



EXECUTIVE CHAMBERS  
HONOLULU

NEIL ABERCROMBIE  
GOVERNOR

**GOV. MSG. NO. 1394**

July 8, 2013

The Honorable Donna Mercado Kim,  
President and Members of  
the Senate  
Twenty-Seventh State Legislature  
State Capitol, Room 409  
Honolulu, Hawaii 96813

The Honorable Joseph M. Souki,  
Speaker and Members of  
the House of Representatives  
Twenty-Seventh State Legislature  
State Capitol, Room 431  
Honolulu, Hawaii 96813

Dear President Kim, Speaker Souki, and Members of the Legislature:

Re: Senate Bill No. 1388, S.D. 2, H.D. 2, C.D. 1

Senate Bill No. 1388, S.D. 2, H.D. 2, C.D. 1, entitled "A BILL FOR AN ACT RELATING TO THE RESEARCH CORPORATION OF THE UNIVERSITY OF HAWAII" will become law without my signature, pursuant to Section 16 of Article III of the State Constitution.

The purpose of this bill is to amend the composition of the Research Corporation of the University of Hawaii's Board of Directors, modify the procurement exemption for certain construction contracts, remove the University President as the President of the Research Corporation, and cap the Executive Director's salary.

The Research Corporation of the University of Hawaii (RCUH) is important to the University of Hawaii and to the State. RCUH facilitates the UH's ability to facilitate externally funded initiatives, such as federal grant programs, and to administer grants and contracts to support important research, development and training functions for the University and for the general welfare of the state. This legislation addresses RCUH's role and leadership to affirm the organization's focus.

However, the composition of the RCUH governing board set forth in this bill leaves gaps in describing the expected competencies of individuals, only naming the professional backgrounds of only three appointees and not identifying the characteristics of the other five members of the board, relying instead entirely on the good judgment of the appointing parties to select appropriate individuals and to ensure balance of the board in important qualities such as experience. We should hold all appointing authorities, whether the Governor, President of the Senate, or Speaker of the House of Representatives, to a high standard in appointing individuals of competence, judgment, and integrity.

For the foregoing reasons, Senate Bill No. 1388, S.D. 2, H.D. 2, C.D. 1 will become law as Act 288, Session Laws of Hawaii 2013, effective July 9, 2013, without my signature.

Sincerely,  


NEIL ABERCROMBIE  
Governor, State of Hawaii

Permitted to become law without the

Governor's signature JUL 9 2013

THE SENATE  
TWENTY-SEVENTH LEGISLATURE, 2013  
STATE OF HAWAII

**ACT 288**  
**S.B. NO.** 1388  
S.D. 2  
H.D. 2  
C.D. 1

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## A BILL FOR AN ACT

RELATING TO THE RESEARCH CORPORATION OF THE UNIVERSITY OF  
HAWAII.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The legislature finds that concerns have been  
2 raised that the research corporation of the University of Hawaii  
3 and its board of directors' current authority and flexibility  
4 are other than originally intended.

5           Accordingly, the purpose of this Act is to clarify:

- 6           (1) The composition of the membership of the board of  
7           directors of the research corporation of the  
8           University of Hawaii;
- 9           (2) The role of the research corporation of the University  
10          of Hawaii and its board of directors;
- 11          (3) The relationship between the board of directors and  
12          the University of Hawaii system; and
- 13          (4) The authorization of the board of directors with  
14          respect to the employment of an executive director and  
15          construction contracts.

16          SECTION 2. Section 304A-3002, Hawaii Revised Statutes, is  
17 amended to read as follows:



1 "[+]§304A-3002[+] Board of directors; composition. The  
2 affairs of the research corporation shall be under the general  
3 management and control of the board of directors. The board of  
4 directors shall consist of [~~ten~~] eight members[~~Five~~] as  
5 follows:

6 (1) Two members of the board of regents of the University  
7 of Hawaii, selected by the board of regents [~~shall be~~  
8 ~~members of the board of directors~~] for terms to be  
9 determined by the board of regents; provided that no  
10 term shall extend beyond the term as a member of the  
11 board of regents [~~The remaining five~~];

12 (2) Three members [~~shall~~] to be appointed by the governor  
13 pursuant to section 26-34 [~~];~~ provided that:

14 (A) One member shall be a University of Hawaii system  
15 research faculty member;

16 (B) One member shall be from the business sector; and

17 (C) One member shall be a representative of a non-  
18 University of Hawaii research organization;

19 (3) One member to be appointed by the president of the  
20 senate;

21 (4) One member to be appointed by the speaker of the house  
22 of representatives; and



1       (5) The vice president for research of the University of  
2       Hawaii system, who shall be a nonvoting ex officio  
3       member of the board of directors.

4 All the members appointed by the governor, president of the  
5 senate, and speaker of the house of representatives shall serve  
6 for a term of four years, except that the governor may reduce  
7 the terms of those initially appointed [~~se~~as] to provide, as  
8 nearly as can be, for the expiration of an equal number of terms  
9 at intervals of one year, each term commencing on July 1 and  
10 expiring on June 30. All members of the board of directors  
11 shall serve without pay, but shall be entitled to reimbursement  
12 for necessary expenses while attending meetings and while in the  
13 discharge of duties and responsibilities.

14       The members of the board of directors shall elect the  
15 chairperson of the board."

16       SECTION 3. Section 304A-3005, Hawaii Revised Statutes, is  
17 amended to read as follows:

18       "**[~~§~~304A-3005~~]~~ Research corporation excepted from**  
19 **certain state laws.** To carry out the purposes and objectives of  
20 the research corporation, including the conduct of research and  
21 training projects, the research corporation shall be granted  
22 flexibility in hiring its personnel and in handling and



1 disbursing moneys by being excepted from the following state  
2 laws:

- 3 (1) Sections 36-27 and 36-30, relating to special fund
- 4 reimbursements to the state general fund;
- 5 (2) Chapter 103D, relating to advertising for bids and
- 6 purchases to be made in Hawaii whenever public moneys
- 7 are expended;
- 8 (3) Chapter 103D with respect to construction contracts;
- 9 provided that the exception shall not apply where
- 10 state funds are used and compliance with chapter 103D
- 11 is required by a bill enacted by the legislature;
- 12 ~~[(3)]~~ (4) Chapter 76, relating to civil service; and
- 13 ~~[(4)]~~ (5) Section 78-1, relating to public employment."

14 SECTION 4. Section 304A-3006, Hawaii Revised Statutes, is  
15 amended to read as follows:

16 "[+]§304A-3006[+] **Officers and employees of the research**  
 17 **corporation.** ~~[The president of the university shall be the~~  
 18 ~~president of the research corporation.] The board of directors~~  
 19 shall employ an executive director of the research corporation  
 20 who shall serve at the pleasure of the board of directors. The  
 21 executive director's salary shall not be more than two times the  
 22 salary of the highest paid head of a department within the

1 executive branch. The board of directors may also appoint  
 2 [~~such~~] other officers and employees as may be necessary in  
 3 administering the affairs of the research corporation. The  
 4 board of directors shall set the employees' duties,  
 5 responsibilities, salaries, holidays, vacations, leaves, hours  
 6 of work, and working conditions. The board of directors may  
 7 grant [~~such~~] other benefits to its employees as it deems  
 8 necessary. Employees of the research corporation shall not be  
 9 entitled to any benefits conferred under chapter 76 relating to  
 10 civil service, chapter 78 relating to public service, chapter 88  
 11 relating to pension and retirement systems, and the appropriate  
 12 collective bargaining agreement, executive order, executive  
 13 directive, or rule."

14 SECTION 5. Statutory material to be repealed is bracketed  
 15 and stricken. New statutory material is underscored.

16 SECTION 6. This Act shall take effect upon its approval.

APPROVED this                      day of                      , 2013

GOVERNOR OF THE STATE OF HAWAII