I. CALL TO ORDER

Vice-Chair Paloma called the meeting to order at 10:08 a.m. on Thursday, November 4, 2021. The meeting was conducted virtually with regents participating from various locations.

Committee members in attendance: Vice-Chair Diane Paloma; Regent Benjamin Kudo; and Regent Robert Westerman.

Committee members excused: Chair Alapaki Nahale-a; Regent Wayne Higaki.

Others in attendance: Board Chair Randy Moore; Regent Simeon Acoba; Regent Eugene Bal; Regent William Haning; and Regent Ernest Wilson (ex officio committee members); President David Lassner; Vice President (VP) for Administration Jan Gouveia; VP for Community Colleges Erika Lacro; VP for Legal Affairs/University General Counsel Carrie Okinaga; VP for Information Technology/Chief Information Officer Garret Yoshimi; VP for Budget and Finance/Chief Financial Officer Kalbert Young; UH-Mānoa (UHM) Provost Michael Bruno; UH-West O'ahu (UHWO) Chancellor Maenette Benham; Executive Administrator and Secretary of the Board of Regents (Board Secretary) Kendra Oishi; and others as noted.

II. APPROVAL OF MINUTES

Regent Westerman moved to approve the minutes of the October 7, 2021, meeting, seconded by Regent Kudo, and noting the excused absence of Chair Nahale-a and Regent Higaki, the motion carried with all members present voting in the affirmative.

III. PUBLIC COMMENT PERIOD

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

IV. AGENDA ITEMS

A. Recommend Board Approval of the Fiscal Year (FY) 2022-2023 Capital Improvement Project (CIP) Supplemental Budget Request
B. 6-year CIP Plan Update

VP Gouveia reviewed the FY 2022-2023 CIP supplemental budget request which would be submitted to the Governor and Legislature for consideration stating that it was being presented within the context of the broader 6-year CIP plan which is updated annually based on legislative appropriations and university priorities. She explained that the State’s CIP budget is established for a fiscal biennium and that the requests being made were supplemental to CIP funding already obtained.

It was noted that the university received $212.05 million and $102.64 million of the $288 million and $232.5 million in board-approved CIP funding requests made in FY 2022 and FY 2023 respectively. VP Gouveia stated that the supplemental CIP budget request for FY 2023 was for $89 million and included $55 million for UHM, $2.5 million for UHWO, and $31.5 million for the community colleges. She presented a summarized breakdown of the various projects comprising the request noting that a substantial amount was for renew, improve, and modernize (RIM) projects at UHM and UHWO, as well as capital renewal and deferred maintenance projects at the community colleges.

VP Gouveia noted that the end of the current 6-year CIP Plan is nearing and that the administration is developing a new plan that builds on what has already been accomplished and sets forth the university’s CIP strategy for the next six years. She reported on anticipated future CIP budget needs and estimated that the university will request $1.586 billion of CIP funding over the next six years and will be subjected to a deferred maintenance backlog of $979 million in FY 2027.

Citing a $6 million project to assess the feasibility of increasing and improving space utilization at Hamilton Library contained within UHM’s supplemental budget request, Regent Wilson asked whether it included funding to evaluate the digitization of the library’s collection as a means of increasing space. VP Gouveia responded in the affirmative. However, she stated that CIP funds cannot be used for the actual digitization of the collection which must be financed with operating funds. She also noted that Hamilton Library is the largest facility on the UHM campus and includes over 411,000 square feet of interior space, the majority of which is used for open stack book storage, and that a growing trend among institutions of higher education is to convert these areas into multi-purpose spaces. As such, the university believed it was prudent to assess Hamilton Library to determine the feasibility of converting library book storage spaces into shared, multi-use areas, which would also assist the university in its efforts to maximize utilization of space and reduce on-campus square footage.

Regent Wilson inquired as to whether RIM projects specific to classrooms would affect the provision of 5G technology thereby impacting student learning conducted through the university’s technological network. VP Gouveia replied that the university has a sound technological network and that there has been no indication that RIM projects are causing any major issues or concerns with the delivery of 5G technology. VP Yoshimi echoed the comments made by VP Gouveia adding that the university currently has a robust wireless infrastructure to support students, faculty, and staff, and that investigations have been conducted on the potential for increasing cellular carrier
capacity on university campuses. The university continues to work with its cellular carrier partners to provide the most reasonable wireless services as possible to the campus community.

Referencing projects to improve the exteriors of campus buildings, Regent Wilson questioned whether the issue of spalling is being addressed by these projects. VP Gouveia replied that spalling is a problem affecting a number of facilities systemwide and that each campus has been prioritizing these projects. She also stated that consistent and reliable RIM funding is the best way to address this ongoing issue.

Regent Wilson asked whether a space utilization study has been done for Phase 2 and 3 of the Hale Olelo Complex in College of Hawaiian Language at the University of Hawai‘i at Hilo. VP Gouveia replied that program assessment and planning to better understand the needs for this project are still ongoing. Once program needs are determined, a space utilization study for this project will be conducted, evaluated, and presented to regents as part of the university’s CIP requests in future years.

Noting that the university’s deferred maintenance backlog appears to be increasing despite funds being received for RIM projects, Regent Westerman requested clarification on the relationship between RIM project funding and the university’s deferred maintenance backlog. VP Gouveia stated that the disparity between RIM project funding and the deferred maintenance backlog is due in part to deferred maintenance figures not being adjusted until a project is completed and the inclusion of preventative maintenance costs, which equate to tens-of-millions of dollars each year, in RIM project funding.

Vice-Chair Paloma asked whether the administration contemplated a strategy of balancing the amount of CIP funds requested over several fiscal years to avoid the perception that the university is asking for exorbitant amounts of CIP funds at any given time. VP Young replied that the university’s foremost strategy is to put forth funding requests that are genuinely substantiated, thoughtful, logically rational, and can be justified through an articulate and cohesive plan.

Regent Kudo provided context to the rationale used to develop the board-approved CIP budgets explaining that in the past, each campus submitted a “wish list” of its desired projects which were then included in the budget request. An incident involving a fundraising concert which seriously impacted the credibility of the board and the university at the Legislature led to the board deciding that campuses should be asked to submit projects for review and inclusion in the CIP budget request based upon needs and not wants. VP Gouveia added that the fact that the university received $102 million in CIP funding as part of its initial biennium budget request is unprecedented and seems to indicate that the current CIP strategy being used is working as intended. However, she cautioned that the last time the university received a large amount of its initial CIP request for the second year of a fiscal biennium, the Legislature subsequently reduced the figure substantially in its final budget.
Regent Acoba asked whether the university was developing another 6-year CIP plan. VP Gouveia responded in the affirmative.

Referencing the board’s establishment of a moratorium on new university construction projects as part of an effort to place a greater emphasis on addressing the university’s deferred maintenance backlog, Regent Acoba expressed his belief that substantial renovations should be included in the moratorium, inquired as to whether this principle was being adhered to, and asked if repair and maintenance (R&M) needs are given due consideration when discussions take place on new construction or substantial renovations. VP Gouveia stated that university has already determined that limited finances will not allow it to maintain the current inventory of square footage on its campuses. As such, the administration is transforming the approach used for campus development and planning by refocusing efforts toward the efficient utilization of space in order to strategically reduce the overall inventory of square footage thereby decreasing R&M, as well as deferred maintenance costs.

Regent Acoba asked whether it would be possible to maintain funds in a reserve to address future R&M needs. VP Gouveia stated that bond funding provided for CIP projects lapse if they are not utilized but expressed her belief that it would be possible to set aside other funds for future R&M needs. She also noted that Legislature has been supportive of a new concept of RIM funding that provides appropriations on a regular and reliable basis which allows the university to plan for and address its deferred maintenance backlog in a more efficient and effective manner.

Regent Acoba solicited an opinion from VP Gouveia on the approach that should be used by the board to balance R&M needs with new construction or substantial building renovations. VP Gouveia stated that suggestions have been made to amend Regent Policies to allow for space utilization concepts that would increase the efficiency and functionality of existing facilities and place a greater emphasis on the creation of flexible, adaptable, and open spaces when considering new construction projects.

Regent Westerman moved to recommend board approval of the FY 2022-2023 CIP supplemental budget request, seconded by Regent Kudo, and noting the excused absence of Chair Nahale-a and Regent Higaki, the motion carried with all members present voting in the affirmative.

C. FY 2021-2022 First Quarter CIP Status Report as of September 30, 2021

VP Gouveia reported on the status of CIPs through the first quarter of FY 2021-2022 specifying that the report includes all design projects over $1 million and all construction projects in excess of $5 million. She drew attention to several projects contained within the report including the recently completed improvements to the Clarence T.C. Ching Athletic Complex; the Bachman Hall renovation project, which will be experiencing a $1.5 million change order to address the abatement of hazardous material discovered during demolition work; and the University Cancer Center’s Early Phase Clinical Research Center (EPCRC) project, which received bids that were all over budget and is
currently in negotiations with the lowest bidder to reduce the project scope to lower costs.

D. University Land-Related Strategic Initiatives and Partnerships Program FY 2021-2022 First Quarter Update

Michael Shibata, Director of the Office of Strategic Development and Partnerships, provided an update on the status of several university land-related strategic initiatives through the first quarter FY 2021-2022 highlighting the following:

• UHWO - University District Lands Project: Interest has been expressed, and formal discussions are ongoing, concerning the acquisition of portions of this land for a film studio and that the university is obtaining market value appraisals for this property. Additionally, the university is working with the State Department of Transportation on realigning and widening Farrington Highway as this initiative will encroach on UHWO property in the project area but could also elevate the development possibilities for these parcels.

• Atherton Project: This project, which focuses on innovation space and student housing, continues to move forward. The Honolulu City Council recently approved a request to modify the university’s plan review use (PRU) permit to include the Atherton Project. Demolition work is currently occurring on the site. The university has also negotiated student housing affiliation and sublease agreements for its inclusion in the project, which were approved by the board in October 2021.

• NOAA Graduate Student Housing Project: This project, which is a family-oriented mixed-use rental housing project located near the East-West Center, continues to proceed forward. A PRU minor modification permit application for the project was submitted to the City and County of Honolulu’s Department of Planning and Permitting (DPP) in July 2021. While the university is still awaiting a determination on its submittal from DPP, the project team has been in communication with DPP staff and is providing additional project information as requested. The university also executed a board-approved second amendment to a limited pre-construction agreement with Greystar Development Services, LLC (Greystar) which allowed for the additional reimbursement of up to $1 million to Greystar for pre-construction costs to continue entitlement and design development efforts through April 2022.

• Kaimuki/Leahi Hospital Parcels Project: A Phase I environmental site assessment has been completed for three parcels of university-owned land in the Kaimuki area adjacent to Leahi Hospital and the university continues to evaluate the possible disposition of these lands.

• University Press Parcel Project: The university continues to evaluate the potential land-monetization opportunities and disposition of university-owned land in Mānoa Valley which was the former location of the University Press.

• Honolulu Authority for Rapid Transportation (HART) Projects: These projects involve coordination and partnership with HART for rail development utilizing university campuses or property for rail stations, transit-related facilities, or potential
transit-oriented development. A master use and occupancy agreement (MUOA) has been finalized and coordination efforts with HART on several aspects of the project are ongoing. A request from HART for an alternative UHWO property site to locate a 900-stall interim park-and-ride facility is currently being evaluated by the university.

Regent Kudo asked about the status of negotiations between the university and HART with respect to the university parcel located at Honolulu Community College (HonCC). Mr. Shibata replied that rail alignment continues to be evaluated but indications from HART thus far are that the alignment will still include the HonCC parcel.

V. ADJOURNMENT

There being no further business, Regent Westerman moved to adjourn, seconded by Regent Kudo, and noting the excused absence Chair Nahale-a and Regent Higaki, and with all members present voting in the affirmative, the meeting was adjourned at 11:05 a.m.

Respectfully Submitted,

Kendra Oishi
Executive Administrator and Secretary
of the Board of Regents