorse for deposit to the credit of the Corporation all notes, checks, drafts, bonds, and other instruments received by the Corporation. The Executive Director shall approve all disbursements drawn on the Corporation's special account (~~§Section 304A-3010, H.R.S.~~) and shall sign approval of all checks drawn on the special account.

- j. The Executive Director shall also perform such other duties as may be delegated from time to time by the Board. In the absence of the Executive Director, or in the event that the Executive Director is not readily and conveniently available, the ~~Deputy Executive~~Board-appointed interim Director shall perform the duties set forth in this Section 5 of Article 5.

SECTION 6. In case of an extended absence or disability of the Executive Director ~~or the Deputy Executive Director~~, or for any other reason the Board may deem sufficient, the Board may delegate for the time being, in whole or in part, the powers and duties of such officer or officers, to any other person or persons qualified to perform the same.

ARTICLE 6

Annual Report

SECTION 1. The Board shall submit an annual report of the Corporation to the Governor, President of the State Senate, and Speaker of the State House of Representatives. The report shall include, but not be limited to, the Corporation's audited financial statement, total amount of payroll and other disbursements made, and progress and accomplishments made during the year.

ARTICLE 7

Special Account

SECTION 1. The Board shall set up a special account for depositing moneys received from either public or private contracts, or from private or public grants, awards, or gifts. As provided for in §Section 304A-3010, H.R.S. this special account may be used to receive, disburse, and account for funds of research and training projects of the University of Hawai'i, other state agencies, and political subdivisions of the State. All disbursements shall be drawn on such special account upon checks prepared and signed as approved by the Executive Director and some other person authorized by the Board of Directors.

ARTICLE 8

Audits

SECTION 1. The Board shall select a Certified Public Accountant to examine the financial affairs of the Corporation annually, and to report on its status not later than six months after the end of the fiscal year. The audit shall include a comparison of the assets and liabilities with the accounts and records of the Corporation; a determination of whether the accounts are correctly kept; and a recommendation to the Board concerning such changes in the manner of conducting the financial affairs of the Corporation as deemed desirable.

ARTICLE 9

Legal Counsel

SECTION 1. The Attorney General of the State of Hawaii shall be designated as Legal Counsel for the Board and the Corporation.

SECTION 2. Requests for any written legal opinion or advice of the Department of the Attorney General by the Board or any of its members shall be transmitted through the Chairperson of the Board or the Executive Director. Whenever a written legal opinion or advice letter is rendered by the Department of the Attorney General, such opinion, along with a copy of the written request for such opinion, shall be immediately distributed to all Board members.

ARTICLE 10 Conflicts of Interest

SECTION 1. Standards of Conduct. Members of the Board and all officers of the Corporation shall comply with the provisions of these Bylaws and are subject to the standards of conduct and financial interests disclosure requirements of Chapter 84, H.R.S. (State Ethics Code) and must act in accordance with Chapter 84, H.R.S. the Hawai'i State Ethics Code.

All Directors must complete mandatory State Ethics Training from the Hawai'i State Ethics Commission within 90 days of taking office and once every four (4) years thereafter.

SECTION 2. Fiduciary Responsibility. Members of the Board and the officers of the Corporation serve a public-interest role and thus have a clear obligation to conduct all affairs of the Corporation in a manner consistent with this concept. Members of the Board and the officers of the Corporation are expected to place the welfare of the Corporation above personal interests or the interests of other organizations (including the University), family members, or others who may be personally involved in affairs affecting the Corporation. All decisions of the Board and the officers are to be made solely on the basis of a desire to promote the best interests of the Corporation and the public good. All members of the Board and the officers of the Corporation shall abide by the Statement on Conflicts of Interest, which is attached and is made a part of these Bylaws.

ARTICLE 11 Amendments

SECTION 1. These Bylaws may be amended, revised or repealed, and a new set of Bylaws may be adopted, at any annual, regularly scheduled, or special meeting of the Board of Directors by the affirmative vote of a majority of the members to which the Board is entitled, provided that notice of such amendment, revision or repeal shall have been given in the notice of the meeting.

SECTION 2. Proposals to alter the Bylaws may be made by any Director. Any such proposal must be submitted to the Chairperson of the Board in sufficient time to be included in the notice of the meeting at which it is to be considered.

Attachment to Bylaws

Statement on Conflicts of Interest

1. Disclosures

- a. By Members of the Board. In the event the Board must consider any matter for the Corporation which also directly involves:

- (1) A Board member or a member of the Board member's family (which shall be a spouse, parents, siblings and their spouses, children and their spouses, and any household member); or
- (2) A public or private organization with which a Board member is affiliated; or
- (3) A Board member's personal financial interest as defined under Chapter 84, H.R.S.;

any affected Board member, at the first knowledge of the matter, shall disclose fully the precise nature of the interest or involvement.

In the case of the Board members who are also members of the Board of Regents of the University of Hawaii, in matters relating to the University of Hawaii, the provision of Article 4, Section 5, of the Bylaws shall be followed.

For the purposes of this Statement and Article 10 of the Corporation's Bylaws (hereinafter "Bylaws"), affiliation exists if a Board member or a member of the Board member's family is an owner (which shall be ownership interest valued at more than \$5,000 or 10% of the ownership of the business), officer, director, trustee, partner, employee (which shall also include legal counsel, consultant, contractor, advisor, or representative) or agent of such organization. For matters relating to the University of Hawaii, the provision of Article 4, Section 5, of the Bylaws shall be followed.

- b. By Officers of the Corporation. In the event an officer of the Corporation must consider any matter for the Corporation which also directly involves:

- (1) The officer or a member of the officer's family (which shall be a spouse, parents, siblings and their spouses, children and their spouses, and any household member); or
- (2) A public or private organization with which an officer is affiliated; or
- (3) An officer's personal financial interest as defined under Chapter 84, H.R.S.;

any affected officer, at the first knowledge of the matter, shall disclose fully the precise nature of the interest or involvement.

For the purpose of this Statement and Article 10 of the Bylaws, affiliation exists if an officer or a member of the officer's family is an owner (which shall be ownership interest valued at more than \$5,000 or 10% of the ownership of the business), officer, director, trustee, partner, employee (which shall also include legal counsel, consultant, contractor, advisor, or representative) or agent of such organization.

- c. This disclosure requirement shall not apply to any Board member or officer who declares a conflict of interest and recuses himself/herself from consideration of the matter before the Board of the Corporation.

- d. All disclosures required under this Statement must be directed in writing to the Board Chairperson who, together with the Corporation's Legal Counsel, shall be responsible for the administration of this Statement.

Matters covered under this Statement and the Bylaws shall be reported initially to the Chairperson of the Board for appropriate action. Should the Chairperson be the Board member with a potential conflict, the matter shall be reported to the Vice Chairperson. Should both the Chairperson and the Vice Chairperson have a potential conflict, the matter shall be reported to the chairperson of a Board standing committee in the order as listed in Article 4, Section 6, of the Bylaws.

Information disclosed under this statement to the Board and its Chairperson, Vice Chairperson, and committee chairpersons shall be held in confidence to the extent authorized by law.

2. Determination of Conflicts. Questions concerning possible conflicts of interest shall be directed to the Chairperson of the Board. The Board shall resolve the questions by majority vote at a Board meeting in compliance with Chapter 92, H.R.S. Where any matter covered by Chapter 84, H.R.S., is involved, the potential conflict shall be referred to the State Ethics Commission for disposition. Questions of potential conflict not covered by Chapter 84, H.R.S., may be referred to the Corporation's Legal Counsel for a legal opinion.
3. Restraint on Participation or Consideration
 - a. Members of the Board. Members of the Board who have declared a conflict of interest and recused themselves or who have been found to have conflicts of interest in any matter before the Board shall refrain from participating in the consideration of the proposed matter. Those Board members may not vote on such matters before the Board and may not be present during the Board's deliberation and at the time of vote.
 - b. Officers. Officers of the Corporation who have declared a conflict of interest and recused themselves or who have been found to have conflicts of interest in any matter before the Corporation shall refrain from participating in any consideration of the proposed matter. Those officers may not comment, report on, consider and/or act upon such matters before the Corporation.
4. Sanctions and Remedies

Any Board action favorable to a member obtained in violation of this Statement and of the Bylaws and any action of the Corporation favorable to an officer obtained in violation of this Statement and of the Bylaws are voidable by the Board on behalf of the Corporation; provided that in any proceeding to void an action of the Board or of the Corporation pursuant to this Statement and of the Bylaws, the interests of third parties who may be damaged thereby shall be taken into account. Any proceeding to void an action of the Board or of the Corporation shall be initiated within sixty (60) days after the determination of a violation under this Statement.

The Board may pursue all legal and equitable remedies and/or sanctions through the Corporation's Legal Counsel. Any Board action imposing a remedy or sanction under this section must be initiated within one year after the action of the Board or of the Corporation that is affected by a violation.

Revised 3/13/2024

BYLAWS
Research Corporation of the University of Hawai'i

ARTICLE 1
General Provisions

SECTION 1. As used in these Bylaws, the word "Corporation" means the Research Corporation of the University of Hawai'i; "Board" means the Board of Directors of the Corporation; "Board of Regents" means Board of Regents of the University of Hawai'i; "Director" means a member of the Board of Directors of the Corporation; H.R.S. means Hawai'i Revised Statutes; and "University" means the University of Hawai'i.

SECTION 2. The seal of the Corporation shall be circular with the words "The Research Corporation of the University of Hawaii, Honolulu, Hawaii" surrounding the word "Seal".

ARTICLE 2
Board of Directors - Composition

SECTION 1. The Board composition shall be as provided in [§304A-3002, H.R.S.](#)

SECTION 2. The term of members of the Board selected by the Board of Regents shall not extend beyond the term as a member of the Board of Regents. The term of a Board member shall expire upon the failure of the member, without valid excuse, to attend three (3) consecutive meetings duly noticed to all members of the Board of Directors and where the Board failed to constitute a quorum necessary to transact business. The Chairperson of the Board of Directors shall determine if the absence of the member is excusable. The expiration of the member's term shall be effective immediately after the third consecutive unattended meeting and unexcused absence. This provision shall not apply to ex-officio members of the Board.

SECTION 3. All members of the Board shall serve without pay but shall be entitled to reimbursement for necessary expenses while attending meetings and while in the discharge of their duties and responsibilities.

ARTICLE 3
Board of Directors - Meetings

SECTION 1. The annual meeting of the Board shall be held during the third or fourth quarter of the calendar year for the purpose of electing a Chairperson and Vice Chairperson as provided in Article 5; for the election of other officers as provided in Article 5; for receiving reports; for the formulation and discussion of plans for the ensuing year; and for the transacting of such other business as may come before it.

SECTION 2. Other than the annual meeting, regularly scheduled meetings of a more frequent nature may be held at such times and places as the Board may decide.

SECTION 3. Special meetings of the Board may be held at any time and place upon the call of the Chairperson of the Board or upon the request of three (3) or more of its members.

SECTION 4. Notice of all meetings of the Board shall be given to all members of the Board by mail, telephone, or other electronic means at least six (6) days in advance thereof. The Board shall give written public notice of all its meetings as required by [Chapter 92, H.R.S.](#) If an executive meeting of the Board is anticipated and known in advance, the Board shall give written public notice of the executive meeting and of the reason for the closed meeting. The written public notices shall be filed with the Office of the Lieutenant Governor at least six (6) days prior to the date of the meeting, and

shall include an agenda which lists all of the items to be considered at the forthcoming meeting, and the date, time, and place of the meeting.

SECTION 5. The agenda of the Board meeting, once filed, shall not be changed without a two-thirds recorded vote of all members to which the Board is entitled. No item of reasonably major importance, action on which by the Board will affect a significant number of persons, shall be added to the agenda after the agenda is filed with the Office of the Lieutenant Governor. If the Board is unable to complete the agenda of a scheduled meeting, consideration of agenda items of reasonably major importance not completed at the meeting shall be considered only at a meeting continued to a reasonable day and time.

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SECTION 7. Any person may submit written and/or oral testimony to the Board on any agenda item, provided that the presentation of oral testimony shall be subject to the reasonable administration thereof by the Board.

SECTION 8. A majority of the members to which the Board is entitled shall constitute a quorum for the transaction of business.

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SECTION 4. The Board shall accept all gifts to the Corporation as required by [§304A-3003, H.R.S.](#)

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or, should a further conflict arise, to any other Director who does not have such a conflict, and may vote on the matter.

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To facilitate consideration of policies and other significant matters that require the approval of the Board, standing committees may be established as necessary. Authority to act on all matters is reserved to the Board, and the functions of any committee shall be to consider and make recommendations to the Board. The Board, on occasion, may find it necessary to delegate decision-making authority to a committee. When such delegation occurs, the Board will ratify a committee's action.

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 1. Reviewing and making recommendations on personnel matters requiring Board approval.
 2. Developing the appropriate mechanisms for the evaluation of the Executive Director and any other position that reports to the Board.
 3. Evaluating the performance of the Executive Director and any other position that reports to the Board and providing a recommendation to the full Board.
 4. Reviewing and making recommendations regarding any other matter referred by the Chairperson of the Board.
- b. An Audit Committee may be established for the purpose of:
 1. Ensuring that RCUH's financial, internal controls, and audit processes are in accordance with generally-accepted auditing standards in the U.S. and are in compliance with policies, statutes, and regulations.
 2. Recommending the engagement of an external auditor(s).
 3. Reviewing all external audit findings and reports and ensuring that appropriate action is taken.
 4. Reviewing and making recommendations on any other matter referred by the Chairperson of the Board.
- c. Other committees may be established as may be necessary.
- d. The Chairperson and members of each standing committee shall be appointed by the Chairperson of the Board and shall serve for one year or until the appointment of their successors. The Chairperson of the Board may be an ex-officio, voting member of all standing committees. The Chairperson may also appoint ad hoc members to a committee.

- e. Select or Ad Hoc Committees may be established by the Chairperson of the Board upon authorization by the Board with such powers and duties as determined by the Board. The tenure of a Select or Ad Hoc Committee shall expire upon completion of its assigned task.

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SECTION 1. The officers of the Corporation shall consist of a Chairperson of the Board, a Vice Chairperson of the Board, the Executive Director, and such other officers as determined by the Board.

SECTION 2. All officers of the Corporation, except the Executive Director, shall be elected at the annual meeting of the Board, and shall serve for a term of one year, beginning upon election at the annual meeting and until their successors are elected and qualified.

SECTION 3. The Chairperson of the Board, in addition to presiding at all regular and special Board meetings, shall:

- a. Be responsible to enforce and execute all policies, rules, regulations, actions, and documents of every kind and description necessary to conduct the business of the Corporation. This authority is delegated to the Executive Director, except as may be reserved in these Bylaws or by policies approved by the Board.
- b. Appoint the chairpersons and members of the committees of the Board.
- c. Acknowledge communications, petitions, requests, and proposals on behalf of the Board and refer same to the Executive Director or appropriate committee of the Board for action or recommendation.
- d. Maintain liaison with the Executive Director to see that there is an effective working relationship between the Corporation staff and the Board.
- e. Approve all press releases and public statements made by the Board.
- f. Approve agenda items for any regular or special meeting of the Board.
- g. Coordinate the efforts of the Board's committees to strengthen the roles and functions of same.

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The Executive Director shall have direct administrative supervision over and immediate executive authority with respect to the conduct of the business and affairs of the Corporation, except that no gift to the Corporation shall be accepted unless approved or confirmed by the Board. In carrying out these responsibilities, the Executive Director shall:

- a. Coordinate and maintain proper relationships with the University, the State of Hawai'i, federal agencies, industry, private donors, and other academic and research institutions.
- b. In accordance with policies established by the Board, executes the basic policies that determine and control the overall objectives, programs, and operations of the Corporation.

- c. Except as limited by these Bylaws, approve contracts with sponsors, both public and private, agreements with agencies, amendments to contracts and agreements, submission of proposals, final overhead negotiations, insurance agreements, rental agreements, lease agreements, patent agreements.
- d. Approve transactions involving personnel, including but not limited to, the authority within statutory guidelines and Corporation policies to hire, compensate, and terminate the services of employees and delegate same to qualified staff members.
- e. Approve transactions involving purchasing, property management, budgeting, accounting, travel, insurance claims, the issuance of manuals of administrative procedure, and except for transactions exceeding \$100,000 in value or involving an interest in land, delegate same to qualified staff members.
- f. Prepare and submit the annual Corporation budget to the Board for the Board's consideration.
- g. Enforce and execute all policies, rules, regulations, actions, and documents of every kind and description necessary to conduct the business of the Corporation, except as may be reserved in these Bylaws or by policies approved by the Board.
- h. Maintain the corporate records of the Corporation, issue notices of meetings to the Board, execute and sign such instruments as require the signature of attestation, and prepare and preserve a record of all meetings of the Board. The Executive Director shall keep the seal of the Corporation, shall affix the same to any instrument requiring it, shall attest the seal or other official act by signature and shall perform such other duties as may be prescribed from time to time by resolution of the Board. In the absence of the Executive Director, or in the event that the Executive Director is not readily and conveniently available, the Board-appointed interim Director shall perform the duties set forth in this Section 5 of Article 5. The Executive Director shall have the authority to delegate these "corporate secretary" functions to an appropriate designee.
- i. The Executive Director shall have custody of the Corporation's funds and property and keep regular books of account of the Corporation's funds and property. The Executive Director shall see that all money and valuables of the Corporation are deposited in such banks and depositories as the Board shall from time to time designate. The Executive Director shall have power to endorse for deposit to the credit of the Corporation all notes, checks, drafts, bonds, and other instruments received by the Corporation. The Executive Director shall approve all disbursements drawn on the Corporation's special account ([§304A-3010, H.R.S.](#)) and shall sign approval of all checks drawn on the special account.
- j. The Executive Director shall also perform such other duties as may be delegated from time to time by the Board. In the absence of the Executive Director, or in the event that the Executive Director is not readily and conveniently available, the Board-appointed interim Director shall perform the duties set forth in this Section 5 of Article 5.

SECTION 6. In case of an extended absence or disability of the Executive Director, or for any other reason the Board may deem sufficient, the Board may delegate for the time being, in whole or in part, the powers and duties of such officer or officers, to any other person or persons qualified to perform the same.

ARTICLE 6

Annual Report

SECTION 1. The Board shall submit an annual report of the Corporation to the Governor, President of the State Senate, and Speaker of the State House of Representatives. The report shall include, but not be limited to, the Corporation's audited financial statement, total amount of payroll and other disbursements made, and progress and accomplishments made during the year.

ARTICLE 7

Special Account

SECTION 1. The Board shall set up a special account for depositing moneys received from either public or private contracts, or from private or public grants, awards, or gifts. As provided for in [§304A-3010, H.R.S.](#) this special account may be used to receive, disburse, and account for funds of research and training projects of the University of Hawai'i, other state agencies, and political subdivisions of the State. All disbursements shall be drawn on such special account upon checks prepared and signed as approved by the Executive Director and some other person authorized by the Board of Directors.

ARTICLE 8

Audits

SECTION 1. The Board shall select a Certified Public Accountant to examine the financial affairs of the Corporation annually, and to report on its status not later than six months after the end of the fiscal year. The audit shall include a comparison of the assets and liabilities with the accounts and records of the Corporation; a determination of whether the accounts are correctly kept; and a recommendation to the Board concerning such changes in the manner of conducting the financial affairs of the Corporation as deemed desirable.

ARTICLE 9

Legal Counsel

SECTION 1. The Attorney General of the State of Hawaii shall be designated as Legal Counsel for the Board and the Corporation.

SECTION 2. Requests for any written legal opinion or advice of the Department of the Attorney General by the Board or any of its members shall be transmitted through the Chairperson of the Board or the Executive Director. Whenever a written legal opinion or advice letter is rendered by the Department of the Attorney General, such opinion, along with a copy of the written request for such opinion, shall be immediately distributed to all Board members.

ARTICLE 10

Conflicts of Interest

SECTION 1. Standards of Conduct. Members of the Board and all officers of the Corporation shall comply with the provisions of these Bylaws and are subject to the standards of conduct and financial interests disclosure requirements of [Chapter 84, H.R.S.](#) (State Ethics Code) and must act in accordance with the Hawai'i State Ethics Code.

All Directors must complete [mandatory State Ethics Training](#) from the Hawai'i State Ethics Commission within 90 days of taking office and once every four (4) years thereafter.

SECTION 2. Fiduciary Responsibility. Members of the Board and the officers of the Corporation serve a public-interest role and thus have a clear obligation to conduct all affairs of the Corporation in a manner consistent with this concept. Members of the Board and the officers of the Corporation are expected to place the welfare of the Corporation above personal interests or the interests of other organizations (including the University), family members, or others who may be personally involved in affairs affecting the Corporation. All decisions of the Board and the officers are to be made solely on the basis of a desire to promote the best interests of the Corporation and the public good. All members of the Board and the officers of the Corporation shall abide by the Statement on Conflicts of Interest, which is attached and is made a part of these Bylaws.

ARTICLE 11

Amendments

SECTION 1. These Bylaws may be amended, revised or repealed, and a new set of Bylaws may be adopted, at any annual, regularly scheduled, or special meeting of the Board of Directors by the

affirmative vote of a majority of the members to which the Board is entitled, provided that notice of such amendment, revision or repeal shall have been given in the notice of the meeting.

SECTION 2. Proposals to alter the Bylaws may be made by any Director. Any such proposal must be submitted to the Chairperson of the Board in sufficient time to be included in the notice of the meeting at which it is to be considered.

Attachment to Bylaws

Statement on Conflicts of Interest

1. Disclosures

- a. By Members of the Board. In the event the Board must consider any matter for the Corporation which also directly involves:

- (1) A Board member or a member of the Board member's family (which shall be a spouse, parents, siblings and their spouses, children and their spouses, and any household member); or
- (2) A public or private organization with which a Board member is affiliated; or
- (3) A Board member's personal financial interest as defined under Chapter 84, H.R.S.;

any affected Board member, at the first knowledge of the matter, shall disclose fully the precise nature of the interest or involvement.

In the case of the Board members who are also members of the Board of Regents of the University of Hawaii, in matters relating to the University of Hawaii, the provision of Article 4, Section 5, of the Bylaws shall be followed.

For the purposes of this Statement and Article 10 of the Corporation's Bylaws (hereinafter "Bylaws"), affiliation exists if a Board member or a member of the Board member's family is an owner (which shall be ownership interest valued at more than \$5,000 or 10% of the ownership of the business), officer, director, trustee, partner, employee (which shall also include legal counsel, consultant, contractor, advisor, or representative) or agent of such organization. For matters relating to the University of Hawaii, the provision of Article 4, Section 5, of the Bylaws shall be followed.

- b. By Officers of the Corporation. In the event an officer of the Corporation must consider any matter for the Corporation which also directly involves:

- (1) The officer or a member of the officer's family (which shall be a spouse, parents, siblings and their spouses, children and their spouses, and any household member); or
- (2) A public or private organization with which an officer is affiliated; or
- (3) An officer's personal financial interest as defined under Chapter 84, H.R.S.;

any affected officer, at the first knowledge of the matter, shall disclose fully the precise nature of the interest or involvement.

For the purpose of this Statement and Article 10 of the Bylaws, affiliation exists if an officer or a member of the officer's family is an owner (which shall be ownership interest valued at more than \$5,000 or 10% of the ownership of the business), officer, director, trustee, partner, employee (which shall also include legal counsel, consultant, contractor, advisor, or representative) or agent of such organization.

- c. This disclosure requirement shall not apply to any Board member or officer who declares a conflict of interest and recuses himself/herself from consideration of the matter before the Board of the Corporation.
- d. All disclosures required under this Statement must be directed in writing to the Board Chairperson who, together with the Corporation's Legal Counsel, shall be responsible for the administration of this Statement.

Matters covered under this Statement and the Bylaws shall be reported initially to the Chairperson of the Board for appropriate action. Should the Chairperson be the Board member with a potential conflict, the matter shall be reported to the Vice Chairperson. Should both the Chairperson and the Vice Chairperson have a potential conflict, the matter shall be reported to the chairperson of a Board standing committee in the order as listed in Article 4, Section 6, of the Bylaws.

Information disclosed under this statement to the Board and its Chairperson, Vice Chairperson, and committee chairpersons shall be held in confidence to the extent authorized by law.

2. Determination of Conflicts. Questions concerning possible conflicts of interest shall be directed to the Chairperson of the Board. The Board shall resolve the questions by majority vote at a Board meeting in compliance with [Chapter 92, H.R.S.](#) Where any matter covered by [Chapter 84, H.R.S.](#), is involved, the potential conflict shall be referred to the State Ethics Commission for disposition. Questions of potential conflict not covered by [Chapter 84, H.R.S.](#), may be referred to the Corporation's Legal Counsel for a legal opinion.
3. Restraint on Participation or Consideration
 - a. Members of the Board. Members of the Board who have declared a conflict of interest and recused themselves or who have been found to have conflicts of interest in any matter before the Board shall refrain from participating in the consideration of the proposed matter. Those Board members may not vote on such matters before the Board and may not be present during the Board's deliberation and at the time of vote.
 - b. Officers. Officers of the Corporation who have declared a conflict of interest and recused themselves or who have been found to have conflicts of interest in any matter before the Corporation shall refrain from participating in any consideration of the proposed matter. Those officers may not comment, report on, consider and/or act upon such matters before the Corporation.
4. Sanctions and Remedies

Any Board action favorable to a member obtained in violation of this Statement and of the Bylaws and any action of the Corporation favorable to an officer obtained in violation of this Statement and of the Bylaws are voidable by the Board on behalf of the Corporation; provided that in any proceeding to void an action of the Board or of the Corporation pursuant to this Statement and of the Bylaws, the interests of third parties who may be damaged thereby shall be taken into account. Any proceeding to void an action of the Board or of the Corporation shall be initiated within sixty (60) days after the determination of a violation under this Statement.

The Board may pursue all legal and equitable remedies and/or sanctions through the Corporation's Legal Counsel. Any Board action imposing a remedy or sanction under this section must be initiated within one year after the action of the Board or of the Corporation that is affected by a violation.