

MINUTES

BOARD OF REGENTS COMMITTEE ON INSTITUTIONAL SUCCESS MEETING

SEPTEMBER 7, 2023

I. CALL TO ORDER

Chair Gabriel Lee called the meeting to order at 10:15 a.m. on Thursday, September 7, 2023, at the University of Hawai'i (UH) at Mānoa, Information Technology Building, 1st Floor Conference Room 105A/B, 2520 Correa Road, Honolulu, Hawai'i 96822, with Regents participating from various locations.

Committee members in attendance: Chair Gabriel Lee; Vice-Chair Lauren Akitake; Regent Neil Abercrombie; Regent Wayne Higaki; and Regent Diane Paloma.

Others in attendance: Board Chair Alapaki Nahale-a; Regent William Haning; Regent Laurel Loo; Regent Abigail Mawae; Regent Laurie Tochiki; Regent Ernest Wilson (ex officio committee members); President David Lassner; Vice President (VP) for Administration Jan Gouveia; VP for Academic Strategy Debora Halbert; 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; Interim VP for Community Colleges Della Teraoka; UH-Mānoa (UHM) Provost Michael Bruno; UH-Hilo (UHH) Chancellor Bonnie Irwin; UH-West O'ahu (UHWO) Chancellor Maenette Benham; Executive Administrator and Secretary of the Board of Regents (Board Secretary) Yvonne Lau; and others as noted.

II. APPROVAL OF MINUTES

Chair Lee inquired if there were any corrections to the minutes of the August 3, 2023, committee meeting which had been distributed. Hearing none, the minutes were approved.

III. PUBLIC COMMENT PERIOD

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

IV. AGENDA ITEMS

Chair Lee announced that, barring any objections, Agenda Item IV.F would be taken up at this time to accommodate individuals making the presentation. No objections were raised.

F. Fiscal Year (FY) 2022-2023 Fourth Quarter UBS Legacy Endowment Fund (Fund) Investment Performance Report

Kyle Yoneshige and Lori Hamano from UBS provided a report on the Fund for the fourth quarter of FY 2022-2023, reviewing both asset allocation and investment

performance. Ms. Hamano stated that the Fund's investment portfolio was comprised of cash, fixed-income, and equity assets and reviewed allocations for each asset class. She provided the rationale for UBS's decision to raise \$3 million in cash at the end of the 2021 calendar year stating that this was a strategic maneuver to address concerns regarding the impact of market volatility on the Fund and drew attention to a \$2.5 million distribution made from the Fund in January 2023 to support the Regents and Presidential Scholars Program.

Mr. Yoneshige presented an overview of the Fund's portfolio performance noting that, as of June 30, 2023, the value of the Fund stood at just over \$87.65 million. While the Fund experienced excellent overall gross returns of 12.91 percent for the FY 2022-2023 and outperformed asset category benchmarks established within Regents Policy (RP) 8.207, he cautioned that expectations for the Fund to continually outperform established benchmarks must be tempered. He also mentioned that internal compliance reviews confirmed that the Fund was in accord with fossil fuel divestiture mandates and all investment policies; that no material changes or weaknesses have been identified with respect to the management of the Fund; and that the total cost of investments for the Fund is 0.43 percent and includes 0.2 percent in fees charged by UBS and 0.23 percent in fees charged by the investment manager.

Ms. Hamano and Mr. Yoneshige briefed the committee on current economic conditions that could have an impact on the Fund's performance. They noted that inflation is trending downward from the unprecedented highs that were witnessed earlier this year; the probability of a recession being experienced by the close of the calendar year has lessened due to stronger-than-expected consumer spending; and analysts are expecting the Federal Reserve to keep interest rates elevated for the time being. All things taken into consideration, UBS maintains its belief that equities and high-quality bonds still afford the best opportunity for long-term returns on investment. UBS will continue to monitor the financial markets, focusing on long-term returns that consider inflation and market volatility, and adjust its investment strategy accordingly.

Regent Wilson voiced his concerns with respect to the impact the Maui wildfires will have on Hawai'i's economy, as well as the Fund's investments, and suggested that the board be provided with an update from the University of Hawai'i Economic Research Organization at its next scheduled meeting. Chair Lee noted Regent Wilson's request.

Citing the investment management fees noted by UBS, Vice-Chair Akitake asked what this amounted to in actual dollars. Mr. Yoneshige replied that based upon the total value of the Fund's portfolio, a 0.43 percent investment management fee equated to roughly \$350,000.

Board Chair Nahale-a expressed his belief that global interdependence and political instability caused by changing geopolitical climates can have a major impact on market performance. As such, he asked about UBS's approach to assessing market risks posed by these factors. Mr. Yoneshige concurred with Regent Nahale-a's assessment and noted that UBS considers a multitude of factors when making decisions regarding the long-term performance of the Fund, including the dramatic change in economic

interdependence and geopolitical climates that has occurred over the last few years and the impact this has had on worldwide economic conditions.

Regent Abercrombie opined that a resurgence of the COVID-19 pandemic should also be considered by UBS in developing its long-term strategy for the Fund.

Regent Haning articulated his unease with the comment made by UBS representatives that “everyone who wants a job has a job” in reference to unemployment data.

A. Recommend Board Approval of FY 2023-2024 Operating Budget

VP Young presented the university’s proposed operating budget for FY 2023-2024, discussed the various assumptions considered in developing the expenditure plan, and spoke about the administration’s efforts to align new university expenditures with the five foundational principles and four strategic imperatives of the University of Hawai’i System Strategic Plan 2023-2029 (Strategic Plan). He reviewed budgeted, actual, and projected revenues and expenditures for each of the major units of the university across all fund categories highlighting that, as compared to FY 2022-2023, total General Fund (GF) revenues are projected to increase by \$16.7 million, or 2.9 percent; Tuition and Fees Special Fund (TFSF) revenues are forecasted to decrease by \$2.5 million, or 0.7 percent; and Research and Training Revolving Fund (RTRF) revenues are predicted to decrease by \$3.6 million, or five percent. While revenues for other special and revolving funds are expected to increase due to greater on-campus activity, the administration also anticipates a concomitant increase in expenditures across all fund categories. Although the administration is expecting the university to realize a net operating loss of \$57.1 million, it was pointed out that this was the intentional result of \$106.4 million in one-time, non-recurring expenditures and investments during FY 2023-2024 and that without these one-time expenditures, there could be a net operating gain of \$49.3 million. Reserve fund balances remain strong, have been growing during the pandemic, are well above the 16 percent target for operating reserves established under RP 8.203, and, in the administration’s view, will be available for deployment to fund new initiatives associated with the four strategic imperatives contained within the Strategic Plan. VP Young also emphasized that the proposed operating budget was constructed prior to the occurrence of the Maui wildfires. Even though the administration expects an increase in university expenditures as a result of this catastrophic incident, it remains confident that current costs and efforts can be readily accommodated under the proposed operating budget, or alternatively, with availability of reserve fund balances.

Regent Abercrombie asked if his understanding that operating reserve fund balances far exceeded targets established under RP 8.203 and thus would be available for use to fund initiatives related to the imperatives of the Strategic Plan was correct. VP Young responded in the affirmative noting the reserve fund balances were at levels whereby the administration could consider other uses for these monies.

Referencing a one-time expenditure slated for an intentional scope increase that will result in cost increases for the Snyder Hall replacement project, Regent Abercrombie

inquired as to whether the new facility will keep the Snyder Hall name. After consulting with VP Gouveia, VP Young replied that a decision has not yet been made on the name of the new facility. Regent Abercrombie expressed his desire for the Snyder Hall name to be retained.

Regent Abercrombie questioned whether the expenditure amounts for the various campuses of the university system noted in the operating budget were arrived at in consultation with the administration of each respective campus. VP Young replied in the affirmative.

Citing a one-time expenditure for the initiation of long-range planning for the University Avenue Ewa parcel, Regent Abercrombie asked about the specific dollar amount of this outlay. VP Young explained that the expenditure was for a feasibility study on the redevelopment of the University Avenue Ewa parcel in collaboration with the Hawai'i Housing Finance and Development Corporation (HHFDC) as requested by the Legislature via a resolution and stated that the study would cost roughly \$350,000. Regent Abercrombie remarked that he would like to be provided with further details about what was encompassed by the feasibility study. VP Young replied that, per the Legislature, the feasibility study was to include analyses of developing the parcel into workforce housing and other affiliated uses. He also underscored that the lands in question would need to be developed in a manner consistent with the purposes of the university. Regent Abercrombie stressed the importance of the feasibility study stating that the University Avenue Ewa parcel provided the university with an incredible opportunity to transform UHM into a more student- and community-centered campus. VP Young concurred with Regent Abercrombie's assessment.

Vice-Chair Akitake asked about the timeline for the feasibility study as well as the party responsible for overseeing the study and developing its contents. VP Young replied that a report on the feasibility study is due to the Legislature prior to the start of the 2025 Legislative Session. Although he and Michael Shibata, Director of the Office of Strategic Development and Partnership, will be tasked with general oversight of the feasibility study, VP Young stated that the administration intends to hire a consultant to conduct the feasibility study and generate the report.

Regent Abercrombie moved to recommend board approval of the FY 2023-2024 operating budget, seconded by Regent Higaki, and the motion carried with all members present voting in the affirmative.

Chair Lee announced that, barring any objections, Agenda Item IV.K would be taken up at this time to accommodate individuals making the presentation. No objections were raised.

K. Semi-Annual Associated Students of the University of Hawai'i (ASUH) Stadium Stock Fund Investment Performance, through June 30, 2023

Bronson Azama, ASUH President, reported on the history of, and context under which ASUH acquired, the Stadium Stock Fund; provided overviews of the legislative and budgetary approval processes used by ASUH; reviewed budgeted versus actual

payouts made from the Stadium Stock Fund over the past five years; and spoke about the various programs, services, scholarships, awards, and student support activities funded by ASUH through the Stadium Stock Fund.

Peter Backus, ASUH Investment Advisor from Graystone Consulting/Morgan Stanley, presented data on the overall performance of the investment markets as well as the investment performance of the Stadium Stock Fund, highlighting that the main contributor to market performance over the past year has been a concentration of just a handful of technology stocks although the rally has been broadening beyond the scope of those stocks. He also reported on the Stadium Stock Fund's performance relative to established benchmarks; discussed the portfolio's asset allocation amounts; remarked that issues such as inflation and geopolitical tensions continue to have an impact on both domestic and international markets; noted that additional sales of equities were made recently (after the June 30, 2023 fiscal year end report) which brought cash to over \$417,163, which is the ASUH budget for the next fiscal year, and that these funds are currently being held in a government money market fund account earning five percent interest given ASUH leadership's intent to utilize its full allotment of funds provided in accordance with RP 8.207, which is a change from previous years; and talked about Morgan Stanley's near- and long-term economic outlook and its impacts on investment actions.

Regent Wilson questioned whether Mr. Backus believed the economic impacts from the Maui wildfires will affect the performance of the Stadium Stock Fund's portfolio. Mr. Backus replied that, while the impacts of the Maui wildfires on Hawai'i's economy are expected to be significant, its impacts to the global markets will be negligible. Since the Stadium Stock Fund's performance is primarily based on the strength of the global indices, he did not believe this catastrophic event would affect the Fund's performance.

Regent Abercrombie sought further information on ASUH's open mic series events which are being funded by ASUH through the Stadium Stock Fund. Mr. Azama replied that these events were initiated by ASUH Senators and were open to all students. Regent Abercrombie commended ASUH for holding these types of events stating that it provides students with the opportunity to express their views, as well as be exposed to the views of guest speakers and other individuals.

Referencing allotments from the Stadium Stock Fund that are provided to ASUH, Regent Abercrombie asked if he was correct in stating that these payouts have been averaging just over \$400,000 each year over the last five years. Mr. Backus replied in the affirmative although he emphasized that this figure referenced monies that were allocated for use and not amounts actually withdrawn, which have been considerably less over the last four years.

Regent Abercrombie inquired as to whether KTUH, the university radio station, and Ka Leo O Hawai'i (Ka Leo), the student newspaper, were funded by ASUH through the Stadium Stock Fund. Mr. Azama replied that KTUH and Ka Leo were outside the purview of ASUH. Lori Ideta, Vice Provost for Student Success at UHM, explained that ASUH, and Ka Leo are separate organizations. While these organizations are deeply connected, they each have separate budgets and means of financing their respective

activities. President Lassner added that KTUH and Ka Leo fall under the governance of the Student Media Board.

B. Multi-Year Financial Forecast, FY 2023-2029

VP Young explained that, in accordance with RP 8.204, the administration was providing a rolling six-year financial plan (Financial Plan) for the university in conjunction with the university's expenditure plan. While multi-year financial plans are valuable tools, he cautioned that they should be treated as point-in-time forecasts and dynamic documents that must be fluid and adaptive to changes in economic conditions. Accordingly, the purpose of the Financial Plan is to review and identify areas of fiscal concern that the university may face over the next several years.

Although fiscal deficits of approximately \$20 million per year are being forecasted based upon anticipated revenues and planned expenses, the substantial size of the university's reserve fund balances are sufficient to address these shortfalls. Additionally, it was pointed out that the strength of the university's reserve fund balances will provide investment opportunities for strategic imperatives, future initiatives, and unanticipated requirements, while still maintaining reserve fund levels that comply with RP 8.203.

VP Young spoke about several of the assumptions and factors considered in developing the Financial Plan; reviewed revenue and expenditure projections, as well as forecasted reserve fund and net operating revenue balances, through FY 2029; and stated that, overall, the university will be in a stable financial position over the next few years. He also stressed that the Financial Plan will continue to be refined over the course of the next six years as economic conditions change.

Regent Abercrombie asked how the administration arrived at its estimates for the projected increase in utility costs over the next six years. VP Young replied that while significant short-term increases in utility costs are anticipated based upon currently available data, longer-term projections are less concrete. Regent Abercrombie questioned whether the impact of the Maui wildfires on Hawaii's major utility company were factored into these estimates. VP Young replied that the Financial Plan was developed prior to the occurrence of the Maui wildfires, which could affect these estimates. He also noted the university's increase in its generation and use of renewable energy over the last several years which have helped to mitigate the impacts of rising electric utility rates.

Referencing the balances in the reserve funds, Regent Abercrombie sought information on the methodology and strategies used to accumulate monies in these accounts. VP Young replied that, due to a past situation (prior to eight years ago) whereby the university had expended its reserve fund balances to levels that were below best practices, the President instituted an executive policy that established a minimum floor for reserve fund balances. Similarly, the board established reserve fund balance targets within Regents Policy in an effort to build up these balances. He stated that the establishment of these policies, along with other things such as cost containment and revenue generation initiatives, efforts by campus administrators to ensure that revenues exceeded expenditures within their respective budgets, pandemic-era austerity

measures put in place by the administration that were supported by the board, the infusion of federal relief funding during the pandemic, and stronger than expected State revenues, all contributed to the large balances presently being realized by the reserve funds.

C. Recommend Board Approval of the Fiscal Biennium (FB) 2023-2025 Capital Improvement Project (CIP) Expenditure Plan

VP Gouveia reviewed the proposed CIP expenditure plan (Plan) for FB 2023-2025, stating that the Plan incorporated most of the recent legislative appropriations and actions. She went over some of the conditions set forth under RP 8.201 that trigger board approval requirements with respect to construction projects and consultant services contracts; discussed the timeframe generally adhered to by the administration with respect to the development and approval of the university's CIP expenditure plan; stated that legislative funding for CIPs is provided by way of lump sum or line item appropriations and typically consists of general obligation bond (GO Bond) monies, although it was noted that GF and revenue bond monies can also be utilized for this purpose; and presented data on gross square footage of campus facilities, deferred maintenance backlogs, and Fall 2022 headcount enrollment for each of the 10 campuses of the university system.

Though the board approved a CIP biennium budget request in amounts totaling \$262.5 million and \$247 million in GO Bond funds for FY 2024 and FY 2025 respectively at its November 2022 meeting, the Legislature ultimately appropriated approximately \$202.3 million and \$182.5 million in GO Bond and GF monies for each of the corresponding fiscal years. Thus, a total of about \$385 million in CIP funding has been provided to the university for FB 2023-2025. In addition to a summarized breakdown of the various projects being funded by the FB 2023-2025 CIP allocation for each of the major units of the university system, VP Gouveia provided a comparative analysis of CIP funding requests in relation to actual CIP appropriations.

Chair Lee sought additional information about the Legislature's inclusion of a \$63.5 million CIP appropriation for the Hawai'i Institute of Marine Biology (HIMB) despite no such funding request being made by the university or board. VP Gouveia replied that the administration has not been able to determine the source of this request or the rationale for the appropriation. As such, the university will not be seeking a release of funding for this CIP due to its inability to accurately describe or scope the project for execution. VP Young added that, although this project was discussed numerous times during the legislative session and during the legislative budgeting process, the request did not originate from the university. Additionally, the university has been unable to validate or verify this item as a scoped project or confirm the need for state public funds. VP Young did point out that there already is a similar research project utilizing federal research dollars and the university is not asking for, or requiring, additional funding.

Regent Paloma left at 12:03 p.m.

Regent Abercrombie asked whether the administration needs to provide an affirmative response to the Governor indicating that the university will not be seeking the

release of funds for this project. VP Young replied that the way these funds were appropriated in the budget by the Legislature is very precise and cannot be used for other projects or purposes. He also stated that the funds were appropriated for use by the university and will not be released by the Governor until such time that the university requests their release. Regent Abercrombie questioned whether the board needed to explicitly state that it did not want these CIP funds to be released. VP Young responded that the HIMB has not been included in the Plan. Thus, if the board approves the Plan, release of funds for this project will not be sought by the administration. Regent Abercrombie requested that the minutes of the meeting unambiguously reflect that the administration has informed Regents that it does not intend to seek, nor will it be seeking, release of the funds for this project from the Governor due to the aforementioned reasons noted by VP Gouveia and VP Young.

Referencing the project related to a Hawai'i Astronomy Engineering and Instrument Development Hub contained within the CIP expenditure plan for UHH, Regent Abercrombie inquired as to whether this would have any effect on the Maunakea Stewardship and Oversight Authority (MKSOA). President Lassner replied that this project will fund engineering and architectural design studies for an addition to the Institute for Astronomy-Hilo building on the UHH campus that will be used for educational purposes and has no relation to MKSOA.

Similar to a request made regarding the HIMB project, Regent Abercrombie asked that the minutes of the meeting unambiguously reflect that the administration has informed Regents that it does not intend to seek, nor will it be seeking, release of the funds for the Waiākea Research Station project as noted in the community college's CIP expenditure plan.

Regent Abercrombie moved to recommend board approval of the FB 2023-2025 CIP expenditure plan, seconded by Regent Higaki, and noting the excused absence of Regent Paloma, the motion carried, with all other members present voting in the affirmative.

D. Recommend Board Approval of the Operating Budget for the Office of the Board of Regents (Board Office) and Office of Internal Audit (OIA) for FY 2023-2024

Board Secretary Lau and Glenn Shizumura, Director of OIA, presented the proposed operating budgets for the Board Office and OIA, respectively, for FY 2023–2024, including information on budgeted-to-actual expenditures over the past three fiscal years and cost-savings experienced during the past fiscal year. They also provided summaries of their respective office personnel, as well as the activities of, and services provided by, each office. Although both of the proposed operating budgets were very similar to those from the previous fiscal year, cost adjustments for increased personnel costs due to scheduled salary increases contained in collective bargaining agreements and the restoration of the Board Office's domestic travel budget to pre-COVID-19 pandemic amounts were highlighted and reviewed. It was noted that both the Board Office and OIA budgets were well within budget allocations.

Regent Abercrombie questioned whether the \$65,000 allocated for domestic travel related to meeting attendance and other board business was sufficient. Board Secretary Lau replied that the \$65,000 figure was based upon pre-COVID-19 pandemic travel expenses encumbered by the Board Office and appeared to be sufficient. Given increases in post-pandemic travel costs, particularly with respect to airfare prices, Regent Abercrombie suggested that this amount may need to be adjusted in the future so that the board is able to effectively carry out its duties and responsibilities.

Regent Higaki concurred with Regent Abercrombie stating that, in the past, the board spent multiple days on the neighbor islands to get a better sense of the work being conducted by the university campuses in each location. Should this practice be adopted once again, especially in light of the Maui wildfires, there may be a need to bolster the Board Office's travel budget.

Noting that OIA reports functionally to the board through its Committee on Independent Audit (IA Committee) and administratively to the VP for Budget and Finance/Chief Financial Officer, Regent Abercrombie requested clarification about these relationships. President Lassner replied that OIA is subject to direction from, and reports directly to, the board via the IA Committee. However, the operational aspects of OIA, such as human resource matters, payroll, and travel expenses, are processed through the university's administrative structure.

Vice-Chair Akitake asked if there were positions within OIA that were unfunded during the COVID-19 pandemic and, if so, whether a request would be made to restore this funding. Director Shizumura responded that several positions within OIA were eliminated by the Legislature a few years ago and that he would not be seeking restoration of those positions.

Regent Higaki moved to recommend board approval of the proposed FY 2023-2024 operating budget for the Board Office and OIA, seconded by Regent Abercrombie, and noting the excused absence of Regent Paloma, the motion carried, with all other members present voting in the affirmative.

The meeting recessed at 12:41 p.m.

The meeting reconvened at 12:52 p.m.

E. Fourth Quarter Financial Report

VP Young provided the FY 2022-2023 fourth quarter financial report noting that total revenues exceeded expenditures by approximately \$187.5 million and stating that the fiscal condition of the university remains positive. He presented systemwide and campus specific revenue and expenditure data pointing out that GF increases because of collective bargaining raises and maintenance of effort requirements under the American Rescue Plan Act of 2021 resulted in the university experiencing total revenues that were higher than the same time period last fiscal year; RTRF revenues were \$10 million higher than anticipated as a result of increased extramural grant awards being received; TFSF revenues received were \$3.4 million higher than the same time period last fiscal year due largely to increased enrollment at UHM; and expenditures grew due to a variety of factors

including a considerable growth in on-campus activity and high inflation for goods and services. He also remarked that impacts to TFSF revenues resulting from a continued trend in declining overall enrollment is a fiscal concern, and that the cessation of federal coronavirus response funds at the end of the last fiscal year, along with the lack of full restoration of the base GF appropriation for the university, is something to be aware of during the current fiscal year.

Regent Mawae left at 1:12 p.m.

G. FY 2022-2023 Fourth Quarter CIP Status Report as of June 30, 2023

VP Gouveia reported on the status of CIPs through the fourth quarter of FY 2022-2023 stating that ongoing projects are moving forward as anticipated with no major changes or issues to report. For the edification of new Regents, it was noted that the CIP Status Report encompasses construction projects with budgets in excess of \$5 million and consultant service contracts in excess of \$1 million in view of the fact that surpassing these thresholds triggers board approval requirements under RP 8.201. She reviewed the format of the report; mentioned that the Coconut Island interior renovation and general repairs project is expected to commence the closing out process in the near future; and noted the addition of a project to replace the air-conditioning system in the Ohelo Building on the Kapi'olani Community College Campus to the report. She also pointed out that Phase II of the Clarence T.C. Ching Athletics Complex expansion and improvement project has reached substantial completion and acknowledged the work of the project delivery team on this matter.

Regent Abercrombie requested clarification on language contained within the description of the scope of the Student Success Center project at Sinclair Library referencing the relocation of tenants from the Public Broadcasting Service Hawai'i (PBS Hawai'i) facilities given that the PBS Hawai'i building has been vacant for several years. VP Gouveia replied that the project description had not been updated to reflect changes to the original scope of the project and thanked Regent Abercrombie for pointing out this oversight.

Stating that it was his understanding that the Academy of Creative Media's School of Cinematic Arts (ACM/CINE) at UHM was supposed to occupy the PBS Hawai'i facility and that PBS Hawai'i had provided \$250,000 for this to occur, Regent Abercrombie asked about the status of those funds and questioned why ACM/CINE did not relocate to the PBS Hawai'i building. VP Gouveia replied that she could not recall the funding referenced by Regent Abercrombie and would look into the matter further. With respect to the relocation of ACM/CINE to the PBS building, she explained that just over six years ago the board adopted a broader, six-year strategic plan for UHM, one element of which was to bring all core academic programs, including ACM/CINE, onto the core UHM campus. It was anticipated that the administration could consider land on which the PBS building is located for other, higher-use purposes, once UHM tenants residing on the parcel vacated the property.

Regent Abercrombie voiced his displeasure with the absence of plans to develop facilities for ACM/CINE at UHM, which was an up-and-coming program with high

enrollment that could serve to diversify Hawai'i's economy, and expressed his desire to receive a report from the administration as to why this was the case. He also articulated that he would like an update as to the whereabouts and use of the funds that were provided to the university by PBS Hawai'i. Seeing that the purpose of this report was to receive an update on ongoing CIP projects, Chair Lee suggested that President Lassner and VP Gouveia meet with Regent Abercrombie at a later date to discuss the PBS Hawai'i matter.

Regent Tochiki left at 1:19 p.m.

Vice-Chair Akitake asked for a brief explanation of the Waikīkī Aquarium discharge and intake system upgrade project. VP Gouveia replied that the Waikīkī Aquarium worked with the State Department of Health and the Wastewater Division of the Department of Environmental Services of the City and County of Honolulu to flesh out a plan to dispose of saltwater effluent from both the native and non-native exhibits properly. This project is for the design and construction of an upgraded seawater intake and discharge system that adheres to the conditions of the agreed upon plan. Vice-Chair Akitake inquired as to whether sufficient funding has been provided for this project. VP Gouveia replied in the affirmative stating that the Legislature has provided the university with funding for this specific project.

H. University Land-Related Strategic Initiatives and Partnerships Program FY 2022-2023 Fourth Quarter Update

Director Shibata provided an update on the status of several university land-related strategic initiatives through the fourth quarter of FY 2022-2023 highlighting the following:

- UHWO - University District Lands Project: Efforts to pursue development opportunities are ongoing. The university has issued an invitation to submit proposals for the development of a private film studio and other commercial uses on lands situated on the corner of Kualaka'i Parkway and Farrington Highway. The administration also continues to work with the Hawai'i Community Development Authority (HCDA) and HHFDC to make 20 acres of land located near the Honolulu Authority for Rapid Transportation's Keone'ae Station available for future mixed-use development.
- Atherton Project: The student housing portion of this project has been completed and was opened for occupants in August 2023. While outside of this reporting window, a sublease agreement with the University of Hawai'i Foundation for office space at Atherton has been finalized.
- NOAA Graduate Student Housing Project: The overall project team is currently finalizing all project related agreements including the ground lease. The project is slated to obtain financing in September 2023. Mobilization efforts and demolition is anticipated to begin in October 2023 with construction on the project expected to be completed before the start of the Fall 2025 semester.
- Kaimukī Parcels Project: The administration previously issued a solicitation for proposals to develop an approximately 2.49-acre, vacant parcel of land located

between Lē'ahi Hospital and the Diamond Head Theater. Earlier this year, a developer was selected and an exclusive negotiations agreement was entered into. The administration is currently working with the selected developer on a ground lease and development agreement and will bring this matter to the board for approval once major terms have been agreed upon.

- University Avenue 'Ewa Parcel Project: This project seeks to coordinate the phased removal and/or relocation of current users of this parcel which include the UHM College of Education, the UHM Childcare Center and the University Laboratory School. The parcel also contains the vacant PBS Hawai'i building. The administration is conducting a preliminary internal review and analysis of the parcel and will be undertaking a feasibility study for the redevelopment of the parcel in collaboration with the HHFDC as requested by the Legislature via House Concurrent Resolution No. 178, House Draft 1.

Regent Abercrombie requested clarification on the acreage of land involved with respect to the UHWO - University District Lands Project. Director Shibata replied that, rather than attempting to find a single land developer for the project, the university was taking a more phased, incremental approach to develop the 180 acres of land. Of the approximately 180 acres of land being contemplated for development, about 35 acres of land were included in the solicitation for the development of a private film studio and 20 acres of land were expected to be made available for mixed-use residential development in coordination with HCDA and HHFDC. In light of this information, Regent Abercrombie questioned how much of the 180 acres would be used for residential housing. Director Shibata replied that the university envisions a majority of the available land being used for residential purposes.

Regent Higaki left at 1:25 p.m.

Robust discussions ensued on the exact location of the aforementioned UHWO-University District Lands developments, the necessity and appeal of developing a film studio on UHWO lands, the need for more affordable housing on O'ahu and throughout the State, the vision for the UHWO parcel, and previous attempts to develop these lands.

I. Annual Report on Real Property Actions Delegated Pursuant to Regents Policy 10.201, for FY 2022-2023

Director Shibata summarized the contents of a report listing and describing 133 real property transactions that have taken place in FY 2022-2023 under authority delegated to the president and his designees by the board pursuant to Regents Policy 10.201.

J. Final Report on Higher Education Emergency Relief Funds (HEERF)

VP Young reported that, as of the end of June 30, 2023, the university has used all but \$6.2 million of the HEERF monies it was awarded. Although the deadline for the expenditure of these funds was June 30, 2023, federal guidelines allow 120 days to liquidate all financial obligations and the university expects to disburse virtually all of the HEERF funds received within this timeframe. He briefly reviewed the three tranches of funding provided to the university by the HEERF grants; summarized the expenditure of

HEERF monies across the 10 campuses of the university system; and stated that, as a result of the expiration of the HEERF grants, this would be the final report to the board regarding these funds.

V. ADJOURNMENT

There being no further business, Chair Lee adjourned that meeting at 1:49 p.m.

Respectfully Submitted,

/S/

Yvonne Lau
Executive Administrator and Secretary
of the Board of Regents