WHEREAS, the goal and objective of the moratorium is to redirect the priorities of the University to reduce the deferred maintenance and repair balance (“DMR balance”) that is accruing yearly, and is exacerbated when the CIP resource priorities overly emphasize new building projects;

WHEREAS, the scope of the proposed moratorium is to cover all new construction projects funded, in part or in whole, through University of Hawai‘i appropriated funds, except “exempt” projects;

NOW THEREFORE, BE IT RESOLVED THAT,

There shall be a moratorium on all new construction at the University of Hawai‘i System for an initial term of three years from the effective date of this Resolution, and may require a period of time that it will take for the DMR balance to be reduced to an acceptable level (e.g. legislation passed or funding approved), by at least 33% within the first phase of the scheduled time frame followed by further reductions over a ten (an outside date) year period as determined by the board. Administration shall carefully monitor and appropriately account separately deferred maintenance projects from renovation projects in order to provide an accurate accounting of the DMR balance, accordingly.

The moratorium will be reevaluated after 3 years to determine if DMR balance has reached an acceptable level. Major units (Mānoa, CCs, Hilo, West O‘ahu) that have reduced their respective DMR balances to acceptable minimal levels during the initial 3-year period may be released from the moratorium upon board approval. The board may relax the moratorium when contracts have been executed and contractors issued notices to proceed for work that will result in a reduction of the DMR balance by at least 33% from FY13 levels. Further relaxation of the moratorium may occur upon reductions of 66% and then 100% of the DMR balance as authorized by the BOR.

Projects that are exempt from the moratorium are listed in Attachment A and include: (1) new construction projects which are made necessary to move forward because they place a program in imminent jeopardy of losing accreditation; (2) major new building projects that have been approved by the BOR prior to the adoption of the moratorium; (3) major new building projects, including relocation of facilities, engendered by government order, regulation, or law; and (4) major renovations or renewals of existing buildings and structures caused by lack of maintenance and repair or to repurpose and modernize buildings to support current academic needs. Administration shall incorporate the moratorium in the campuses’ master plans.

The administration will develop a timetable for implementation that includes a schedule of reducing the balance to a minimum acceptable level within the proposed ten year (for example) period, which will be approved by the board (e.g., Year 1 to 3 – 33% reduction; Year 4 to 7 – 33% reduction; Year 8 to 10 – 33% reduction). A list of projects, by phases, and their estimated cost or repair or maintenance will be prepared by the administration for review by the board, and will also include major renovation and
renewal work on existing structures presently listed as CIP projects. The administration will also provide a plan for improving overall capacity to efficiently and effectively execute R&M and CIP projects.

Adopted by the Board of Regents
University of Hawai‘i
November 21, 2013
## List of Exempt Projects for Consideration Based on Criteria

<table>
<thead>
<tr>
<th>Campus</th>
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</tr>
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<tbody>
<tr>
<td>Hon CC</td>
<td>Advanced Tech Bldg</td>
<td>BOR Approved, Funded, Proceeding to Bid in 2/2014</td>
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<tr>
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<td>Kaka'ako Lot C</td>
<td>Planning as collaboration with State, Need to address Cancer Center Parking Requirements</td>
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<td>Campus Redevelopment or Relocation</td>
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Moratorium on Major New Building Projects to Focus on Deferred Maintenance & Repair
To redirect the priorities of the University of Hawaii to reduce the deferred maintenance and repair balance (DMR balance), which is exacerbated when the CIP resource priorities overly emphasize new building projects
To cover all new major building projects funded, in part or in whole, through University of Hawaii appropriated funds, except “exempt projects” as defined and approved by the BOR
Exempt Projects

1. Major new building projects that are necessary to support a program in imminent jeopardy of losing accreditation

2. Major new building projects that have been approved by the BOR prior to the adoption of the moratorium
3. Major new building projects, including relocation of facilities, engendered by government order, regulation or law.

4. Major renovations or renewals of existing buildings and structures caused by lack of maintenance and repair or to repurpose and modernize buildings to support current academic needs
The Administration will develop a schedule of reducing the balance to a minimum acceptable level within the proposed ten year (for example) period, which will be approved by the BOR.

- **Year 1-3**: 33% reduction
- **Year 4-6**: 66% reduction
- **Year 7-10**: 100% reduction
A list and schedule of projects, by phases, and their estimated cost of repair or maintenance will be prepared by the Administration for review by the BOR.

This list will also include major renovation and renewal work on existing structures presently listed as CIP projects (e.g. Kuykendall, Holmes, NMFS, Keller, Dean renovations).

The Administration will also provide a plan for improving overall capacity to efficiently and effectively execute R&M and CIP projects.
Duration of Moratorium

- Initial Term: 3 years from approval by BOR, to be applied on a systemwide basis
- To be reevaluated after 3 years to determine if DMR balance has reached an acceptable level
- Major units (Manoa, CCs, Hilo, West Oahu) that have reduced their respective DMR balances to acceptable minimal levels during the initial 3-yr period may be released from the moratorium
- Moratorium may be initially relaxed when contracts have been executed and contractors issued notices to proceed for work that will result in a reduction of the DMR balance by at least 33% from FY13 levels
- Further relaxation of the moratorium may occur upon reductions of 66% and then 100% of the DMR balance as authorized by the BOR
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MINUTES

BOARD OF REGENTS' MEETING

November 21, 2013

I. CALL TO ORDER

Chair John C. Holzman called the meeting to order at 9:12 a.m. on Thursday, November 21, 2013, at the University of Hawai'i - Maui College Campus, Laulima Room 105, 310 Kaahumanu Avenue, Kahului, Maui 96732.

Quorum (12): Chair John C. Holzman; Vice Chair, James H.Q. Lee; Vice Chair, Saedene K. Ota; Jeffrey Acido; Gene Bal; Carl A. Carlson; John Dean; Ben Kudo; Barry Mizuno; Randy Moore; Tom Shigemoto; and Jan Sullivan.

Excused (1): Chuck Gee.

Attended later: Coralie Chun Matayoshi

Others in Attendance: Interim President, David Lassner, PhD; Executive Vice President for Academic Affairs/Provost, Linda Johnsrud, PhD; Vice President for Community Colleges, John Morton, PhD; Vice President for Legal Affairs and University General Counsel, Darolyn H. Lendio, Esq.; Vice President for Budget and Finance/Chief Financial Officer, Howard Todo; Vice President for Research, Vassilis Symos, PhD; Interim Vice President for Information Technology and Chief Information Officer, Steven Smith, PhD; Associate Vice President for External Affairs and University Relations, Lynne Waters; UH Mānoa Chancellor, Thomas Apple, PhD; UH Hilo Chancellor, Donald Straney, PhD; UH Maui Chancellor, Clyde Sakamoto, EdD; Executive Administrator and Secretary of the Board of Regents, Cynthia Quinn; and others as noted.

II. APPROVAL OF MINUTES OCTOBER 17, 2013 MEETING

Chair Holzman noted for Regent Matayoshi amendments to page 10 -11, to indicate that she was “reluctant to agree to an encumbrance of $28 million for 30 years” and “believed a $14 million per year in debt service obligation would be more manageable.” Chair Holzman also noted a typographical error on page 10, the word “faired”. and on page 11, Chair Holzman clarified “that this idea is important to let the people know that the Board is considering a moratorium because it will add credibility to our program to address the backlog of deferred maintenance.” Regent Moore added that on page 14, regarding the executive session, the emeritus title appears twice. Regent Dean moved to approve the minutes as amended, and Vice Chair Ota seconded the motion, that was then approved by unanimous vote.
h. Report from the Committee on Student Affairs

Regent Acidc reported on the work of the Student Affairs Committee. The issues taken up by the Committee regarded system-wide student health services, sustainability policy, and financial assistance for the low income population in light of UH becoming a tuition-driven university. Chair Holzman asked if there was a plan to follow up regarding sustainability. Regent Acido reported there will be a meeting in January.

VIII. ITEMS FOR BOARD DISCUSSION

1. Moratorium on major new building construction while deferred maintenance and facilities renewal issues are being addressed

Regent Kudo presented for adoption a moratorium on new building construction that had been revised as an outcome of the committee meeting. Regent Kudo then provided a PowerPoint presentation. He asked the Board for adoption according to the slide presentation and explained that the objective is to redirect the priorities to reduce the deferred maintenance balance that was exacerbated by CIP priorities focused on new building projects.

Following the presentation, Regent Dean thanked Regent Kudo for the work and agreed that this was an important and critical initiative for the Board to move the University forward. He agreed to look at addressing deferred maintenance and slow things down a bit to do so. He gave his full support.

Regent Gee characterized the moratorium as one of the smartest policies. He recalled a moratorium on all building in Waikiki until there was a good master plan that resulted in greater benefit to Waikiki even though businesses were not happy. This plan will allow the University to address the deferred maintenance. Regent Kudo clarified that only projects funded in whole or in part by the University are affected. Privately funded projects are not affected. Regent Gee gave the example of the Daniel K. Inouye Center that if wholly funded by private funds it would go forward.

Regent Lee said the word ‘moratorium’ is a strong word but it does reflect a serious problem. The exceptions are carved out correctly. He agreed it is a Mānoa’s problem, and hoped that Mānoa understood the message that this deferred maintenance needs to be fixed for the students, faculty, and research. He reminded the Board that one of the initiatives is to build the research base to $500 million. If the problem is not fixed then we will not attract the research. Moreover, indirect costs of up to 40% will not be realized. He is in complete support and would hope for a faster timetable that would likely require reorganizing, changing how we look at construction and how we oversee construction.

Regent Kudo recalls there was a parity discussion because 80% of the deferred maintenance was at Mānoa, and the community colleges and other colleges have very small balances. There is an early release program built in but he cautioned that
administration would have to fully cooperate in the spirit of slowing down expenditures on new buildings, and not front load new construction with those units that have no balances. He explained that we are one family and need to give Mānoa the best chance possible to reduce deferred maintenance to a manageable level.

Regent Matayoshi agreed and hoped to still make the effort to see if the legislature would help fund this effort. She stated that she is concerned that $28M of annual debt service is a lot to bear, and anticipates that tuition will be impacted adversely because of that debt.

Regent Gee stated he liked the study of reuse and repurposing of buildings. There should be an ongoing study of efficient use of space as it appears there are vacant classrooms during the evenings and summers. The provisions should be reflected or at least take into consideration in each campus master plan as they also have timetables.

Regent Moore agreed with Regent Dean and was supportive of the moratorium. He added a concern about having the appropriate accounting to prevent double counting on projects that incorporate both deferred maintenance and renovation, and also to know when the projects are counted as completed to reduce the project count. There should be careful monitoring and sorting out of the costs among the different projects.

Regent Holzman explained that this proposal presents the sense of the board for administration to prepare a plan, and that also touches on the implementation.

Regent Kudo stated that this is in the form of a resolution identifying the Board’s intent to the administration on things they should be doing.

Regent Holzman added that the Board would want administration to come back to the Board with a plan in January. President Lassner stated that they would have something to share in January for review. The administration is aware of the aggressive timeline. He added that the notice to proceed is the trigger. Furthermore, administration has a tracking system to ensure accurate accounting of the projects.

Regent Sullivan added her support, noting that she had initially had a hesitation about a moratorium. She noted that she believed this policy is important and stated a consistent position on Board priorities. The Budget and Finance Committee tried to do the same and this is a strong complement to what is being advocated. She suggested amendments to the resolution to include language that states that a release of a campus would require Board approval to ensure a level of accountability and flexibility, rather than create bureaucratic guidelines. Regarding exemptions, there may be other projects that come up later that may need interpretation or action, and therefore should come before the Board.
Regent Kudo agreed to the suggestions and stated that that the suggestions echo the discussion in committee to be careful and get our campuses in shape and improve the existing buildings.

Having no further comments, Regent Kudo made a motion to adopt, by way of resolution, the slides presented that outline the moratorium policy, and, in addition, incorporate the issues that Regent Gee noted regarding incorporating the moratorium in the campuses’ master plans, and Regent Sullivan’s suggestion to allow the requests for releases and other projects that may need guidance to come before the Board for approval, and to ensure accountability and careful monitoring, as suggested by Regent Moore. Regent Moore seconded the motion. The motion carried by unanimous vote.

President Lassner added that the Governor announced release of funds that were appropriated last year, including $78 million in general obligation bonds for capital renewal, deferred maintenance, and health and safety repairs, which represents enough funding for one year.

**IX. ITEMS FOR BOARD ACTION – PART A**

**Board of Regents**

2. Approval of Revisions to Board of Regents’ Policy, Chapter 10 related to land and physical facilities.

President Lassner presented that the initiative was to focus on the first section of the chapter to lay out at a policy level of how to think about land and real property including mission, sustainability, price, reasonableness and consistency with LRDP and environmental sustainability. The policy lays out that all transactions go to the Board for approval unless they are minor or administrative. Administration will then come back to the Planning and Facilities Committee to review executive policies that implement this policy.

Regent Holzman added that the Board began looking at land and development of land, including UH West ‘Oahu and a strategic approach to the lands the University owns. There were several drafts focusing on development. He agreed with Regent Sullivan’s suggestion that the Board take more time on development to provide clear ideas to Administration.

Regent Gee asked if land is given in perpetuity and if it could be sold if the donor is deceased. VP Lendio responded that it depends on the donor agreement and intent.

Regent Gee makes a motion to approve, seconded by Regent Mizuno. The motion is carried by unanimous vote.

3. Approval of Revisions to Board of Regents’ Policy, Chapter 8 related to financial reserves