MINUTES

BOARD OF REGENTS COMMITTEE ON PLANNING AND FACILITIES MEETING

JANUARY 17, 2019

I. CALL TO ORDER

Committee Chair Stanford Yuen called the meeting to order at 10:30 a.m. on Thursday, January 17, 2019, at the University of Hawai‘i at Mānoa, Information Technology Building, 1st Floor Conference Room 105A/B, 2520 Correa Road, Honolulu, Hawai‘i 96822.

Committee members in attendance: Committee Chair Stanford Yuen; Committee Vice Chair Simeon Acoba; Regent Randy Moore; Regent Jan Sullivan; Regent Michelle Tagorda; Regent Ernest Wilson Jr.

Others in attendance: Board Chair Lee Putnam; Board Vice Chair Wayne Higaki; Regent Eugene Bal; Regent Michael McEnerney; Regent Alapaki Nahale-a; Regent Robert Westerman (ex officio committee members); President/UHM Chancellor David Lassner; Vice President for Administration Jan Gouveia; Vice President for Community Colleges John Morton; Vice President for Legal Affairs/University General Counsel Carrie Okinaga; Vice President for Academic Planning and Policy Donald Straney; Vice President for Research and Innovation Vassilis Syrmos; Vice President for Information Technology/Chief Information Officer Garret Yoshimi; Vice President for Budget and Finance/Chief Financial Officer Kalbert Young; Interim UH-Hilo (UHH) Chancellor Marcia Sakai; UH–West O‘ahu (UHWO) Chancellor Maenette Benham; Honolulu Community College (HonCC) Chancellor Erika Lacro; UHM Vice Chancellor for Research/Interim Vice Chancellor for Academic Affairs Michael Bruno; Executive Administrator and Secretary of the Board of Regents (Board Secretary) Kendra Oishi; and others as noted.

II. APPROVAL OF MINUTES OF THE OCTOBER 3, 2018 MEETING

Regent Moore moved to approve the minutes of the October 3, 2018, meeting, seconded by Regent Tagorda, and the motion carried unanimously.

III. PUBLIC COMMENT PERIOD

Board Secretary Oishi announced that the Board Office did not receive any written testimony, and no individuals signed up to provide oral testimony.

IV. AGENDA ITEMS

A. Review and Recommend Board Approval

1. Amendments to the Bylaws of the Board of Regents Article II.D.2.c. Committee on Planning and Facilities
VP Gouveia provided an overview of the proposed amendments to the bylaws to revise the charge for the Committee on Planning and Facilities to reflect responsibility for oversight of the university’s land-related strategic initiatives and partnerships program.

Regent Wilson and Regent Westerman arrive at 10:34 a.m.

Regent Wilson moved to approve the amendments to the Bylaws of the Board of Regents Article II.D.2.c., Committee on Planning and Facilities, seconded by Regent Moore, and the motion carried unanimously.

B. Information and Discussion

1. Fiscal Year 2019 First Quarter Capital Improvement Projects Status Report as of September 30, 2018

VP Gouveia provided an update for the first quarter of fiscal year 2019 on construction projects over $5 million and design projects over $1 million. There were five cost-related change orders on 20 projects and 15 no-cost time extensions. Funding issues have caused a gap in construction for the Community Legal Outreach Center project at the Law School, but the project is expecting to start up again and be completed by summer. Administration is monitoring the situation and will update the board on progress.

Regent McEnerney arrived at 10:40 a.m.

A question was raised regarding the Life Sciences Building project being 25% complete and 9.5% over budget and how administration is calculating over-budget costs based on the percentage rate of completion. VP Gouveia explained that the budget includes all of the money allotted for the project, which includes the base contract and any other contingency and project-related costs. The base budget for the Life Sciences Building project was $49.5 million, and there was a $4 million change order to remediate the contaminated soil which resulted in project costs exceeding the 10% standard contingency.

A request was made for administration to consider including in the report a running estimated cost to complete each project. VP Gouveia will work with committee leadership to determine the best way to structure the report.

Regent Sullivan requested that the committee and administration reevaluate project planning, and questioned how much is spent on consultants. She surmised that there is not enough in-house planning staff, and expanding the capacity of the internal planning staff may save money in the long run.

2. Real Property Development Projects Discussion

President Lassner prefaced the discussion with an update on progress made on the university’s efforts related to real property development. Last year, primary responsibility for real property development was moved from the board’s Public-Private Partnership (P3) Task Group to administration, with the Committee on Planning and Facilities assuming an oversight and governance role. Administration meets at least weekly on
organizing real estate and related matters. During the 2018 legislative session, the university requested four positions and received one. A small strategic partnerships office will be created under VP Young. VP Young will focus on external partnerships and monetization opportunities and VP Gouveia will remain responsible for the overall inventory of real estate assets, campus planning, and related activities.

Board Chair Putnam explained the importance of the board having the opportunity to provide feedback on preliminary projects and previously requested that administration create a template to describe projects. In response to this request, administration prepared a draft project summary template, which is included in the materials.

VP Gouveia and VP Young provided a high level overview of the university’s real property inventory by island and identified properties with upcoming plans for further use, along with a draft real property development project summary template. The project summary template will be utilized for all project proposals going forward and will be provided to the Committee on Planning and Facilities for review and input before the board makes a recommendation on a project.

Questions were raised regarding potential revenue generation for the Atherton Y project, whether the project was still considered a P3, and if there was a developer.

VP Young explained that there currently is revenue generation on the Atherton Y property, and revenue potential is also part of the project objective. In 2016, the initial forecasted net revenue was negative. The project continues to evolve through challenging circumstances with the objective of improving or enhancing revenue opportunities. There is inherent risk in real estate development.

VP Young indicated that the Atherton Y project is moving closer to a P3, and a request for proposals for potential developers was issued on December 31. Administration anticipates identifying a developer and beginning negotiations around late April, after which a determination will be made regarding whether or not to move forward with the project.

A question was raised regarding the extent to which the real property development project summary could be completed for each of the identified projects. VP Young commented that the project summary will help provide the board some commonality to inventory across all projects. Projects may have to evolve, modify, or change, which is inherent in real estate development. These projects are not static and administration will continue to provide updates. VP Gouveia added that project summaries for the graduate student housing on the former National Oceanic and Atmospheric Administration (NOAA) site and the Atherton Y project will be provided at the May committee meeting.

A question was raised regarding opportunities for international student housing on the Leahi property. VP Young explained that there is opportunity, but project-specific uses for the Leahi property have not been identified. However, the primary objective for the Leahi property is revenue-generation.

A question was raised as to why transit-oriented development (TOD) opportunities at HonCC and Leeward Community College (LeeCC) were not on the list. VP Gouveia
explained that a TOD analysis for HonCC was scheduled for the October committee meeting, but was deferred due to time constraints and will be provided to the committee at a future meeting. HonCC, LeeCC, and UHWO have potential for TOD-related opportunities. VP Young added that HonCC and LeeCC opportunities are being monitored, but will not occur within the immediate timeframe for the listed projects.

Regent Sullivan, Committee Chair Yuen, and Regent Acoba acknowledged President Lassner, VP Young, and VP Gouveia for their efforts to further real estate opportunities, and thanked Chair Putnam for developing a structure for the board to better assess and consider these matters.

VP Gouveia provided an update on the Hawaiian Electric Company (HECO) request for proposals to develop up to a 180 megawatt photovoltaic farm on UHWO Mauka lands. Earlier this year, the board was notified that the proposal was not selected. However, in December, HECO informed administration that the opportunity still exists. Discussions are occurring with a potential developer. Administration was able to move nimbly and respond to HECO quickly because the board previously took action to authorize administration to negotiate within specified parameters.

3. Honolulu Authority for Rapid Transportation (HART) Briefing

VP Gouveia explained that the university is nearing a timeframe where the administration will need to start negotiating agreements with HART. Administration will be seeking parameters for delegated authority from the board and plans to return to the committee in March for further direction.

VP Gouveia introduced Sam Carnaggio, Project Director, and Alvina Lutu, Project Manager, of HART who provided an overview on the Honolulu Rail Transit Project including construction status, estimated timelines, HART land requirements and mitigations, and impact to UH properties.

Questions were raised regarding whether the Uniform Standards for Federal Land Acquisition (Yellow Book) utilized in the appraisal takes into consideration highest and best use, and if all the appraisals were available to the university. Mr. Carnaggio responded that he was not sure and would get back to the committee with that information. He added that all the appraisals are available for the university to review.

VP Young disclosed that he previously served on the HART board, but resigned in December 2018.

V. EXECUTIVE SESSION (closed to the public)

Upon motion by Regent Wilson, seconded by Regent Tagorda, the committee unanimously approved convening in executive session to consult with the board’s attorneys on questions and issues pertaining to the board’s powers, duties, privileges, immunities, and liabilities, pursuant to Section 92-5(a)(4), Hawai’i Revised Statutes (HRS); and to deliberate concerning the authority of persons designated by the board to conduct labor negotiations or to negotiate the acquisition of public property, or during the conduct of such negotiations, pursuant to Section 92-5(a)(3), HRS.
The meeting recessed at 11:46 a.m. and reconvened at 1:06 p.m.

Regent Bal left at 1:06 p.m.

Committee Chair Yuen noted that the committee went into executive session to consult with the board’s attorneys and discuss legal matters as indicated on the agenda.

VI. ADJOURNMENT

There being no further business, Regent Moore moved to adjourn the meeting, and Committee Vice Chair Acoba seconded the motion, and with unanimous approval, the meeting was adjourned at 1:07 p.m.

Respectfully Submitted,

/S/

Kendra Oishi
Executive Administrator and Secretary of the Board of Regents