

MINUTES

BOARD OF REGENTS COMMITTEE ON PLANNING AND FACILITIES MEETING

JUNE 1, 2022

I. CALL TO ORDER

Chair Nahale-a called the meeting to order at 8:31 a.m. on Wednesday, June 1, 2022, with regents participating from various locations.

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

Committee members excused: Regent Robert Westerman.

Others in attendance: Board Chair Randy Moore; Regent Simeon Acoba; Regent Kelli Acopan; 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 Legal Affairs/University General Counsel Carrie Okinaga; VP for Research and Innovation Vassilis Syrmos; VP for Budget and Finance/Chief Financial Officer Kalbert Young; UH Mānoa (UHM) Provost Michael Bruno; UH Hilo (UHH) Chancellor Bonnie Irwin; Executive Administrator and Secretary of the Board of Regents (Board Secretary) Kendra Oishi; and others as noted.

II. APPROVAL OF MINUTES

Chair Nahale-a inquired if there were any corrections to the minutes of the March 3, 2022, committee meeting which had been distributed. 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 Third Quarter Capital Improvement Project (CIP) Status Report as of March 30, 2022

VP Gouveia reported on the status of CIPs through the third quarter of FY 2021-2022. While the majority of projects are moving forward as anticipated, she drew attention to several projects that have experienced delays or increased costs due to manufacturing and supply chain issues, as well as inflation, including the Bachman Hall renovation project, which has had its completion date extended to summer 2023, and the Student Success Center project, which received design-build bids that were \$10-to-\$15 million over budget and is currently in the process of reducing its scope to lower costs. She also mentioned the Product Development Center project at Leeward

Community College which has been impacted by a decision to upgrade facility equipment that is expected to result in an approximately \$1.5 million cost increase and a six-to-eight month extension of the project completion date, and the University Cancer Center's Early Phase Clinical Research Center (EPCRC) project, which has been significantly descoped to better align costs with the project's budget and is awaiting approval from the National Institutes of Health.

Regent Kudo inquired about the price differential between the EPCRC's original estimated construction budget and the lowest submitted construction bid proposal. He also asked about the projected construction costs for the descoped EPCRC project. VP Gouveia replied that a combination of state and federal monies provided a total of \$13 million to fund the EPCRC project, with approximately \$10.3 million being allotted for construction costs and \$2.7 million earmarked for design, and stated that the lowest construction bid received was approximately \$18.8 million. Although project costs were subsequently reduced to about \$16.6 million through initial redesign efforts and negotiations, the bid remained over budget which necessitated further reductions to the project's scope. She noted that current estimated construction costs for the descoped project stands at \$7.5 million.

Given the significant reduction in the scope of the EPCRC project, Regent Kudo expressed his continued concerns about the project's future viability and its potential to become a financial liability for the university. He also questioned whether a scaled-back project would impact the EPCRC's business plan. VP Gouveia replied that she was not involved in the development of the EPCRC business plan and therefore could not comment on this matter.

B. Recommend Board Approval of Amendments to Regents Policy (RP) 10.201, Interests in Real Property

VP Young reviewed and discussed proposed revisions to RP 10.201 stating that the changes were intended to provide clarity with respect to real property transactions that require board approval as well as signing authority for the university's execution of real property documents. He also noted that the administration is considering amendments to executive policies and administrative procedures that will work in concert with the proposed changes to RP 10.201.

Regent Acoba raised questions about the nuances of the proposed revisions including use of the term "material change"; the duration of certain real property transactions that may be approved by the president; and the provision of supporting documentation, such as real estate appraisals, and suggested that RP 10.201 be further amended to address these concerns.

Discussions ensued among regents and the administration regarding the suggested amendments as well as procedural matters.

Regent Higaki moved to recommend board approval of amendments to RP 10.201, seconded by Vice-Chair Paloma.

Further discussions occurred on the motion, the process with respect to board approval and the incorporation of suggested amendments, specific language for the amendments, and timing considerations given that the board is scheduled to convene its meeting on the following day.

Regent Higaki withdrew his motion and Vice-Chair Paloma withdrew her second of the motion.

Vice-Chair Paloma then moved to recommend board approval of amendments to RP 10.201, subject to the inclusion of amendments as proposed by Regent Acoba, seconded by Regent Higaki, and noting the excused absence of Regent Westerman, the motion carried with all members present voting in the affirmative.

C. Recommend Board Approval of Lease Between the University of Hawai'i and the North Shore Community Land Trust (NSCLT) at Waiale'e Agricultural Research Station (Waiale'e)

VP Young stated that the administration was seeking approval of a lease between the university and NSCLT for 30.88 acres at Waiale'e on the North Shore of O'ahu with a maximum duration of 25 years. He provided historical information on Waiale'e; discussed prior uses of the parcel by the College of Tropical Agriculture and Human Resources (CTAHR); reviewed challenges experienced with the parcel; highlighted efforts to rehabilitate the property that were undertaken in collaboration with NSCLT, including work to restore and preserve significant cultural and environmental features; and discussed the major terms of the lease. While revenue will not be generated from this agreement, the active presence of NSCLT on the property will be advantageous to the university by reducing various expenses associated with the property.

Nick Comerford, Dean of CTAHR, expressed support for approval of the lease agreement, spoke about CTAHR's efforts to clear the land of trespassers and derelict vehicles, and noted the importance for CTAHR to maintain a strong relationship with the local community. He also highlighted NSCLT's environmental stewardship background and lauded its work in rehabilitating wetlands and supporting indigenous types of activities.

Adam Borello, Executive Director of NSCLT, gave an overview of NSCLT's past and current involvement with Waiale'e, noting the unique nature of the property as an intact ahupua'a. He also reviewed the organization's vision for the acreage which focuses on intersecting environmental, agricultural, and cultural opportunities, while restoring and protecting the land, and noted that the commitment by the university to a 25-year lease will allow the non-profit to secure larger grants to support these purposes.

Regent Kudo questioned whether the university is sufficiently insured given that it will remain a lessor in this agreement. VP Young replied that Waiale'e will remain a part of the land inventory of the university and therefore will be covered by its program of insurance that is administered by the Office of Risk Management.

Regent Wilson asked if the proposed lease agreement would affect access to kuleana lands which he understood were contained within the noted parcel. VP Young

stated that both the university and NSCLT have acknowledged and recognized the use of interior, land-locked kuleana lands within the Waiale‘e parcel and are committed to maintaining access for the owners of these lands.

Vice-Chair Paloma moved to recommend board approval of a lease agreement between the university and NSCLT for property at Waiale‘e, seconded by Regent Higaki, and noting the excused absence of Regent Westerman, the motion carried with all members voting in the affirmative.

D. Recommend Board Approval of Lease Between the University of Hawai‘i and Double J Livestock Ranch at Waiale‘e

VP Young stated that the administration was seeking approval of a lease agreement between the university and Paul A. and Verna L. Eguires doing business as Double J Livestock Ranch for 99.97 acres at Waiale‘e on the North Shore of O‘ahu with a maximum term of 35 years. He noted that Double J Livestock Ranch was granted a short-term Use and Occupancy Agreement to allow it to raise cattle and livestock, as well as secure and manage the property and reviewed the major terms of the lease. He also highlighted benefits afforded to the university through the lease agreement including the receipt of annual rental income, a substantial reduction of the university’s liability with respect to the property, and the elimination of long-term maintenance needs.

Dean Comerford voiced CTAHR’s support for the approval of the lease agreement stating that the Eguires family has had a long-standing relationship with CTAHR. He offered insights into community service work of the Double J Livestock Ranch, particularly in the arena of animal husbandry education through its intimate relationship with the 4-H Youth Program. He also noted the Ranch’s collaboration with CTAHR in cleaning, rehabilitating, and maintaining the Waiale‘e parcel in question.

Mr. and Mrs. Paul Eguires, owners of the Double J Livestock Ranch, spoke about the history of the ranch, as well as some of its stewardship, conservation, and agricultural activities, and stated that obtaining the long-term lease for the Waiale‘e property will allow the ranch to attain its future goals including the establishment of a slaughterhouse and the creation of a livestock center to continue educating youth about animal husbandry, as well as further the development of the grass-fed beef and livestock industry.

Regent Wilson asked whether the growth of the cattle industry in Hawai‘i would reach a point where it could satisfy local demand for beef. Mr. Eguires replied that the cattle industry has experienced steady growth over the last few years, particularly with the production of grass-fed beef. However, the industry has faced some issues which have hampered this progress, among them feed and shipping costs, as well as the lack of a sufficient number of slaughterhouses. Dean Comerford added that expansion is occurring in the livestock industry in Hawai‘i but opined that those operations would never grow large enough to meet the local demand for meat.

Vice-Chair Paloma moved to recommend board approval of a lease agreement between the university and Double J Livestock Ranch for property at Waiale'e, seconded by Regent Higaki, and noting the excused absence of Regent Westerman, the motion carried with all members voting in the affirmative.

E. Recommend Board Approval for the Disposition by Transfer of Real Property at 4956 Kāhala Avenue, Honolulu, Hawai'i 96816 (Jean Charlot Residence)

VP Young stated that the administration was requesting approval of the fee-simple transfer of the Jean Charlot Residence back to the Charlot family noting that the disposition is intended to eliminate all future costs and obligations associated with the property that are currently paid for by the university. He provided background information on the university's acquisition of the property and residence which is situated in the Wai'ala'e-Kāhala area of O'ahu, underscoring the Charlot family's strong commitment to the university. Although the university has utilized the property and residence for a variety of purposes over the past 20 years, including as a residence for visiting faculty, difficulties have been faced in maintaining the property and residence, as well as generating revenues to offset annual expenditures. Given the prospects for the property and residence, as well as anticipated increases in future expenditures for upkeep of the property, the administration, with the concurrence of the Charlot family, believes that the requested transfer will be mutually beneficial, is equitable, and honors the desires of both sides in maintaining and preserving the Jean Charlot Residence.

David Charlot, grandson of Jean Charlot, spoke about the Charlot family's ties to, and support for the university, highlighting successful ventures entered into between the two parties. Despite valiant efforts by all parties, the creation of another successful venture for the university through the gifting of the Jean Charlot Residence by the Charlot family did not materialize. He thanked the university administration for its efforts, noted actions being contemplated to preserve the historic property, and expressed the Charlot family's concurrence with the recommended transfer.

William Chapman, Interim Dean of the School of Architecture at UHM, conveyed the School of Architecture's support for the property transfer, noting its oversight and use of the Jean Charlot Residence. He explained the difficulties with managing and maintaining a historic property, particularly one that has highly restrictive preservation and conservation easements placed upon it, and stated that a number of universities are beginning to disencumber themselves from gifted historic properties.

Vice-Chair Paloma commended the Charlot family's furtherance of culture and the arts in Hawai'i and expressed her support for the property transfer.

Regent Kudo moved to recommend board approval for the disposition by transfer of real property located at 4956 Kāhala Avenue, the Jean Charlot Residence, seconded by Vice-Chair Paloma, and noting the excused absence of Regent Westerman, the motion carried with all members voting in the affirmative.

F. Update and Status on Real Estate – Cape Kumukahi (Island of Hawai'i)

President Lassner indicated that this agenda item was for information only and was being brought before the committee to familiarize regents with Cape Kumukahi on the Island of Hawai'i. He noted that he was only recently made aware of the university's ownership of this property when the Office of Hawaiian Affairs (OHA) notified him of the purported disturbance of burial sites. He provided background information on Cape Kumukahi, stating that the university acquired the 58 acres from the United States Department of Education via quitclaim deed to support use of the property for monitoring as part of a global climate change research program. He explained the significance of the site, the easternmost point in the Hawaiian Islands, and discussed the findings and recommendations of a professional consulting firm specializing in cultural and heritage resources management that was procured to address the concerns raised by OHA as well as those understood as a result of community consultation with community and lineal descendants in the course of the project. He emphasized that the university has no short- or long-term plans for use or development of Cape Kumukahi beyond a desire to see continued support of the climate change research, for the lifetime of the project, which requires only a tiny parcel. He reviewed some of the university's future options to ensure responsible stewardship of the property.

Michael Shibata, Director of the Office of Strategic Development and Partnership, added that the university's present goals are to complete archaeological work and a reconnaissance study for the entire parcel, implement suggested burial treatment plans, and determine interest in long-term operations and management of the parcel.

President Lassner commended the efforts of VP Young; Director Shibata; Blanche Fountain, Director of System Administrative Services; and Dr. Greg Chun, Executive Director of Maunakea Stewardship, as well as their teams, on this challenging and sensitive issue.

G. Update and Status on Real Estate – Solicitation for Use of Approximately 293 Acres at UHH Relating to HECO Hawai'i Island Stage 3 Request for Proposals for Renewable Energy Projects

Director Shibata reported that the administration is exploring the feasibility of making available approximately 293 acres of land at UHH to potential developers in response to a Hawaiian Electric Company (HECO) Hawai'i Island Stage 3 RFP for renewable energy projects that will provide up to 485,000 megawatts to the island-wide grid. The administration anticipates soliciting proposals from renewable energy developers that intend to respond to HECO's RFP in a manner similar to that which was used to solicit proposals for a solar photovoltaic (PV) project on UHWO mauka lands. He provided historical background on the UHH property under consideration for this project consisting of unimproved, vacant lands that were previously envisioned as the site for the relocation of Hawai'i Community College's Manono Campus (Manono Campus) under UHH's 2005 Mauka Lands Master Plan (Master Plan). However, further analysis of Master Plan conducted in 2018 determined that keeping the Manono Campus at its present location was more beneficial to students and the university. He also reviewed HECO's RFP schedule, the university's critical milestones and timelines for the project, key terms of a binding letter of intent (LOI), necessary board actions, and projected next

steps. It was emphasized the university's role in this project is only as a landowner and that each developer interested in pursuing HECO's RFP would need to submit an executed LOI entered into with the university for use of the property in order to demonstrate requisite site control.

Regent Wilson asked about the timeframe for the renewable energy system to become fully operational and queried when the university expects revenue to be generated from the project. Director Shibata replied that the anticipated timeframe from solicitation to operational readiness of the project would be approximately five years and that the university expects to begin generating revenues project prior to it being brought online, similar to the UHWO project which is currently generating approximately \$3,500 per month in fee revenues despite not yet being operational.

Regent Wilson expressed his concerns with the length of time it takes for projects of this nature to be completed, particularly when revenue-generating opportunities are predicated on a project becoming operational. Director Shibata replied that the number of approvals that need to be obtained for a project such as this adds time to its completion schedule.

Regent Kudo inquired about the specific type of renewable energy project being contemplated for the UHH property, as well as zoning for the land, and questioned whether an Environmental Impact Statement (EIS) was completed for the project. Director Shibata responded that the project will most likely be a solar PV project and that all of the State-zoned lands and most of the county-zoned lands encompassed by this property were zoned for agricultural use. An EIS for the property was previously prepared in 2005 as part of the Master Plan but noted that a new Environmental Assessment would need to be prepared based upon the scope of the new proposed use for the property.

Regent Kudo stated that PV developments on agriculture lands generally contain an element of agricultural use such as the raising of grazing livestock and asked whether this would have any impact on the UHH property. Director Shibata replied that the administration did not anticipate any major impacts to the UHH property and that the responsibility for any such impacts would be assumed by the developer.

H. University Land-Related Strategic Initiatives and Partnerships Program FY 2021-2022 Third Quarter Update

Director Shibata provided an update on the status of several university land-related strategic initiatives through the third quarter of FY 2021-2022 highlighting the following:

- UHWO - University District Lands Project: The proposed \$10,000,000 in CIP funding for the planning and design of a university village along the perimeter of the UHWO campus was not included in the final budget submitted to the Governor. The university is currently exploring the feasibility of conducting a market study regarding these lands; assisting UHWO with updating its long-range development plans; and supporting county legislation that will provide financial and other incentives to entice future development and investment in the State's growth industries. Additionally, the

university continues to coordinate 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). A ground blessing took place in January 2022 and site preparation, partial demolition, and foundation work is ongoing.
- **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. Additionally, Greystar Development Services, LLC (Greystar) has prepared cost estimates that are based upon completed design development drawings. The university continues to evaluate revenue projections and assumptions for the project and will be requesting a third amendment to a pre-construction agreement for the release of the final tranche of project funding later in this committee meeting.
- **Kaimuki/Leahi Hospital Parcels Project:** Legislation intending to transfer the subject vacant Leahi parcel to the State Department of Hawaiian Homelands (DHHL) was amended to only allow DHHL to negotiate a land transfer and awaits action by the Governor. The university has since had preliminary discussions with DHHL about other university-owned lands that might be better suited to meet its needs. The university intends to finalize an invitation to submit proposals to develop the vacant Leahi parcel, and will extend an invitation to DHHL.
- **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. The university is planning on inviting HART representatives to present an update on the rail project at a future board meeting.

Regent Kudo expressed his belief that the university needs to act quickly on developing plans for the use of vacant parcels in its inventory, particularly properties located in prime development areas, lest other agencies continue pursuing acquisition of these lands through the Legislature.

Regent Kudo inquired as to whether plans by the administration to lease space within the Atherton Project for an innovation center and then subleasing a portion of that space to generate revenues that would subsidize approximately \$250,000 in lease rent

was still being pursued. VP Young replied that the Atherton Project continues to evolve. He reviewed initial plans to subsidize lease rent for the innovation center with revenue generated through subleases with innovation section entities but stated that this plan appears to be moving in a different direction. While the university is still focused on generating sufficient revenues from the Atherton Project to secure lease rent for the innovation center, it is currently in negotiations with UHF, the owners of the Atherton property, regarding this matter, with one possible scenario being that the university will not be liable for the \$250,000 in lease rent. Regent Kudo asked about the party that would then become responsible and liable for the lease rent. VP Young replied that it would be UHF. Discussions ensued on the reasoning for the change in plans and the necessity of securing a lease from UHF given the possible scenarios under consideration for the Atherton Project.

Regent Acoba asked if his understanding that the Atherton Project has gone from the university leasing space from UHF to the university not having any real interest in the property other than use rights for an innovation center was correct. VP Young replied that this is a potential scenario for the property but noted that the university will remain actively engaged with the Atherton Project through the innovation center for which it currently has a lease agreement. The university will also be involved in the student life aspect of the Atherton Project's student housing initiative.

Discussions occurred on the condemnation process for the transfer of the Kaimuki/Leahi Hospital parcels, as well as the legality and constitutionality of accomplishing this transfer through legislation.

I. Committee Annual Review

Chair Nahale-a referenced the committee annual review matrix provided in the materials packet stating that it sets forth the actions carried out by the committee throughout the year and asked for comments from committee members. Hearing none, Chair Nahale-a stated that it was a very productive year for the committee and thanked the committee members, administration, Board Office staff, and university staff for all of their efforts that allowed the committee to complete the tasks set-forth in the committee work plan.

V. EXECUTIVE SESSION (closed to the public)

Regent Kudo moved to convene in executive session, seconded by Regent Higaki, and with all members present voting in the affirmative, the committee approved convening in executive session 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 and 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)(3) and 92-5(a)(4), Hawai'i Revised Statutes.

The meeting recessed at 10:27 a.m.

Chair Nahale-a called the meeting back to order at 11:15 a.m. and announced that the board met in executive session to discuss matters as stated on the agenda.

VI. Agenda Items (continued)

A. Recommend Board Approval of Authorization to Amend Pre-Closing (Pre-Construction) Agreement (PCA) with Greystar for Development of a Multi-Family Rental Housing Facility at the Former NOAA Site

VP Young provided a brief history of the NOAA Graduate Student Housing Project noting that, in 2020, the board approved the administration's original request to enter into a limited PCA with Greystar under which the university would agree to reimburse Greystar for incurred pre-construction costs of up to an anticipated \$5 million, subject to a phased approach that based the release of funds upon pre-construction activity and the administration acquiring board approval of amendments to the PCA to accommodate these costs. As such, the administration is currently seeking board approval for a third and final amendment to the PCA that would allow it to authorize Greystar to expend an additional \$1,540,936 to accommodate the last pre-construction phase of the Project which includes the completion of pre-construction plans and securing of entitlements necessary to undertake construction. In total, \$5,040,936 in pre-construction costs will have been expended for the Project.

Chair Nahale-a expressed his support for the Project and commended the efforts of the administration as well as VP Young and his team in this matter. He also recognized Regent Acoba for his original suggestion that the costs for the project be segmented and brought back to the board for approval incrementally.

Vice-Chair Paloma moved to recommend board approval of authorization to amend the PCA with Greystar for the development of a multi-family rental housing facility at the former NOAA site, seconded by Regent Higaki, and noting the excused absence of Regent Westerman, the motion carried with all members present voting in the affirmative.

VII. ADJOURNMENT

There being no further business, Chair Nahale-a adjourned the meeting at 11:22 a.m.

Respectfully Submitted,

/S/

Kendra Oishi
Executive Administrator and Secretary
of the Board of Regents