

MINUTES

BOARD OF REGENTS COMMITTEE ON PLANNING AND FACILITIES MEETING

MARCH 3, 2022

Note: On January 26, 2022, Governor David Y. Ige issued a proclamation related to the COVID-19 emergency that temporarily suspended Section 92-3.7, Hawai'i Revised Statutes (HRS), "only to the extent necessary to suspend the requirement to have at least one meeting location that is open to the public".

I. CALL TO ORDER

Chair Nahale-a called the meeting to order at 10:58 a.m. on Thursday, March 3, 2022. The meeting was conducted virtually with regents participating from various locations.

Committee members in attendance: Chair Alapaki Nahale-a; Vice-Chair Diane Paloma; Regent Wayne Higaki; Regent Benjamin Kudo; and Regent Robert Westerman.

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 Research and Innovation Vassilis Syrmos; 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 Hilo Chancellor Bonnie Irwin; 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

Chair Nahale-a stated that the minutes of the November 4, 2021, committee meeting had been distributed and inquired as to whether committee members had any recommended corrections. Hearing none, the minutes were approved.

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. Fiscal Year (FY) 2021-2022 Second Quarter Capital Improvement Project (CIP) Status Report as of December 31, 2021

VP Gouveia reported on the status of CIPs through the second 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 oldest project on the report, the Coconut Island interior renovations and repairs project, which has experienced significant delays in the past due to a variety of factors but is currently scheduled for completion by the end of summer 2022; the ongoing Bachman Hall renovation project, which experienced a change order of approximately \$2.1 million to address the abatement of hazardous material discovered during demolition work and remains in the demolition phase; the demolition of Snyder Hall, which has been completed; 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 a redesign phase to reduce the scope of the project and lower costs. She noted that negotiations are currently in progress with the lowest bidder on the EPCRC project in an attempt to move the project forward.

Regent Westerman left at 11:05 a.m.

Regent Wilson requested clarification as to why certain design-build projects contained within the report, such as Phase 2 of the Culinary Institute of the Pacific at Kapi'olani Community College (Culinary Institute), appear to be simultaneously proceeding in the design and construction phases. VP Gouveia replied that the issue is project dependent. Each project is unique and may require site improvement construction to occur concurrently with the design process. In the case of the Culinary Institute project, site work needed to be completed prior to construction of actual facilities. She introduced Mr. Nelson Lee, Director of Project Delivery, to provide more detailed information on this particular project. Director Lee stated that the Culinary Institute project involved extensive site work such as grading, infrastructure establishment, and foundation preparation that needed to occur prior to the start of vertical construction. Thus, the report indicates that the construction phase and design phase were going on at the same time. However, he emphasized that the design phase related to site work was fully complete and design work for the facility's structures was ongoing.

Referencing the completion of the facility improvements to the Clarence T.C. Ching Athletic Complex, Regent Wilson commended the efforts, efficacy, and efficiency of VP Gouveia and her team in finishing this herculean task in a very short timeframe. VP Gouveia thanked Regent Wilson for his compliments but stated that this was a team effort involving several university departments and commended the work of university staff and administrators.

Regent Acoba asked if construction activity was occurring on the restaurant facility at Kapi'olani Community College. VP Gouveia replied that this project is occurring in two phases involving site work, which is ongoing, and vertical construction, which encompasses the restaurant and remains in the design phase. Director Lee added that the restaurant facility design phase is almost complete and building permit requests have been submitted for this portion of the project. He noted that the foundation for the restaurant is currently being laid and that construction of both an auditorium facility and the restaurant will occur at the same time.

Board Chair Moore questioned how bids for the EPCRC project could be over budget if it used the design-build process. VP Gouveia replied that the EPCRC project

could not be executed as a design-build project due to the use of federal grant monies that were received from the National Institutes of Health (NIH) for design, construction, and equipment which required that it be completed using the standard design-bid-build process.

Given NIH's involvement in the EPCRC project and current efforts to change the scope of the project, Board Chair Moore asked if approval had to be obtained from NIH for these changes. Director Lee replied in the affirmative stating that approval has already been received from NIH for the proposed changes.

B. Status Update on Board Resolution 21-03, Relating to the Pursuit of an Adjusted Rate Structure from the Hawaiian Electric Company, Inc. (HECO)

Regent Acoba stated that he would be recusing himself from discussions on this agenda item and left the meeting at 11:15 a.m.

VP Gouveia explained that Board Resolution 21-03 was adopted in May 2021 to encourage the university to pursue an adjusted rate structure from HECO that was beneficial to the university and recognized its unique electricity needs. Since the adoption of the resolution, university representatives have been meeting with representatives of HECO to address this matter. However, she noted that developing a unique rate structure applicable to the university has been challenging because only the Public Utilities Commission can adjust utility rates and the process to do so is very involved and complex.

VP Gouveia reported that the university's Office of Sustainability will be working with the University of Hawai'i Economic Research Organization on building-out an existing modeling tool commissioned to help the university better understand its electrical costs to assist with the development of a time-of-use rate structure that would be most beneficial to the university. She introduced Mr. Miles Topping, Director of Energy Management, to provide more detailed information on this issue.

Director Topping provided a brief overview of the SWITCH power system planning model (SWITCH) which was adopted by the university as a means of obtaining information to make informed decisions on actions that should be taken to meet statutorily established net-zero energy goals. He reviewed the mechanics of SWITCH and provided examples of how information will be gleaned from the system for use in developing a proposed rate structure that achieves the objectives of Board Resolution 21-03. The SWITCH modeling tool may be viewed here:

<https://vcward.github.io/mroberts/energy/>

Regent Wilson asked if co-generation facilities were in existence at any location across the university system and whether the costs for such a facility have been factored into SWITCH. Director Topping replied that there are no co-generation facilities currently in existence within the university system but noted that a strategic energy master plan is being developed that will analyze the feasibility and viability of establishing such facilities on university campuses. He spoke about the advantages and disadvantages of co-generation facilities stating that the Office of Sustainability has

conducted site visits to currently existing co-generation facilities on O‘ahu and continues to analyze this issue as an option to meeting the university’s utility needs.

Regent Kudo briefly reviewed the rationale for the introduction of Board Resolution 21-03 remarking that a two-pronged approach focusing on actions to lower energy demand while seeking to decrease electricity costs through an adjusted rate structure offered the best chance for significantly reducing the university’s electric utility expenditures, which was second only to payroll costs when taking into consideration its major expenses. While questions will be raised as to whether public ratepayers should be required to subsidize electricity costs if the university is successful in obtaining an adjusted rate structure from HECO, Regent Kudo opined that the university is an institution of higher education that provides a needed public service and it is up to residents to decide if they want to bear these costs. He also spoke about the work conducted by the administration and HECO on this complex issue; provided his thoughts on the approach that should be taken to address this problem; and praised the efforts of VP Gouveia and the Office of Sustainability in dealing with this matter.

Regent Haning requested clarification as to which part of the university the SWITCH model applies, and whether campuses such as the Cancer Center and Kaka‘ako are included. Director Topping replied that the SWITCH model was created specifically for the UHM campus highlighting that the utility systems of each campus throughout the university system are independent of each other. He pointed out that, as an R1 institution, UHM consumes approximately 80 percent of the energy used throughout the university system and also maintains its own electrical distribution system, in essence serving as a microgrid. The Cancer Center is fairly new and energy efficient and has solar, and the John A. Burns School of Medicine (JABSOM) is considering an energy savings performance contract and other measures. President Lassner added that, other than UHM, enough real estate exists at each of the other campuses in the system to achieve energy independence. While UHM uses the most energy, it has the least amount of available space to facilitate the generation of large amounts of electricity, which is needed to maintain research and other operations.

Referencing a comment made that this was part of a statewide sustainability initiative, Vice-Chair Paloma asked if the university was looking at this issue in a vacuum or if consideration was given to working with other state agencies or involving other state buildings in this process. VP Gouveia replied that, to her knowledge, the university was the only state agency seeking to develop a unique rate structure with HECO due to the unique nature of the institution’s electrical needs, which peak in the middle of the day during HECO’s lowest electrical demand period. With respect to overall energy sustainability, the university works closely with the State Energy Office to keep abreast of initiatives it can take part in with other state agencies. She stated that a more in-depth presentation on the issue of sustainability and sustainability initiatives taking place at the university will occur at the board’s April meeting.

Vice-Chair Paloma questioned whether the university was the most proactive State agency on this matter. VP Gouveia replied in the affirmative. Director Topping expressed his belief that the intent of this project was to use UHM as the test bed prior to scaling the project globally across the system.

Regent Wilson asked about the status of the renewable energy facility project at UHWO that was intended to generate excess energy and provide financial benefits to a remote campus such as UHM. VP Gouveia replied that, while the UHWO photovoltaic project has been initiated, it has encountered permitting issues. The project is still expected to be completed by the end of the 2022 calendar year with operations slated to begin in 2023.

Board Chair Moore asked whether the university was eligible for time-of-day pricing that is afforded to other HECO customers. Director Topping replied that time-of-use rate schedules currently in place offer the university very little benefit in terms of reduced energy costs.

Regent Acoba returned at 11:43 a.m.

C. Recommend Board Approval of Extension of Lease between the University of Hawai'i and KF Downtown, LLC/Mo'owa'a, LLC for Office Space at 828 Fort Street, for use by Outreach College

VP Young provided background on a requested lease extension for the continued use of office space at 828 Fort Street in Honolulu, more commonly known as the Oceanit Center. He reviewed the parameters of, the initial lease entered into in 2005, as well as subsequent lease extensions; reported on the rationale for leasing the Oceanit Center space; explained that the lease extension is necessary for the Outreach College to continue operations; and reviewed the major terms of the lease extension. If the lease extension is approved by the board, the term of this lease will expire in in 2023.

William Chismar, Dean of the Outreach College at UHM, spoke about the mission of the Outreach College and its various programs stating that the college serves mainly adult learners, working professionals, and neighbor island students. He explained that Outreach College relocated from the UHM campus in 2009 due to the closure of Gartley Hall and lack of requisite campus space. While space in the Oceanit Center has served as a stable and suitable location for the work conducted by the Outreach College, the facility's location remains inconvenient since many of the college's programs involve collaborative partnerships with other programs and colleges located on the UHM campus. Dean Chismar stated that the Outreach College is currently slated to occupy space in the Atherton House project upon completion of renovations and that the requested lease extension will allow continued, uninterrupted operations until that time.

Vice-Chair Paloma moved to recommend board approval of the extension of a lease agreement between the university and KF Downtown, LLC/Mo'owa'a, LLC for office space located at 828 Fort Street for use by Outreach College, seconded by Regent Higaki, and noting the excused absence of Regent Westerman, the motion carried with all members present voting in the affirmative.

D. Recommend Board Approval of Extension of Sublease between the University of Hawai'i and University Clinical, Education & Research Associates dba University Health Partners of Hawai'i (UCERA), for Office Space at 677 Ala Moana Boulevard, for use by JABSOM

Regent Acoba stated that he would be recusing himself from discussions on this agenda item and left the meeting at 11:52 a.m.

VP Young provided background on a requested extension of a sublease for the continued use of space located at 677 Ala Moana Boulevard, more commonly known as the Gold Bond Building, for the operation of certain research and educational programs by JABSOM. He reviewed the parameters of the initial lease, which was a direct lease by JABSOM that was entered into in 2003, as well as the subsequent sublease with UCERA and successive lease extensions. He highlighted the major terms of the sublease extension including a reduction in useable space with a concomitant reduction in rent and the provision of access to amenities such as parking. If the sublease extension is approved by the board, the term of this sublease will expire in 2027.

Jerris Hedges, M.D., Dean of JABSOM, briefed the committee about the key programs and research operations of JABSOM that are housed in the Gold Bond Building stating that JABSOM's Kaka'ako campus does not currently provide sufficient space to meet its classroom, faculty office, and clinical research needs. He noted that the proximity of the Gold Bond Building to JABSOM, as well as its existing infrastructure, makes it an ideal location for this purpose. He also explained that negotiations on a new sublease began prior to the expiration of the most recent sublease and that the parties continued to honor the terms of the original agreements during that time.

Vice-Chair Paloma moved to recommend board approval of the extension of a sublease between the university and UCERA dba University Health Partners of Hawai'i, for office space located at 677 Ala Moana Boulevard, for use by JABSOM, seconded by Regent Higaki, and noting the excused absence of Regent Westerman, the motion carried with all members present voting in the affirmative.

Regent Acoba returned at 12:00 p.m.

Vice-Chair Paloma left at 12:01 p.m.

E. University Land-Related Strategic Initiatives and Partnerships Program FY 2021-2022 Second Quarter Update

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

- UHWO - University District Lands Project: The university has been working in coordination with the Office of the Governor and other State agencies to secure CIP funding for the creation of a university village along the perimeter of the UHWO campus which will consist of commercial, residential, and mixed-use facilities. The Governor's budget request included \$10,000,000 in CIP funding for the planning and design of the university village. 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 under the auspices of the University of Hawai'i Foundation (UHF). The university negotiated student housing affiliation and sublease agreements for its inclusion in the project, which were approved by the board in October 2021 and officially executed in November 2021. Although UHF is responsible for the project's debt and bond proceeds, it was noted that bond financing transactions with a total value of \$93,240,000 were completed on November 30, 2021.
 - **NOAA Graduate Student Housing Project:** This project, which is a 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 approved by the City and County of Honolulu's Department of Planning and Permitting in January 2022. Design development drawings for the project were completed in December 2021 and Greystar Development Services, LLC (Greystar) continues to move forward with construction documents expected to be completed in September 2022. Greystar is currently in the process of preparing cost estimates based upon completed design development drawings and is updating its project financial pro forma. It is anticipated that a third amendment to a pre-construction agreement requesting release of the final tranche of project funding will be brought to the Planning and Facilities Committee at its next meeting.
 - **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 consider potential options for the disposition of these lands. The university has prepared an invitation to submit proposals for a private developer to work in conjunction with the university in developing the vacant parcels for use in the area of healthcare but these plans remain on hold due to the introduction of legislation that could impact the ownership of the subject parcels.
 - **University Press Parcel Project:** The university continues to evaluate the potential opportunities and disposition of university-owned land in Mānoa Valley should the University Press operations be relocated to the main UHM campus.
 - **Honolulu Authority for Rapid Transportation (HART) Projects:** The university continues its coordination efforts with HART on several aspects of the project, including improvements related to utilities, as well as the location of guideways and a rail station on the Honolulu Community College Campus. Evaluation of a request by HART for an alternative UHWO property site to locate a 900-stall interim park-and-ride facility is also ongoing.
- F. Status Update on the Waiale'e Research Station Property situated at Waiale'e, Ko'olauloa, O'ahu, City and County of Honolulu, (TMK: (1) 5-8-001:007, 013, and 055)**

VP Young indicated that this agenda item was for information only and was being brought before the committee to re-familiarize regents with actions and activities that

have occurred with respect to the Waiale‘e parcels in anticipation of the administration submitting a formal request for leasing of the parcels at a subsequent board meeting.

Director Shibata provided historical information on the Waiale‘e Research Station; reviewed challenges experienced with respect to the parcels; reported on efforts to address these challenges; and highlighted current actions being taken regarding the parcels such as the removal of abandoned vehicles and trespassers and prioritization of projects to mitigate the university’s liability that will be funded by \$1.6 million in CIP funds released by the Governor. It was reiterated that the administration is anticipating the submittal of long-term lease agreements to the board for approval in the near future.

President Lassner commended the efforts of VP Young and Director Shibata, as well as their teams, on this long-standing issue. Although the parcels in question will not generate substantial revenue for the university, they will be used productively. VP Young credited CTAHR and other university offices for conducting the bulk of the work on this matter stating that the long-term leasing of these lands will be a win-win situation for the community and the university.

Board Chair Moore and Chair Nahale-a echoed the sentiments expressed by President Lassner and VP Young stating that the property in question has been vastly improved and that this type of work by the university often goes unrecognized.

G. Annual Report on Real Property Actions Delegated Pursuant to Regents Policy 10.201, for FY 2019-2020 and FY 2020-2021

Director Shibata summarized the contents of a report listing and describing real property transactions that have taken place over each of the last two fiscal years under authority delegated to the president and his designees by the board pursuant to Regents Policy 10.201, highlighting that 62 real property agreements were entered into for FY 2019-2020 and 67 real property agreements were entered into for FY 2020-2021. He noted one correction to the reports stating that agreements listed in the first three rows on page one of the FY 2020-2021 report should have been referenced in the FY 2019-2020 report.

V. ADJOURNMENT

There being no further business, Chair Nahale-a adjourned the meeting at 12:19 p.m.

Respectfully Submitted,

/S/

Kendra Oishi
Executive Administrator and Secretary
of the Board of Regents