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**Notice of Meeting
UNIVERSITY OF HAWAI'I**

BOARD OF REGENTS COMMITTEE ON PLANNING AND FACILITIES

Members: Regents Nahale-a (Chair), Paloma (Vice-Chair), Higaki, Kudo, and Westerman

Date: Wednesday, June 1, 2022
Time: 8:30 a.m.
Place: University of Hawai'i at Mānoa
Information Technology Building
1st Floor Conference Room 105A/B
2520 Correa Road
Honolulu, HI 96822

See the Board of Regents website to access the live broadcast of the meeting and related updates: www.hawaii.edu/bor

AGENDA

- I. Call Meeting to Order**
- II. Approval of Minutes of the March 3, 2022 Meeting**
- III. Public Comment Period for Agenda Items:**

All written testimony on agenda items received after posting of this agenda and up to 24 hours in advance of the meeting will be distributed to the board. Late testimony on agenda items will be distributed to the board within 24 hours of receipt. Written testimony may be submitted via the board's website through the testimony link provided on the [Meeting Agendas, Minutes and Materials](#) page. Testimony may also be submitted via email at bor.testimony@hawaii.edu, U.S. mail at 2444 Dole Street, Bachman 209, Honolulu, HI 96822, or facsimile at (808) 956-5156.

Those wishing to provide oral testimony virtually may register [here](#). Given the constraints with the format of hybrid meetings, individuals wishing to orally testify virtually must register no later than 7:00 a.m. on the day of the meeting in order to be accommodated. Registration for in-person oral testimony on agenda items will also be provided at the meeting location 15 minutes prior to the meeting and closed at the posted meeting time. It is highly recommended that written testimony be submitted in addition to registering to provide oral testimony. Oral testimony will be limited to three (3) minutes per testifier.

All written testimony submitted are public documents. Therefore, any testimony that is submitted orally or in writing, electronically or in person, for use in the public meeting process is public information and will be posted on the board's website.

- IV. Agenda Items**

- A. Fiscal Year (FY) 2021-2022 Third Quarter Capital Improvement Project (CIP) Status Report as of March 30, 2022
- B. Recommend Board Approval of Amendments to Regents Policy 10.201, Interests in Real Property
- C. Recommend Board Approval of Lease Between the University of Hawai'i and the North Shore Community Land Trust at Waiale'e Agricultural Research Station
- D. Recommend Board Approval of Lease Between the University of Hawai'i and Double J Livestock Ranch at Waiale'e Agricultural Research Station
- E. Recommend Board Approval for the Disposition by Transfer of Real Property at 4956 Kāhala Avenue, Honolulu, Hawai'i 96816 (Jean Charlot Residence)
- F. Update and Status on Real Estate – Cape Kumukahi (Island of Hawai'i)
- G. Update and Status on Real Estate – Solicitation for Use of Approximately 293 Acres at the University of Hawai'i at Hilo Relating to HECO Hawai'i Island Stage 3 Request for Proposals for Renewable Energy Projects
- H. University Land-Related Strategic Initiatives and Partnerships Program FY 2021-2022 Third Quarter Update
- I. Committee Annual Review

V. Executive Session (closed to the public):

- A. Real Estate Matters and Legal Matters: *(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)*
 - 1. Pre-Closing (Pre-Construction) Agreement with Greystar Development Services, LLC for Development of a Multi-Family Rental Housing Facility at the Former NOAA Site

VI. Agenda Items (continued)

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

VII. Adjournment

DISCLAIMER - THE FOLLOWING ARE DRAFT MINUTES AND ARE SUBJECT TO FURTHER REVIEW AND CHANGE UPON APPROVAL BY THE COMMITTEE

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'olaupia, 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,

Kendra Oishi
Executive Administrator and Secretary
of the Board of Regents

FY 2021-2022 Third Quarter CIP Status Report (as of 3/31/22)

*Denotes Design-Build Projects

Planning and Facilities Committee

June 1, 2022

Mānoa

COCONUT ISLAND INTERIOR RENOVATION AND GENERAL REPAIRS – MARINE LAB BUILDINGS 1 & 2

Scope: renovate marine lab buildings with new research and teaching laboratories, general repairs (includes replacing and upgrading mechanical, electrical and architectural systems and structures), and significant structural retrofitting.

12/31/15 – construction cost estimated \$14 million, bid Feb 2016.

3/31/16 – pending contract execution \$21.0 million.

6/30/16 – no change.

9/30/16 – contract executed with Frank Coluccio Construction Co., completion Feb 2018.

12/31/16 – no change.

3/31/17 – minor cost increase, completion extended to March 2018 due to replacement of a subcontractor.

6/30/17 – 23% complete.

9/30/17 – 35% complete.

12/31/17 – 50% complete.

3/31/18 – completion extended to July 2018 and cost increased to \$21.0 million due to upgrades. 57% complete.

6/30/18 – completion extended to July 2019 due to existing conditions. 65% complete.

9/30/18 – completion extended to Nov 2019 due to additional work. 71% complete.

12/31/18 – minor cost increase, completion extended to June 2020 due to lead time for chiller lead time and testing and water savers. 74% complete.

3/31/19 – cost increase to \$21.5 million due to new concrete flooring required for 3 rooms, floor leveling, additional power receptacles, rust demo, relocation of exterior lights, HECO transformer infrastructure. 75% complete.

6/30/19 – completion extended to Dec 2020 because work was suspended for contractor lacking a specialty license. 75% complete.

9/30/19 – no change.

12/31/19 – work has resumed; chillers are being installed and interior work is on-going. 87% complete.

3/31/20 – no change. 95% complete.

6/30/20 – no change. 97% complete.

9/30/20 – cost increase to \$21.6 million due to existing air conditioning system repairs. Base contract work is complete, but unforeseen repairs to existing air conditioning system are ongoing. 97% complete.

12/31/20 – completion extended to March 2021 due to additional work required on the existing New Pauley air conditioning system. 98% complete.

3/31/21 – completion extended to June 2021 due to long lead materials on order to address remaining 10% of punch list items.

- 6/30/21 – completion extended to Dec 2021 due to heat exchanger repairs and chiller issues. 99% complete.
- 9/30/21 – no change.
- 12/31/21 – building is occupied and in use. Contract extended to May 2022 to provide additional time to complete redundancy work on the air conditioning system.
- 3/31/22 – project was conditionally accepted on 1/20/2022. In addition to typical punchlist items and closeout documents, there are issues with the HVAC system. This project will remain open until the HVAC issues are resolved.**

SAUNDERS HALL EXTERIOR REPAIRS AND REROOF

Scope: repair all concrete delaminations, spalls and cracks and reseal entire building (to include reroofing, new traffic coating, glazing and interior renovation work).

- 12/31/16 – out to bid, estimated cost \$5 million to \$10 million.
- 3/31/17 – \$5.2 million contract for new project, completion Aug 2018. 3% complete.
- 6/30/17 – minor cost increase to remove existing PV system. 12% complete.
- 9/30/17 – 20% complete.
- 12/31/17 – cost increase to \$5.5 million due to repair of additional unforeseen spalls and cracks on the north and east exteriors of the building. 39% complete.
- 3/31/18 – minor cost increase to relocate classroom furniture. 42% complete.
- 6/30/18 – minor cost increase, completion extended to Dec 2018 due to additional unforeseen spalls and cracks, asbestos abatement, new access control system installation, and hearing protection for building occupants. 53% complete.
- 9/30/18 – minor cost increase, completion extended to April 2019 due to additional unforeseen spalls and cracks on the exterior of the building and replacement of cracked windows. 68% complete.
- 12/31/18 – cost increase to \$6.0 million, completion extended to May 2019 due to additional unforeseen spall repairs and replacement of a rusted door and frame. 82% complete.
- 3/31/19 – minor cost increase, completion extended to Aug 2019 due to addition of a power over ethernet access control system and possibility that fiberglass reinforced plastic doors do not pass inspection. 85% complete.
- 6/30/19 – completion extended to Dec 2019 due to unforeseen spall repairs on the east and southwest side of the building. 87.5% complete.
- 9/30/19 – minor cost increase, completion extended to Feb 2020 due to replacement of cracked windows in eight offices, additional elevator inspection due to change in elevator service provider and weekend installation of exterior floor coating. 90% complete.
- 12/31/19 – minor cost increase, completion extended to Summer 2020 to repair a cracked drain pipe below the roof and due to weather delays affecting floor coating installation. 93% complete.
- 3/31/20 – minor cost increase for additional spall repairs. 97% complete.
- 6/30/20 – project is delayed due to delay in delivery of new doors from Texas manufacturing plant that has been shut down for COVID-19 related reasons. 98% complete.
- 9/30/20 – completion extended to Dec 2020; doors arrived onsite and are being painted and installed.
- 12/31/20 – completion extended to March 2021 due to replacement of roof access door locks and programming of power over ethernet card access system. 99% complete.

- 3/31/21 – completion extended to June 2021 to replace roof door locks and program power over ethernet card access system.
- 6/30/21 – completion extended to Oct 2021 due to long lead time for new roof access locks and programming of the Power over Ethernet (PoE) card access system. 99% complete.
- 9/30/21 – no change.
- 12/31/21 – completion extended to August 2022 due to change in railing paint specification.
- 3/31/22 – no change.**

ELEVATOR MODERNIZATION, PHASE IV (11 ELEVATORS INITIALLY)

Scope: modernize existing elevator systems and machine rooms, replace elevator cabs where feasible, and install access card readers and CCTV cameras.

Design

- 12/31/17 – \$1.1 million new design contract with Design Partners, Inc., completion Dec 2018. 5% complete.
- 3/31/18 – no change.
- 6/30/18 – completion extended to Dec 2019 due to additional time needed for the design consultant to complete construction documents. 5% complete.
- 9/30/18 – minor cost increase due to installation of new card readers and associated equipment in elevator cabs. 12% complete.
- 12/31/18 – cost increase to \$1.5 million due to addition of parking structures phases I and II-A modernization; access of machine rooms for survey work/inspections, and the astronomy topo survey. 40% complete.
- 3/31/19 – 65% complete.
- 6/30/19 – 75% complete.
- 9/30/19 – completion extended to May 2020 due to extensive internal review of access controls and security. St. Johns elevators (2) removed from project scope (added to phase V) per facilities' request. 95% complete.
- 12/31/19 – design is 100% complete. Planning to award construction project in May.

Construction

- 3/31/20 – construction project out to bid, pending release of funds.
- 6/30/20 – no change.
- 9/30/20 – bids received; pending evaluation of lowest responsible bidder and award.
- 12/31/20 – contract awarded on 12/10/20 to All Maintenance & Repair for \$6.7 million. Pending permit approval.
- 3/31/21 – expected completion date is Fall 2023. Permits have been received. Tentatively planning to start construction in August 2021 once materials arrive.
- 6/30/21 – cost increase to \$8.6 million to include additive bid items in the parking structure. Consultants processing submittals and contractor performing site surveys. On-site construction to begin in October.
- 9/30/21 – no change.
- 12/31/21 – on-site work began in October at Shidler Tower A, Music Complex, and Law School. 26% complete.
- 3/31/22 –34% complete.**

MINI MASTER PLAN, PHASE 2 (FORMERLY NEW CLASSROOM BUILDING)*

Scope: new facility with classrooms and offices, parking improvements and hardscaping.

Design

12/31/17 – \$3.0 million new project for (i) design of a new classroom bldg. approved by the BOR in 2008 and (ii) an updated PRU/LRDP/master plan and EA, completion June 2020. Design consultant is Ushijma Architects, Inc.

3/31/18 – design is 1% complete.

6/30/18 – design is 5% complete.

9/30/18 – design is 35% complete.

12/31/18 – no change.

3/31/19 – cost increase to \$4.0 million to add architectural, mechanical, electrical, and LEED research of existing site conditions and complete charrettes for future scope, site selection evaluation and analysis, programming communication and outreach through in-person and website updates; and space planning analysis. Design is 35% complete.

6/30/19 – minor cost increase to design the demolition of Snyder Hall for preparation of site for the new classroom building; design includes contract documents and permit application. Design is 35% complete.

9/30/19 – cost increase to \$4.5 million to prepare criteria for mini master plan, phase 2, Varney Circle, and parking structure and project-specific EA. 47% complete.

12/31/19 – no change.

3/31/20 – cost increase to \$5.0 million to provide additional criteria for demolition of Snyder Hall, Varney Circle and Campus Road, which includes performing the Environmental Assessment for this project. 50% complete.

6/30/20 – no change.

9/30/20 – completion extended to Dec 2022 due to EA and LRDP preparation. 65% complete.

12/31/20 – no change.

3/31/21 – no change.

6/30/21 – cost increase to \$6.8 million to conduct geotechnical study for new classroom building and for additional EA and PRU services to address parking requirements. 65% complete.

9/30/21 – no change.

12/31/21 – no change.

3/31/22 – 69% complete.

Construction (N/A)

BACHMAN HALL RENOVATION*

Scope: renovate building including new central HVAC system and roofing system; exterior painting; window, floor, ceiling, restroom and partition wall replacement; and mechanical, electrical, plumbing, telecom and life safety system replacement.

Design

6/30/19 – planning phase in progress; \$15 million estimated construction cost. RFP for design-build expected to be issued in Sept 2019.

Construction

9/30/19 – part 1 of RFP was issued; part 2 expected to be issued in Dec 2019.

- 12/31/19 – RFP part 2 issued on 1/9/20; planning to select Design-Build contractor by Summer 2020.
- 3/31/20 – RFP Part 2 pending award in May 2020.
- 6/30/20 – \$20.9 million contract executed with Nan Inc.; estimated substantial completion is July 2022.
- 9/30/20 – 30% construction design completed. City permit applications be submitted shortly along with the 60% design documents to be issued in October.
- 12/31/20 – 60% design documents have been submitted and reviewed by the University. Building permits are currently being processed by the City.
- 3/31/21 – 90% design documents are in progress; submission expected by end of May. City permits are still in progress. Occupant move-out is scheduled for the last week of May.
- 6/30/21 – 90% design documents have been submitted and reviewed. Occupants have moved out and contractor has mobilized on site. 11% complete.
- 9/30/21 – completion extended to Aug 2022 due to discovery of additional hazardous material embedded in the ceiling slab. 98% design documents have been submitted and reviewed. Abatement of hazardous ceiling material is ongoing. 19% complete.
- 12/31/21 – cost increase to \$23.3 million and completion extended to Dec 2022 due to additional abatement of asbestos-containing material. 100% design documents were received. 22% complete.
- 3/31/22 – cost increase to \$23.6 million and completion extended to Jan 2023 due to additional PV work and delay in roofing insulation manufacturing preventing dry in of building. 29% complete.**

FACILITIES SPACE UTILIZATION STUDY

Scope: perform baseline analysis of current space utilization and create strategic space utilization strategies to align facilities with future program needs for all University of Hawai‘i campuses.

- 3/31/20 – \$950,000 for space utilization study of Mānoa campus (phase 1 - 80% complete) and West O'ahu campus (50% complete). Estimated completion date is July 2020. Project is pending negotiations and award for additional Mānoa campus updates and space utilization study for Hilo and Community College campuses with estimated completion date of Dec 2021.
- 6/30/20 – cost increase to \$1.35 million for updates to UHM databases (Revit, AiM, space utilization, and field data). Negotiations and award for Hilo and Community College campuses is still pending.
- 9/30/20 – cost increase to \$1.6 million for Community Colleges space utilization study. 65% complete. Hilo space utilization study pending funding.
- 12/31/20 – 73% complete.
- 3/31/21 – 76% complete.
- 6/30/21 – 89% complete.
- 9/30/21 – completion extended to Jan 2022 due to additional time needed to complete data collection at the Community Colleges. 94% complete.
- 12/31/21 – completion extended to Mar 2022 due to additional time needed for consultant to coordinate and complete data collection at Community Colleges. 94% complete.
- 3/31/22 – no change. Pending change order to add space utilization study for UH Hilo and additional work for Mānoa campus.**

BILGER HALL AND BILGER ADDITION, REROOF

Scope: remove existing TPO roofing and install new modified bitumen roofing. Replace all doors accessible from roof and equipment stands for HVAC equipment that do not meet maintenance clearance requirements.

3/31/20 – bids received; estimated construction cost is approx. \$5 million.

6/30/20 – construction contract awarded to F&H Construction, Inc. on May 15, 2020 for \$4,844,000.

9/30/20 – estimated completion Sept 2021. Construction has begun; 18% complete.

12/31/20 – minor cost increase due to additional asbestos-containing materials discovered; 31% complete.

3/31/21 – 52% complete.

6/30/21 – cost increase to \$5.1 million and completion extended to Dec 2021 due to retrofit drain installation and more extensive roof repair work. 80% complete.

9/30/21 – cost increase to \$5.3 million and completion extended to Feb 2022 for abatement of asbestos-containing materials and work to address deterioration of existing HVAC ducts and housing. 86% complete.

12/31/21 – cost increase to \$5.4 million and completion extended to April 2022 for additional abatement of asbestos-containing material. 89% complete.

3/31/22 – cost increase to \$5.5 million and completion extended to May 2022 for additional roof coating and mechanical duct repairs. 83% complete.

STUDENT SUCCESS CENTER*

Scope: renovate areas of Sinclair to relocate PBS tenants then fully renovate Sinclair to become the new Student Success Center.

3/31/21 – development of the RFP criteria and project program is progressing. Issuance of the RFP Part 1 is expected in June 2021.

6/30/21 – RFP Part 1 issued August 9, 2021. RFP Part 2 expected to be issued by Dec 2021.

9/30/21 – received RFP Part 1 proposals; expecting to shortlist three of the most qualified Design-Build teams by Nov 2021. RFP Part 2 is still expected to be issued by Dec 2021.

12/31/21 – selection of 3 shortlist Design-Build teams completed. RFP Part 2 issued in Feb 2022; final selection and award expected May 2022. Design will proceed following award, with construction expected to start in early 2023.

3/31/22 – RFP part 2 has been issued. Proprietary meetings have been held with the 3 shortlisted teams and all have indicated that the project budget is short \$10-15 million due to current pricing from material suppliers and subcontractors. Cost reduction items have been issued as priced options to try to get the project back within budget. Award expected May 2022.

PHASE I & II PARKING STRUCTURE

Scope: repairs to the fire protection system, guardrails, and spalls/cracks of the main parking structure.

3/31/21 – \$6.0 million contract awarded to Nan, Inc. in Feb 2021. Estimated completion is Summer 2023. On-site construction is scheduled to begin in May 2021.

- 6/30/21 – cost increase to \$7.5 million to include additive bid items for spall repairs. On-site construction started May 25, 2021. 15% complete.
- 9/30/21 – 40% complete.
- 12/31/21 – cost increase to \$7.7 million due to additional spall and crack repairs and guardrail modifications. 70% complete.
- 3/31/22 – cost increase to \$7.8 million due to additional spall and crack repairs, guardrail modifications, and drain pipe replacement. 93% complete.**

RAINBOW WAHINE SOFTBALL STADIUM, PHASE 2A & 2B

Scope: this is a multi-phase project that makes various additions and improvements to the Softball Stadium such as: adding a new entry plaza, home team locker room, lounge, training room, coaches' offices, and new press box at level 2 for media; upgrading the existing sewer lift station serving the Softball Stadium; and other related infrastructure.

Design (2A & 2B)

- 3/3/14 – design contract awarded to Architects Hawaii Ltd. for \$365,000 to assess existing stadium condition and determine scope of renovations to meet program needs. Additional phases will be added to the project once an Assessment Report is complete and funding is identified.
- 12/13/16 – cost increase to \$773,000 to incorporate Phase 2A design work: Repair outfield low spots; regrade to redesigned elevation; install artificial turf to outfield and foul ball areas; install fencing with padded areas; provide safety netting where needed; and repaint stadium.
- 10/31/19 – cost increase to \$1.7 million to incorporate Phase 2B design work: Renovate restrooms and related infrastructure, renovate grandstands, including new upper concourse and elevator, renovate locker rooms, showers, clubhouse, lounge, training room, coaches' offices, umpire locker room, dugout, storage and custodian space, and utilities.
- 6/30/21 – cost increase to \$2.1 million for construction administration, inspection work, and revised drawings. 90% complete.
- 9/30/21 – 95% complete; completion expected Dec 2021.
- 12/31/21 – 99% complete; substantially completed in Jan 2022.
- 3/31/22 – no change.**

Construction (2B)

- 6/16/20 – Phase 2B construction contract awarded to Ralph S. Inouye for \$4 million; estimated completion is Sept 2022.
- 9/30/21 – Phase 2B construction work is ongoing.
- 12/31/21 – Phase 2B 96% complete; cost increased to \$4.4 million to add fire alarm system, walkways, roof and wall coatings and locker improvements and revise underground drainage systems.
- 3/31/22 – Phase 2B 98% complete; cost increased to \$4.5 million for additional waterproof coatings for exterior walls, adjustment to telecom cabling allowance for actual costs, and locker upgrades.**

KOMOHANA RESEARCH & EXTENSION CENTER, PHASE B

Scope: the project covers reroofing the four buildings of the complex (Buildings A, B, C and D), repair of rooftop mechanical equipment, crack repairs and waterproof coatings at exterior concrete walls, interior work to repair storm-related water damage, installing wind resistant windows and doors, and miscellaneous related work.

- 6/23/20 – contract awarded to Isemoto Contracting Co., Ltd. for \$3.4 million to reroof Buildings A and B only (due to budget constraints); estimated completion Sept 2023. Construction expected to begin in January 2022 pending FEMA approval of Hazard Mitigation Grant to partially fund this project.
- 6/30/21 – cost increase to \$5.3 million to re-insert reroofing Buildings C and D into the project, which includes repairs to the building envelope and replacement of mechanical duct and piping insulation. 0% complete.
- 9/30/21 – still pending FEMA grant approval. Start/completion date and final design pending FEMA approval.
- 12/31/21 – ~~design project plan~~ for FEMA grant approved. Construction expected to start by Dec 2022, pending FEMA approval of design and construction portion of grant.
- 3/31/22 – design in progress; 1% complete.**

Hilo

HALE ‘ALAHONUA AIR CONDITIONING IMPROVEMENTS

Scope: install air conditioning for 152 apartment units and PV system.

- 9/30/18 – executing consultant contract; estimated construction cost is \$5 to \$10 million.
- 12/31/19 – consultant contract executed, finalizing project documents.
- 3/31/19 – no change.
- 6/30/19 – \$4.6 million contract awarded to Isemoto Contracting Co., Ltd. to install A/C units at the tenat units and lounges 1 and 4, with panel-mounted PV system to achieve an overall design of net zero, completion date Aug 2020. Awaiting building permits before starting construction.
- 9/30/19 – no change.
- 12/31/19 – no change.
- 3/31/20 – 10% complete. Pending release of funds to add PV panels and battery storage system (additional \$2 million).
- 6/30/20 – minor cost increase for furring of AC line enclosures and downspout relocation, construction completion extended to August 2021 due to permitting delays. 35% complete.
- 9/30/20 – 45% complete.
- 12/31/20 – 62% complete.
- 3/31/21 – Completion extended to Dec 2021 due to long lead time of battery storage system. 70% complete.
- 6/30/21 – cost increase to \$6.8 million due to addition of battery storage system and additional PV panels. 80% complete.
- 9/30/21 – 99% complete. Working with HELCO's final system approval process before energy storage system is live.

12/31/21 – completion extended to April 2022 due to additional time to activate and install monitoring system. 99% complete.

3/31/22 – Project completed in April 2022. This is the last update for this project and it will be removed from the next report.

RENOVATE PHARMACY MODULAR BUILDINGS

Scope: renovate Building B, including revisions to the interior space, A/C system, structural components, and reroofing. A structure adjacent to Building B will be constructed for the Nuclear Magnetic Resonance machines. This project will also include the relocation of equipment from the Waiākea Research Station to the project site.

3/31/20 – \$7.0 million contract awarded April 2020 to Isemoto Contracting Co., Ltd.

6/30/20 – estimated completion Nov 2021. Project scope is being reviewed to add in alternate bid items.

9/30/20 – onsite work began on Sept 8, 2020. 3% complete.

12/31/20 – 11% complete.

3/31/21 – 29% complete.

6/30/21 – cost increased to \$7.3 million for chain link fencing, roofing and sheet metal work; completion extended to January 2022 due to shortage of available parts for the 7 exterior packaged air conditioning units. Currently, there is no estimated arrival time for the parts. Interior renovation work is ongoing. 41% complete.

9/30/21 – completion extended to July 2022 due to microchip shortage for the exterior air units. 69% complete.

12/31/21 – completion extended to Sept 2022 due to microchip shortage causing fabrication delays for outside air units. 71% complete.

3/31/22 – no change. 81% complete.

West O‘ahu

No projects.

Honolulu Community College

No projects.

Kapi‘olani Community College

CULINARY INSTITUTE OF THE PACIFIC, PHASE 2*

Scope: Design-Build contract for a new 8,000 sq.ft. restaurant, 3,000 sq.ft. innovation center, 3,500 sq.ft. auditorium, site work, utilities, and parking.

Design

6/30/19 – planning phase in progress, \$2.0 million budget for design, \$30 million estimated construction cost.

9/30/19 – no change, awaiting release of funds.

Construction

- 12/31/19 – CIP funds released by Governor to UH on 12/6/19. Design-Build RFP Part 1 issued 12/20/19. Planning to award by June 2020.
- 3/31/20 – RFP Part 2 issued 3/16/20.
- 6/30/20 – Contract executed on 6/8/2020 to Ralph S. Inouye Co., Ltd. for \$25.7 million.
- 9/30/20 – NTP issued 7/6/20; construction scheduled to start in Nov 2020. External CM contract procurement underway. Estimated completion is Dec 2022. 6% complete.
- 12/31/20 – construction started 11/2/2020, External CM contract awarded to HDR Inc. 60% design submittal reviewed. 10% complete.
- 3/31/21 – design at 95% review stage. Permit set at DPP for comments. Construction 15% complete. Overall contract 20% complete.
- 6/30/21 – cost increased to \$26.5 million due to soil remediation work. Final 100% design submittal scheduled for submission. Construction 20% complete. Overall design-build project 25% complete.
- 9/30/21 – designer making final edits to design submittal to address DPP comments. Construction 26% complete. Overall design-build project 32% complete.
- 12/31/21 – cost increase to \$26.6 million and completion extended to May 2023 due to additional soil remediation work. Construction 30% complete. Overall project is 35% complete.
- 3/31/22 – cost increased to \$28.1 million due to soil remediation work, addition of bid alternate for auditorium ceiling rigging and AV system, and a few small site design changes. Construction 31% complete. Overall project 35% complete.**

Leeward Community College

PRODUCT DEVELOPMENT CENTER RENOVATION

Scope: repurpose a metal warehouse on California Avenue in Wahiawā into a facility that will be jointly managed by the UH community colleges and the Agribusiness Development Corporation. The facility will include commercial-grade kitchen space, classroom space, processing and manufacturing rooms, testing labs, cold storage and a public meeting space.

Design

- 3/31/19 – fee negotiation in progress, estimated construction \$5 to \$10 million.
- 6/30/19 – planning phase in progress. Design awarded to Ushijima Architects Inc. for \$1.5 million on June 7, 2019.
- 9/30/19 – no change.
- 12/31/19 – final design phase in progress, estimated construction cost increased to \$16.5 million.

Construction

- 3/31/20 – IFB issued 2/27/20 and all bids have been received; planning to award by June 2020.
- 6/30/20 – \$14.3 million contract awarded to Ralph S. Inouye, Co. Ltd on June 2, 2020.
- 9/30/20 – construction on hold until July 2021 due to lease agreement between current property owner and tenant; transfer of facility lease to UH Community Colleges in progress. Estimated completion is May 2022.
- 12/31/20 – no change.

- 3/31/21 – no change.
- 6/30/21 – lease executed with Agribusiness Development Corporation on July 1, 2021. On-site construction commenced on 7/1/21. 5% complete.
- 9/30/21 – 22% complete.
- 12/31/21 – completion extended to July 2022 due to permitting delays. 39% complete.
- 3/31/22 – 45% complete.**

Windward Community College

No projects.

Maui College

RENOVATE KITCHEN & ACCESSORY SPACES IN PILINA BUILDING

Scope: renovate existing commercial kitchen space on second floor and loading dock on first floor for Food Manufacturing Facility.

- 3/31/17 – in design phase, estimated construction cost \$5 to \$10 million.
- 6/30/17 – no change.
- 9/30/17 – no change.
- 12/31/17 – no change.
- 3/31/18 – in bidding phase.
- 6/30/18 – \$7.2 million construction contract awarded to Hawaiian Dredging Construction Co., Inc. on 6/15/18, completion June 2019.
- 9/30/18 – 16% complete.
- 12/31/18 – 32% complete.
- 3/31/19 – completion extended to Aug 2019 due to unforeseen field conditions within ceilings/walls prior to demolition and obstructed access to the locations of the new drains, sewer pipes and steel beams. 40% complete.
- 6/30/19 – completion extended to Dec 2019 due to additional unforeseen field conditions within plenum spaces and 2nd floor structural slab conditions. 45% complete.
- 9/30/19 – minor cost increase and completion extended to April 2020 due to unforeseen conditions in walls, beam obstructions, structural restrictions for ceiling height, sump pit work, relocation of mechanical/electrical infrastructure, and user-requested kitchen equipment changes. 50% complete.
- 12/31/19 – no change.
- 3/31/20 – completion extended to Dec 2020 due to long-lead kitchen equipment changes and revised infrastructure. 54% complete.
- 6/30/20 – 62% complete.
- 9/30/20 – completion date extended to July 2021 due to long-lead equipment (specialty food manufacturing equipment) manufacturing and shipment. 67% complete.
- 12/31/20 – no change; awaiting manufacturing and delivery of kitchen equipment.
- 3/31/21 – kitchen and food manufacturing equipment installation in progress. 68% complete.
- 6/30/21 – cost increase to \$8.1 million and completion extended to Dec 2021 due to changes to food processing equipment and long lead equipment arrival. 94% complete.
- 9/30/21 – 95% complete.

12/31/21 – completion extended to May 2022 due to additional time needed to resolve electrical, fire protection and miscellaneous equipment issues. 96% complete.
3/31/22 – no change.

Hawai'i Community College

No projects.

Kaua'i Community College

4454 BUSINESS/HEALTH SCIENCES – MODERNIZATION

Scope: installation of a new exterior concrete accessible walkway and pole lights, addition of two small mechanical enclosures attached to the exterior of the building to house new air handler units, interior renovation to classrooms, computer labs, learning lab, science lab, offices, conference room, storage rooms, entry lobbies and restrooms. Work also to include electrical, fire alarm, plumbing, AV and IT upgrades.

6/30/21 – \$5.2 million contract awarded to The Core Group Construction. NTP date is May 4, 2021; completion expected June 2022. Contractor has mobilized on site and begun erecting barriers/signage and installing BMPs. 2% complete.

9/30/21 – 15% complete.

12/31/21 – 38% complete.

3/31/22 – cost increase to \$5.3 million and completion extended to September 2022 primarily due to additional electrical and duct work, and manufacturer delays for all interior doors and AC units. 57% complete.

Cancer Center at Kaka'ako

HO'OLA EARLY PHASE CLINICAL RESEARCH CENTER

Scope: Design-Bid-Build project to construct a new WELL/LEED-certified Early Phase Clinical Research Center (EPCRC) totaling 16,500 sf in the shell space of the annex of the existing UH Cancer Center Building in Kaka'ako. Ground floor work includes site/entry modifications, a new covered entrance and interior improvements to include phlebotomy, exam rooms, clinical laboratory, CT scan and control room areas. The second floor includes Clinical Trial Infusion suites, nursing stations, and a research pharmacy. The third floor includes the Organoid Generation Facility that consists of dry and wet lab spaces and will house two dedicated biological safety cabinets. There will also be a fifth floor mechanical penthouse.

9/30/19 – NIH Notice of Award issued for \$6,874,224 grant. Estimated completion Summer 2024.

12/31/19 – no change.

3/31/20 – schematic design 35% complete.

6/30/20 – no change.

9/30/20 – design development 65% complete (submitted by grant deadline on July 23, 2020). Total project cost is \$13.0 million. Board of Regents approved the service order of \$6.5 million in GO Bond funds to RCUH on September 17, 2020.

12/31/20 – 100% Construction Documents (CD) complete and submitted to NIH for review on November 18, 2020. UH/RCUH MOU for Service Order of State GO Bond Funds

- (\$6.5M) executed on December 8, 2020. PM/CM and CxA contract executed on December 29 and December 30, 2020, respectively.
- 3/31/21 – NIH final approval of 100% CD pending.
 - 6/30/21 – NIH approved the 100% CD on April 12, 2021; funds were released on April 22, 2021. RCUH RFP Part 1 was issued on April 19, 2021 and three qualified contractors were selected on June 16, 2021. RFP Part 2 was issued August 9, 2021. Final selection and award expected December 2021.
 - 9/30/21 – received bids from qualified contractors, but all bids exceeded available funds. Currently negotiating reduced scope of work with lowest bidder. Final selection and award still expected December 2021.
 - 12/31/21 – currently modifying design to meet project budget and allow re-pricing with lowest bidder. Final selection and award has been delayed to May 2022. Project is still on schedule to be finished by Summer 2024 as required by the NIH grant.
 - 3/31/22 – final drawings of a scaled-down design will be completed upon NIH approval; final pricing will be negotiated with lowest bidder; and an award will be made if the final price is within budget. Award anticipated September 2022.**



**UNIVERSITY
of HAWAII**
SYSTEM

UNIVERSITY OF HAWAII
BOARD OF REGENTS

Kalbert K. Young
Vice President for Budget and Finance
Chief Financial Officer

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May 25, 2022

TO: Randolph G. Moore
Chair, Board of Regents

Alapaki Nahale-a
Chair, Committee on Planning and Facilities
Board of Regents

VIA: David Lassner
President

FROM: Kalbert K. Young
Vice President for Budget and Finance/Chief Financial Officer

SUBJECT: REQUEST FOR REVISIONS TO BOARD OF REGENTS POLICY
(RP) 10.201, INTERESTS IN REAL PROPERTY

SPECIFIC ACTION REQUESTED:

It is requested that the Board of Regents approve the revision of RP 10.201 (Interests in Real Property) to reflect the Administration's proposed policy changes.

RECOMMENDED EFFECTIVE DATE:

Upon approval of the Board of Regents.

ADDITIONAL COST:

There are no additional costs associated with this request.

PURPOSE:

Board of Regents Policy RP 10.201 describes the approvals required for University real property transactions, including: (a) Board of Regents approval for all real property transactions involving the disposition or acquisition of real property in fee simple or by lease or equivalent interest exceeding five (5) years; (b) Board of Regents delegation of authority to the president and his/her designees to approve all other real property transactions; and (c) the submittal to the Board of Regents of an annual list of real property transactions approved by the president and his/her designees.

The intent of the policy revisions is to provide clarity regarding the real property transactions that require Board of Regents approval and the University signing authority for real property agreements. The Administration is considering the implementation of one or more executive policies to supplement the University's current policies on real property: RP 10.201 and Administrative Procedure AP 8.300.

BACKGROUND:

Executive Policy EP 2.201, Section III.C. provides that Regent policies shall be reviewed every three years and amended policies may be drafted, vetted and adopted at any time as may be needed. RP 10.201 was last amended on April 21, 2016. The attached proposed policy revisions have been prepared in consultation with the Office of Strategic Development and Partnership and reviewed by the Office of General Counsel.

The Administration has prepared these revisions in response to the Board of Regents request to update RP 10.201. These proposed revisions to RP 10.201 include the following:

- Adding specificity by defining a "Lease;" definition. Current RP version does not explicitly define a lease;
- Updating the University's policy, practices, and decision-making regarding real property and interests in real property. These revisions would clarify and outline more specific parameters as to when board approvals are required for real estate transactions;
- Updating by adding more specificity as to the type of real property transactions that require Board of Regents approval;
- Updating the type of real property transactions that may be approved by the president and his/her designees;
- Clarifying the signing authority for the University's execution of real property documents; and
- Allowing the establishment of one or more executive policies to implement the updated responsibilities set forth in RP 10.201.

Board Chair Randolph G. Moore
Committee Chair Alapaki Nahale-a
May 25, 2022
Page 3 of 3

ACTION RECOMMENDED:

It is recommended that the Board of Regents approve the proposed revisions to RP 10.201 (Interests in Real Property) to reflect the Administration's proposed policy changes.

Attachments:

RP 10.201 original
RP 10.201 redline
RP 10.201 clean

c: Kendra Oishi, Executive Administrator and Secretary of the Board



Regents Policy Chapter 10, Land and Physical Facilities

Regents Policy RP 10.201, Interests in Real Property

Effective Date: Apr. 21, 2016

Prior Dates Amended: Oct. 20, 1978; Dec. 12, 1986; am: Oct. 18, 2002; Oct. 20, 2005;
Oct. 31, 2014 (recodified)

Review Date: August 2019

I. Purpose

To set forth policy on interests in real property.

II. Definitions

No policy specific or unique definitions apply.

III. Policy

A. It is the board's intent that the university's policy, practices and decision-making regarding real property and interests in real estate, shall: (1) promote and support the mission and goals of the university in education, research, service and economic development; (2) advance principles and practices of sound environmental stewardship and sustainability; (3) ensure that alternative actions are considered, investigated and analyzed; (4) be fairly priced in the context of applicable fair market values and other relevant factors; (5) generate revenue from real property not critical to long range plans for the university to support the university's core mission; and (6) be consistent with and support long range plans that have been approved by the BOR.

B. The Board of Regents shall review and approve all real property transactions for the disposition or acquisition of real property in fee simple or by lease or equivalent interest with a term exceeding five (5) years, including amendments and extensions thereof; provided, however, the president has the discretion to present to the board for approval any transactions involving real property that may impact a significant public interest.

C. The president and his/her designees are delegated the authority to approve all other real property transactions under this section including, but not limited to, leases or equivalent interests with a term of five (5) years or less in duration, licenses, easements, rights-of-entry, and other agreements involving the use and occupancy of real property, and any amendments and extensions thereof.

D. On an annual basis, the president shall provide the Board of Regents with a list and description of all such actions that have taken place under this delegated approval.

E. For actions that come to the board pursuant to this section, the board shall be provided with an analysis and supporting documentation that allows it to assess the terms of the transactions, as well as the recommended action's compliance with the intent of this policy. Actions that come to the board involving the fee title to real property should be accompanied by a recent appraisal conducted by a licensed real estate appraiser. Actions that come to the board involving a lease or equivalent interest with a term exceeding five (5) years, including amendments or extensions thereof, will be accompanied by supporting documentation that the president deems appropriate.

F. In the event that a board approved transaction does not occur within one year of board approval, then that transaction shall be presented to the board with updated and current information prior to the transaction occurring.

G. Real property transactions approved by the board under this section shall be executed by the president and one other university officer, after review and approval by the Office of General Counsel. All other real property transactions shall be: (1) executed on behalf of the university by the president or his/her designees and (2) subject to review and approval by the Office of the General Counsel as requested by the president.

H. The president shall promulgate executive policies to implement the responsibilities set forth in this Section 10.

IV. Delegation of Authority

The president is delegated the authority to approve certain transactions as set forth above.

V. Contact Information

Office of the Vice President for Administration, 956-6405, jgouveia@hawaii.edu

VI. References

A. <http://www.hawaii.edu/offices/bor/>

Approved:

approved as to Form:

/S/
Cynthia Quinn
Executive Administrator and
Secretary of the Board of Regents

04/21/2016
Date



Regents Policy Chapter 10, Land and Physical Facilities
Regents Policy RP 10.201, Interests in Real Property

Effective Date: ~~Apr. XXX XX, 2022~~21, 2016

Prior Dates Amended: Oct. 20, 1978; Dec. 12, 1986; am: Oct. 18, 2002; Oct. 20, 2005;
Oct. 31, 2014 (recodified); Apr. 21, 2016

Review Date: August ~~2019~~2025

I. Purpose

To set forth policy on interests in real property.

II. Definitions

~~No policy specific or unique definitions apply.~~

"Lease" refers to the exclusive right, subject to conditions, to possess and use land for a term of years, whether the university is the lessor or lessee, involving payments by or to the university of \$100,000 or more per year.

III. Policy

A. ~~It is the board's intent that the~~Real property transaction goals and objectives. The university's policy, practices, and decision-making regarding real property and interests in real estate, shall: (1) promote and support the mission and goals of the university in education, research, service, and economic development; (2) advance principles and practices of sound environmental stewardship and sustainability; (3) ensure that alternative actions are considered, investigated and analyzed; (4) be fairly priced in the context of applicable fair market values and other relevant factors; (5) generate revenue from real property ~~not critical to long range plans for the university to support~~in a manner that supports the university's core mission; and (6) be consistent with and support long range plans that have been approved by the ~~BOR~~board, such as the Integrated Academic Facilities Plan and the applicable campus long range development plan.

~~B. The Board of Regents shall review and approve all real property transactions for the disposition or acquisition of real property in fee simple or by lease or equivalent interest with a term exceeding five (5) years, including amendments and extensions thereof; provided, however~~

B. Real property transactions requiring board approval. Except as set forth herein, the board shall review and approve all of the following real property transactions: (i)

the disposition or acquisition of real property in fee simple; (ii) a lease with an initial term (including any options to extend) exceeding five (5) years; (iii) a lease extension where the initial lease term was five (5) years or less, but with the extension the overall lease term would exceed five (5) years; and (iv) any lease extension that would result in the lease lasting more than three (3) years past the end of a lease term previously approved by the board. An amendment to a lease previously approved by the board involving any of the following requires further board approval: (a) a material change in authorized use(s), or (b) a material change in lease rent or other amounts payable under the lease unless such change is pursuant to terms contained in the originally approved lease.

Notwithstanding the above, the president has the discretion to present to the board for approval any transactions involving real property that may impact a significant public interest.

C.C. Real property transactions that may be approved by the president. The president and his/her designees are delegated the authority to approve all ~~other~~ real property transactions under this section not requiring board approval, including, ~~but not limited to, leases or equivalent interests without limitation, leases~~ with a term of five (5) years or less in duration, and regardless of their duration, real property agreements that are not leases as defined in this policy, such as licenses, utility and access easements, rights-of-entry, leases involving payments of less than \$100,000 per year by or to the university, and other agreements involving the use and occupancy of real property, and any amendments and extensions thereof.

D.D. Annual report of president-approved real property transactions. On an annual basis, the president shall provide the ~~Board of Regents board~~ with a list and description of all ~~such actions~~ real property transactions that have ~~taken place under this~~ been approved pursuant to the authority delegated to the president and his/her designees.

E. Supporting documentation for the board related to real property transactions. For transactions that require board approval=

E. For actions that come to the board pursuant to this section, the board shall be provided with ~~an~~ analysis and supporting documentation that allows it allow the board to assess the terms of the transactions, as well as ~~the recommended action's compliance whether or not the transactions comply with the intent of this policy.~~ Actions that come to the board ~~The president may determine the supporting documentation that is submitted, provided that for transactions~~ involving the acquisition or disposition of fee simple title to real property, the supporting documentation should ~~be accompanied by~~ include a recent appraisal conducted by a licensed real estate appraiser. ~~Actions that come, except where acquisition is from a governmental entity at no or minimal cost to the board involving a lease or~~

~~equivalent interest~~ university or disposition is to a governmental entity to be used for governmental (and not commercial) purposes. For leases, the board shall be provided with ~~a~~ the administration's plans for how long the subject property is to be used, i.e., long-term exceeding five (5) years, including amendments or extensions thereof, will be accompanied by supporting documentation that the president deems appropriate or permanent, short-term or interim, or as-yet-undetermined.

F. Required updates for real property transactions. In the event that a board- ~~approved~~ transaction does not occur within one (1) year of board approval, then that transaction shall be presented to the board with updated and current information prior to the transaction ~~occurring~~being completed.

~~G.G.~~ Execution of real property transaction documents. Real property transactions approved by the board under this ~~section~~policy shall be executed ~~by the president and one other university officer,~~ after review and approval as to form by the Office of General Counsel- ~~(OGC), by:~~

1. the president, and
2. the vice president for budget and finance/chief financial officer, or one of the following university officers:
 - a. the vice president for administration,
 - b. the vice president for community colleges (if the property involved is a part of or affiliated with a community college campus), or
 - c. the chancellor of the University of Hawai'i, Hilo or the University of Hawai'i, West Oahu (if the property involved is a part of or affiliated with their respective campuses).

(i) All other real property transactions shall be: ~~(1)~~ executed on behalf of the university by the president or his/her designees ~~and (2) subject to,~~ after review and approval as to form by ~~the Office of the General Counsel as requested by the president~~OGC.

H. Executive policies. The president ~~shall~~may promulgate one or more executive policies to implement the responsibilities set forth in this ~~Section 10~~board policy.

IV. Delegation of Authority

The president is delegated the authority to approve certain transactions as set forth above.

V. Contact Information

Office of the Vice President for ~~Administration, 956-6405, Budget and Finance/Chief Financial Officer, (808) 956-8903, kalbert@hawaii.edu~~

VI. References

- ~~A.~~ <http://www.hawaii.edu/offices/bor/>

Approved:

~~approved~~ **as to Form:**

~~Cynthia Quinn~~

~~Kendra Oishi~~

Date

Executive Administrator and
Secretary of the Board of Regents



Regents Policy Chapter 10, Land and Physical Facilities

Regents Policy RP 10.201, Interests in Real Property

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B. Real property transactions requiring board approval. Except as set forth herein, the board shall review and approve all of the following real property transactions: (i) the disposition or acquisition of real property in fee simple; (ii) a lease with an initial term (including any options to extend) exceeding five (5) years; (iii) a lease extension where the initial lease term was five (5) years or less, but with the extension the overall lease term would exceed five (5) years; and (iv) any lease extension that would result in the lease lasting more than three (3) years past the end of a lease term previously approved by the board. An amendment to a lease

previously approved by the board involving any of the following requires further board approval: (a) a material change in authorized use(s), or (b) a material change in lease rent or other amounts payable under the lease unless such change is pursuant to terms contained in the originally approved lease.

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C. Real property transactions that may be approved by the president. The president and his/her designees are delegated the authority to approve all real property transactions not requiring board approval, including, without limitation, leases with a term of five (5) years or less in duration, and regardless of their duration, real property agreements that are not leases as defined in this policy, such as licenses, utility and access easements, rights-of-entry, leases involving payments of less than \$100,000 per year by or to the university, and other agreements involving the use and occupancy of real property, and any amendments and extensions thereof.

D. Annual report of president-approved real property transactions. On an annual basis, the president shall provide the board with a list and description of all real property transactions that have been approved pursuant to the authority delegated to the president and his/her designees.

E. Supporting documentation for the board related to real property transactions. For transactions that require board approval, the board shall be provided with analysis and supporting documentation that allow the board to assess the terms of the transactions, as well as whether or not the transactions comply with this policy. The president may determine the supporting documentation that is submitted, provided that for transactions involving the acquisition or disposition of fee simple title to real property, the supporting documentation should include a recent appraisal conducted by a licensed real estate appraiser, except where acquisition is from a governmental entity at no or minimal cost to the university or disposition is to a governmental entity to be used for governmental (and not commercial) purposes. For leases, the board shall be provided with the administration's plans for how long the subject property is to be used, i.e., long-term or permanent, short-term or interim, or as-yet-undetermined.

F. Required updates for real property transactions. In the event that a board-approved transaction does not occur within one (1) year of board approval, then that transaction shall be presented to the board with updated and current information prior to the transaction being completed.

G. Execution of real property transaction documents. Real property transactions approved by the board under this policy shall be executed, after review and approval as to form by the Office of General Counsel (OGC), by:

1. the president, and
2. the vice president for budget and finance/chief financial officer, or one of the following university officers:
 - a. the vice president for administration,
 - b. the vice president for community colleges (if the property involved is a part of or affiliated with a community college campus), or
 - c. the chancellor of the University of Hawai'i, Hilo or the University of Hawai'i, West Oahu (if the property involved is a part of or affiliated with their respective campuses).

All other real property transactions shall be executed on behalf of the university by the president or his/her designees, after review and approval as to form by OGC.

H. Executive policies. The president may promulgate one or more executive policies to implement the responsibilities set forth in this board policy.

IV. Delegation of Authority

The president is delegated the authority to approve certain transactions as set forth above.

V. Contact Information

Office of the Vice President for Budget and Finance/Chief Financial Officer, (808) 956-8903, kalbert@hawaii.edu

VI. References

- <http://www.hawaii.edu/offices/bor/>

Approved as to Form:

Kendra Oishi
Executive Administrator and
Secretary of the Board of Regents

Date



UNIVERSITY
of HAWAII®
MĀNOA

College of Tropical Agriculture and Human Resources
Founding College of the University of Hawaii
Office of the Dean and Director of Research and Cooperative Extension

UNIVERSITY OF HAWAII
BOARD OF REGENTS

DTS 22508

22 MAY 26 08:07

May 25, 2022

TO: Randolph G. Moore
Chair, Board of Regents

Alapaki Nahale-a
Chair, Committee on Planning and Facilities
Board of Regents

VIA: David Lassner
President

Kalbert K. Young
Vice President for Budget and Finance/Chief Financial Officer

Michael Bruno
Provost
University of Hawaii'i at Mānoa

Michael Bruno
Digitally signed by Michael Bruno
Date: 2022.05.25 15:39:08 -10'00'

Alexandra French
Chief Business Officer
University of Hawaii'i at Mānoa

A S French
Digitally signed by A S French
Date: 2022.05.25 14:50:11 -10'00'

FROM: Nicholas B. Comerford
Dean, College of Tropical Agriculture and Human Resources
University of Hawaii'i at Mānoa

Nicholas Comerford
Digitally signed by Nicholas Comerford
Date: 2022.05.25 11:55:38 -10'00'

SUBJECT: REQUEST FOR BOARD OF REGENTS APPROVAL OF LEASE BETWEEN THE UNIVERSITY OF HAWAII AND THE NORTH SHORE COMMUNITY LAND TRUST FOR APPROXIMATELY 30.88 ACRES AT THE WAIALE'E AGRICULTURAL RESEARCH STATION

SPECIFIC ACTION REQUESTED:

We request the following as further discussed herein:

1. **Committee on Planning and Facilities:** Recommend to the Board of Regents the approval of a lease with a maximum duration of twenty-five years, between the University of Hawaii'i (University) and the North Shore Community Land Trust (NSCLT), for approximately 30.88 Acres at Waiale'e Agricultural Research Station ("Lease"). The material terms of the Lease are set forth in the attached Major Term Sheet.

3050 Maile Way, Gilmore Hall 202 Honolulu, Hawaii'i 96822-2271
Telephone: (808) 956-8234, Fax: (808) 956-9105
E-mail: ctahrdn@hawaii.edu

An Equal Opportunity/Affirmative Action Institution

2. **Board of Regents:** If the Committee on Planning and Facilities approves the above recommendation, approval of the Lease between the University and the NSCLT, for approximately 30.88 Acres at Waiale'e Agricultural Research Station.

RECOMMENDED EFFECTIVE DATE:

Upon approval of the Board of Regents.

ADDITIONAL COST:

The Lease is not anticipated to increase costs to the University. The Lessee will be responsible for all improvements, utilities, and maintenance of the Premises.

BACKGROUND:

The University acquired ownership of the Waiale'e Property in 1958 when the Territory of Hawai'i set aside the Waiale'e Property to the University by Governor's Executive Order No. 1848 issued on May 16, 1958 ("EO") after approval by the Territory of Hawai'i's Board of Public Lands. The State Board of Land and Natural Resources ("BLNR") subsequently approved the cancellation of the EO and the transfer of fee simple title to the Waiale'e Property to the University at BLNR's meeting held on February 11, 1994. This approved transaction was not implemented or completed. Nevertheless, the University's position has been that lands set aside to the University are owned in fee simple by the University.

Historically, the Waiale'e Property has been used for research and experimental farm purposes consistent with the EO purpose. The College of Tropical Agriculture and Human Resources ("CTAHR") at one time used much of the Waiale'e Property for research and farm purposes, including the raising of livestock, such as cattle, swine, sheep, and poultry. Farm operations were active and robust from about 1961 through the mid-1980s. Sufficient income was being generated during that time through the sale of eggs, chickens, swine, and cattle so that the operation was generally self-sustaining. Crop research continued for quite some time within the Waiale'e Property until the early 2000s.

Farm operations began to decline in the late 1980s with poultry being the first phase out, followed by the phase out of swine, and eventually cattle with the collapse of the local beef industry. There were a number of factors that contributed to the decline, including: (a) the retirement or loss of many of the primary research faculty that had been conducting long-term on-site research; (b) the increasing number of regulatory requirements (such as animal care standards, environmental regulations, and land use approval conditions); (c) the decline of related agricultural industries (such as the virtual collapse of the local beef and dairy industries); (d) decline in CTAHR student enrollment, particularly after the closing or scaling back of the local livestock industries; and (e) the increasing operational costs, including animal feed,

veterinary care, and the maintenance and upkeep of the farm facilities such as the cottages within the Property serving as accommodations for farm personnel.

At present, CTAHR is not currently using the Property, and has been diligent in its coordination with multiple State and County agencies in the removal of abandoned vehicles, clearing the property of illegal trespassers, and maintaining security, upkeep and clearing, as well as the ongoing coordination with our two potential lessees who currently hold short-term use and occupancy agreements to clear and manage the Property.

Approximately \$1.6M in Capital Improvement Projects ("CIP") for Waiale'e was released by the Governor in October 2021. CTAHR is working with its design consultant in finalizing a priority list of projects which further reduce the University's liabilities at Waiale'e, including the decommissioning of the existing oxidation pond and wastewater system, demolition of the jailhouse and other structures in disrepair, as well as potential fencing and security measures along the property boundaries and Kamehameha Highway frontage.

The NSCLT has previously volunteered to assist the University with leading community clean ups on the makai-side property in order to restore and preserve cultural and environmental features. The NSCLT has also involved UH students to lead their efforts. The NSCLT was founded in 1997 to protect, steward, and restore the scenic beauty, cultural heritage, and natural landscapes of the North Shore of O'ahu. The NSCLT and its partners have raised over \$75M towards the protection of over 4,000 acres of land on the North Shore of O'ahu. The NSCLT has been involved in land stewardship and conservation projects for a number of large-tract parcels on the north shore, including at Turtle Bay, Waimea Valley, Pūpūkea-Paumalū, and Kahuku Point.

The Waiale'e Property consists of approximately 130.85-acres of land that comprise of Tax Map Key parcel Nos. (1) 5-8-001: 007, 013, and 055 ("Property"). The proposed lease to NSCLT ("Lessee") is for TMK parcel No. (1) 5-8-001: 055 ("Premises"). The NSCLT was granted a Use and Occupancy Agreement entered into on November 6, 2020. It allowed NSCLT to use the parcel for cultural and agricultural uses, including community clean up days, wetlands restoration, as well as lo'i kalo and loko i'a restoration. Under the proposed rent terms of the Lease, the University will receive a rental fee of \$1 for the Term of the Lease. The Initial Term of the Lease is for fifteen (15) years; and the University may grant an extension for ten (10) years after the Initial Term for a maximum term of twenty-five (25) years. While the University will not be generating revenue on the Premises, it is advantageous to reduce overall costs to the University. The Lessee will be responsible for all improvements (exclusive of the jailhouse and oxidation pond which are to be removed by the University), utilities, and maintenance of the Premises.

APPLICABLE REGENTS POLICY:

Under Board of Regents Policy RP 10.201, the Board of Regents' approval is required for this real property transaction because it is a lease interest with a term exceeding five years. The six

decision-making considerations enumerated under Board of Regents Policy RP 10.201.III.A are addressed in turn as follows.

1. *Promote and support the mission and goals of the university in education, research, service, and economic development.*

None of the alternatives considered by CTAHR for the Waiale'e Property appear feasible at this time (further discussion below with respect to Criteria #3). With CTAHR's scaling back of farm operations at the Waiale'e Property, CTAHR's use of the Waiale'e Property does not promote or support the mission and goals of the University in education, research, service, or economic development as effectively or efficiently as it previously did. The dramatic increase in the commute time between the UH Mānoa campus and the Waiale'e Property has made it effectively impractical to use the Waiale'e Property as an active instructional, hands-on experience venue for animal science majors or pre-vet students.

2. *Advance principles and practices of sound environmental stewardship and sustainability.*

In its Waiale'e farm operations, CTAHR has strived to advance the principles and practices of sound environmental stewardship and sustainability. In fact, CTAHR conducted research on some innovative green technology processes such as installing and operating bioreactors to convert animal and agricultural waste into biofuel and/or fertilizer. It is much more difficult to maintain such principles and practices of stewardship and sustainability given the reduced scale of CTAHR's farm operations at the Waiale'e Property. Lessee will engage in wetlands restoration; lo'i kalo (wetland taro farm) restoration; loko i'a (fishpond) restoration; the care and production of plants and animals consistent with the restored wetlands, lo'i kalo, and loko i'a; and other accessory and supportive uses and activities.

3. *Ensure that alternative actions are considered, investigated and analyzed.*

While CTAHR's farm operations at the Waiale'e Property were once vibrant and robust, this is no longer so. CTAHR has explored various alternatives, including short-term uses such as arrangements with: (i) local agricultural concerns to raise livestock and selected crops; (ii) potential operators to conduct limited agrotourism related activities; (iii) a renewable energy firm to evaluate the use of the mauka parcel and other marginal use areas (steep slopes) for windfarm purposes; (iv) equestrian ranchers to use portions of the Property for grazing and the raising of horses; (v) various interests in producing value-added bio-products and bio-fuels; (vi) State government agencies for agriculturally related uses; and (vii) the contractor for a nearby government water pipeline project to rent/use a portion of the Waiale'e Property for a temporary construction baseyard.

On a longer-term basis, CTAHR engaged in discussions with Department of Land and Natural Resources (DLNR) about returning all or portions of the Waiale'e Property to the State. DLNR was not receptive to the return of all or portions of the Waiale'e Property. A proposal to transfer the Waiale'e Property to the State's Agribusiness Development

Corporation ("ADC") in 2018 was unable to get the necessary ADC approvals to complete the transfer.

4. *Be fairly priced in the context of applicable fair market values and other relevant factors.*

Under the proposed rent terms of the Lease, the University will receive a rental fee of \$1 for the Term of the Lease. The Lease will save University costs associated with maintaining the Premises as described above.

5. *Generate revenue from real property not critical to long range plans for the university to support the university's core mission.*

While not conceding that the Waiale'e Property has no future value or use, it is not critical to the University's current long-range plans, and CTAHR has not been able to implement any Waiale'e Property uses that advance its mission or have the potential of generating revenue (subject to ceded land payment issues). CTAHR has been evaluating the feasibility of alternatives as described above and others but has not been able to determine any with promising revenue generating potential. While the University does not anticipate generation of revenue on the Premises, it is advantageous to reduce overall costs to the University. The Lessee will be responsible for all improvements (exclusive of the jailhouse and oxidation pond which are to be removed by the University), utilities, and maintenance of the Premises.

6. *Be consistent with and support long range plans that have been approved by the BOR.*

CTAHR has relocated its livestock raising operations to an expanded area within CTAHR's Waimānalo research station. From a longer-term perspective, CTAHR does not have any near-term plans for active farm operations within the Waiale'e Property.

ACTION RECOMMENDED:

1. Committee on Planning and Facilities: Recommend to the Board of Regents the approval of the Lease between the University and Lessee for Premises.
2. Board of Regents: If the Committee on Planning and Facilities approves the above recommendation, approval of the Lease between the University and Lessee for Premises.

Attachment: Major Term Sheet

c: Kendra Oishi, Executive Administrator and Secretary of the Board

MAJOR TERM SHEET

LEASE AGREEMENT

between

UNIVERSITY OF HAWAI'I

and

THE NORTH SHORE COMMUNITY LAND TRUST

covering

Approximately 30.88 Acres at the

Waiale'e Agricultural Research Station

TMK No. (1) 5-8-001: 055

1. Parties.

- a. **Fee Owner/Lessor:** University of Hawai'i (by executive order).
- b. **Lessee:** The North Shore Community Land Trust, a domestic nonprofit corporation ("Lessee").

2. Property, Premises, Improvements.

- a. **Property.** Approximately 130.85-acres of land owned by UH that are part of the Waiale'e Agricultural Research Station designated as TMK Nos. (1) 5-8-001: 007, 013, and 055, having an address of 58-160 Kamehameha Highway, Pūpūkea, Hawai'i 96712 ("Property").
- b. **Current Land Use Restrictions.**
 - (1) Zoning: AG-2 General Agricultural District.
 - (2) State Land Use District: Agricultural District.
 - (3) Special Management Area: In SMA.
 - (4) County Zoning: AG-2 General Agricultural District.

Lease Agreement

The North Shore Community Land Trust and University of Hawai'i

- c. Premises. A 30.88-acre portion of the Site ("Premises") comprising TMK Nos. (1) 5-8-001: 055. See attached Exhibit A.
 - d. Exclusions from Premises. Two areas are excluded from the Premises: (1) the abandoned building near Kamehameha Highway previously part of the Waiale'e Industrial School; and (2) the Waiale'e oxidation pond ("Excluded Areas"). Lessee and Lessee Agents shall not enter the Excluded Areas, and Lessee and Lessee Agents shall not allow anyone to enter the Excluded Areas.
 - e. Improvements. Existing facilities within the Premises including the feed lot, sheep, calf, and beef barn areas (collectively, the "Improvements").
3. Relevant Existing Agreements.

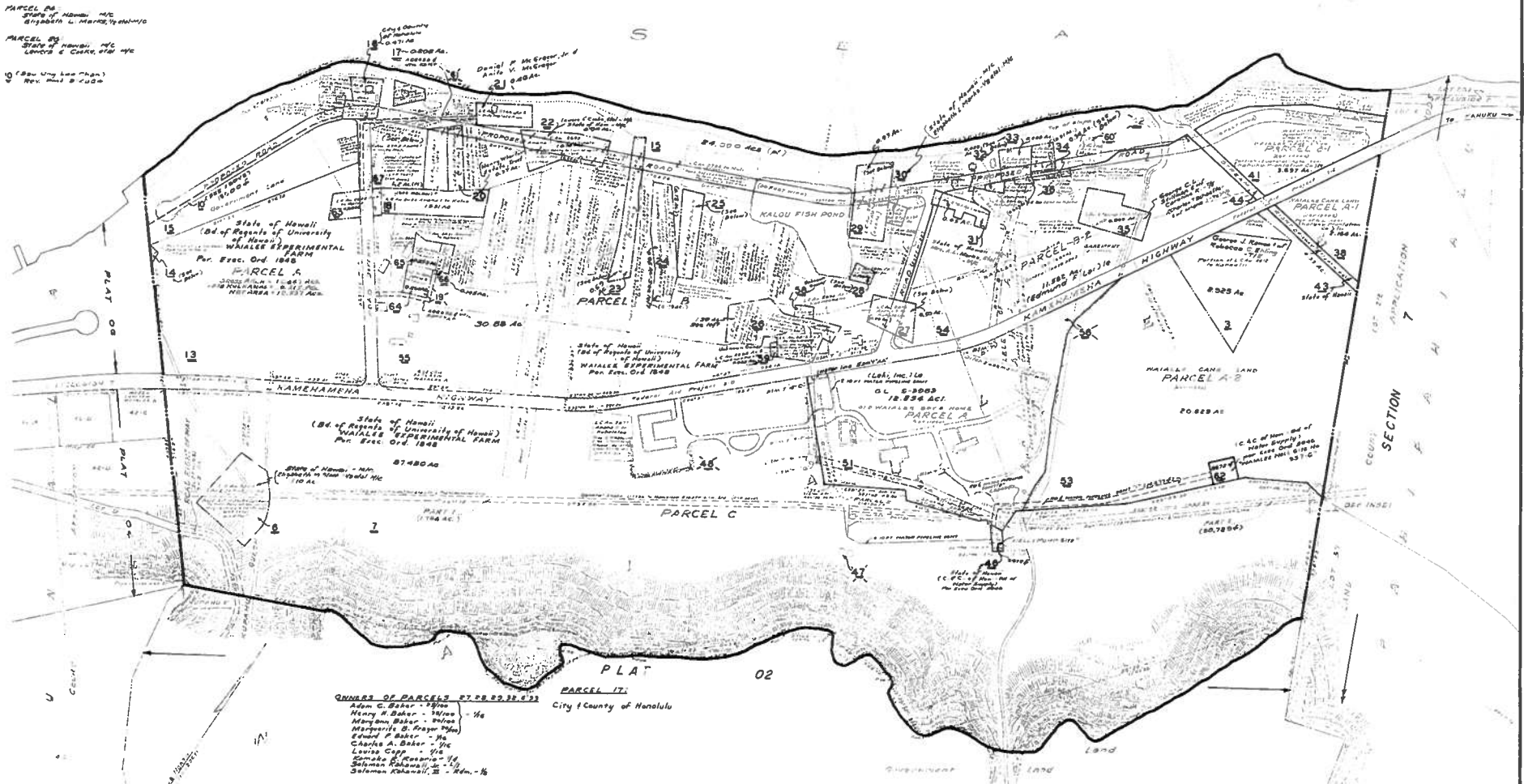
Use and Occupancy Agreement dated November 6, 2020; which shall terminate upon entry into this long-term Lease agreement.
 4. Use of Premises. Lessee will continue to use the premises for cultural and agricultural uses, including community clean up days. Lessee will use the Premises for wetlands restoration; lo'i kalo (wetland taro farm) restoration; loko i'a (fishpond) restoration; the care and production of plants and animals consistent with the restored wetlands, lo'i kalo, and loko i'a; and other accessory and supportive uses and activities.
 5. Lease Agreement Key Terms.
 - a. Term. The initial term ("Initial Term") of this Agreement and Lessee's obligations to pay the rent hereunder shall be for fifteen (15) years. After completing a status evaluation, Lessor may grant, and Lessee may agree, in writing, to extend this Agreement for ten (10) years after the Initial Term; provided that, the Initial Term and all extension terms under this Agreement shall not cumulatively exceed twenty-five (25) years.
 - b. Rental Charge and Other Consideration. Lessee shall pay University a rental fee of \$1 for the Term of the Lease Agreement.

Other consideration includes:
 - (1) Lessee is responsible, at Lessee's sole cost, for the maintenance and repair of Premises in a clean, sanitary, and orderly condition; and
 - (2) In addition to Base Rent, Lessee shall pay to Lessor the Premises taxes, and other expenses, fees, and charges.

- c. Terms and Conditions. In addition to the items listed under item (b), above:
- (1) Lessee agrees, at its sole expense and cost, to comply with all environmental laws that apply to the Premises and the Property during the Term or to Lessee's occupancy or use of or activities on the Premises and/or the Property;
 - (2) Lessee shall (a) employ best management practices at all times during construction and use of the Premises to avoid silt or dirt entering any stream, river, drainage area, waterway, the ocean, or other bodies of water; and (b) conduct farming operations in a manner consistent with generally accepted agricultural and management practices as provided under the Hawai'i Right to Farm Act, HRS chapter 165; and
 - (3) Lessee shall be responsible for pollution control.
6. Indemnity, Hold Harmless, and Insurance. The Lease Agreement includes standard indemnification, hold harmless, and insurance requirements to protect the University and its officers, agents, employees, and other persons acting on its behalf from and against any claim or demand for loss, liability, or damages.
7. No Lessor Representation as to Suitability. Lessee acknowledges that neither Lessor nor its officers, employees, agents, representatives, contractors, and others acting for or on behalf of Lessor has made any representation or warranty with respect to the Premises and the Property with respect to the suitability of the Premises for Lessee's intended use, except as may be expressly set forth in this Lease.
8. Responsibility for Permits and Approvals. Lessee is responsible for all permits and approvals unless otherwise mutually agreed to in writing and compliance with applicable laws.
9. Rights Upon Termination of Lease Agreement. Lessee shall immediately vacate the Premises, and Lessee shall have no claim of any kind whatsoever against Lessor, by reason of such termination, or by reason of any act by Lessor incidental or related thereto. In the event of the exercise by Lessor of such option to terminate, Lessee shall have no right to or claim upon any portion of the Premises or any leasehold improvements (as defined in the Lease), utility services, and equipment on, in, or at the Premises or the value thereof. Lessor may also remove or store any of Lessee's FF&E located thereon or therein, at the sole cost and expense of Lessee, without Lessor being liable to Lessee for damage or loss thereby sustained by Lessee.
10. Other Standard Terms. Other standard terms required by the University in real property agreements.

Attachment: Exhibit A

Exhibit A



DWG. NO. 1729 (Revised)
 SOURCE: SALS. PLAT. 1729-B
 BY: [illegible] March 1959.

- OWNERS OF PARCELS 17, 22, 23, 24, 25**
 City & County of Honolulu
- Adam C. Baker - 1/10
 - Henry H. Baker - 1/10
 - Mary Ann Baker - 1/10
 - Marguerite B. Kruger 1/10
 - Edward P. Baker - 1/10
 - Charles A. Baker - 1/10
 - Louise C. Baker - 1/10
 - Selma K. Baker - 1/10
 - Solomon K. Baker - 1/10
- PARCEL 34:**
 Chun Fook - 1/10 over 1/10
 Daniel Moepo-1/10
 John Moepo-1/10
 David K. Nakala, Ed - 1/10
- OWNERS OF PARCEL 14** 12.7.52
 Elizabeth M. Staal - 1/10
- PARCEL 26**
 [illegible]
 State of Hawaii - 1/10
- PARCEL 37 (Part of 'B'):**
 State of Hawaii
 (Dept. of Revenue of Hawaii)
 WAIALEALE EXPERIMENTAL FARM
 Pt. Sec. Ord. 1848
- 18** McCandless Law & Co. Co. 17 and

Dropped Parcels: 1, 2, 4, 5, 6, 9, 11, 12, 13, 16, 18, 19, 20, 21, 27, 28, 29, 30, 31, 32, 33, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100.

NOTE: All parcels owned by State of Hawaii unless otherwise noted.

Part WAIALEE, KOOLAULOA, OAHU

SUBJECT TO CHANGE

DEPARTMENT OF TAXATION		
TAXATION MAPS BUREAU		
STATE OF HAWAII		
TAX MAP		
FIRST	DIVISION	
ZONE	SEC.	PLAT
5	8	01
CONTAINING PARCELS		
SCALE 1 IN. = 200 FT.		



UNIVERSITY of HAWAI'I MĀNOA

College of Tropical Agriculture and Human Resources
Founding College of the University of Hawai'i
Office of the Deputy Director of Research and Cooperative Extension
UNIVERSITY OF HAWAII BOARD OF REGENTS

22 MAY 26 P4:11 22508D

May 26, 2022

TO: Randolph G. Moore
Chair, Board of Regents

Alapaki Nahale-a
Chair, Committee on Planning and Facilities
Board of Regents

VIA: David Lassner
President [Signature]

Kalbert K. Young [Signature]
Vice President for Budget and Finance/Chief Financial Officer

Michael Bruno
Provost
University of Hawai'i at Mānoa
[Signature] Digitally signed by Michael Bruno
Date: 2022.05.26 13:51:42 -10'00'

for Alexandra French
Chief Business Officer
University of Hawai'i at Mānoa
[Signature] Digitally signed by Debra Ann C. Ishii
Date: 2022.05.26 13:37:53 -10'00'

FROM: Nicholas B. Comerford
Dean, College of Tropical Agriculture and Human Resources
University of Hawai'i at Mānoa
[Signature] Digitally signed by Nicholas Comerford
Date: 2022.05.26 12:24:01 -10'00'

SUBJECT: REQUEST FOR BOARD OF REGENTS APPROVAL OF LEASE BETWEEN THE UNIVERSITY OF HAWAI'I AND DOUBLE J LIVESTOCK RANCH FOR 99.97 ACRES AT THE WAIALE'E AGRICULTURAL RESEARCH STATION

SPECIFIC ACTION REQUESTED:

We request the following as further discussed herein:

- 1. Committee on Planning and Facilities: Recommend to the Board of Regents the approval of a lease with a maximum duration of thirty-five years, between the University of Hawai'i and Paul A. Eguires and Verna L. Eguires doing business as Double J Livestock Ranch, for 99.97 Acres at the Waiale'e Agricultural Research Station ("Lease"). The material terms of the Lease are set forth in the attached Major Term Sheet.

Board Chair Randy Moore
Committee Chair Alapaki Nahale-a
Board of Regents
May 26, 2022
Page 2 of 5

2. **Board of Regents:** If the Committee on Planning and Facilities approves the above recommendation, approval of the Lease between the University of Hawai'i and Paul A. Eguires and Verna L. Eguires doing business as Double J Livestock Ranch, for 99.97 Acres at the Waiale'e Agricultural Research Station.

RECOMMENDED EFFECTIVE DATE:

Upon approval of the Board of Regents.

ADDITIONAL COST:

The Lease is not anticipated to increase costs to the University of Hawai'i (University). The Lease provides for annual rent to the University, and the Lessee will be responsible for all improvements, utilities, and maintenance of the Premises.

BACKGROUND:

The University acquired ownership of the Waiale'e Property in 1958 when the Territory of Hawai'i set aside the Waiale'e Property to the University by Governor's Executive Order No. 1848 issued on May 16, 1958 ("EO") after approval by the Territory of Hawai'i's Board of Public Lands. The State Board of Land and Natural Resources ("BLNR") subsequently approved the cancellation of the EO and the transfer of fee simple title to the Waiale'e Property to the University at BLNR's meeting held on February 11, 1994. This approved transaction was not implemented or completed. Nevertheless, the University's position has been that lands set aside to the University are owned in fee simple by the University.

Historically, the Waiale'e Property has been used for research and experimental farm purposes consistent with the EO purpose. The College of Tropical Agriculture and Human Resources ("CTAHR") at one time used much of the Waiale'e Property for research and farm purposes, including the raising of livestock, such as cattle, swine, sheep, and poultry. Farm operations were active and robust from about 1961 through the mid-1980s. Sufficient income was being generated during that time through the sale of eggs, chickens, swine, and cattle so that the operation was generally self-sustaining. Crop research continued for quite some time within the Waiale'e Property until the early 2000s.

Farm operations began to decline in the late 1980s with poultry being the first phase out, followed by the phase out of swine, and eventually cattle with the collapse of the local beef industry. There were a number of factors that contributed to the decline, including: (a) the retirement or loss of many of the primary research faculty that had been conducting long-term on-site research; (b) the increasing number of regulatory requirements (such as animal care standards, environmental regulations, and land use approval conditions); (c) the decline of related agricultural industries (such as the virtual collapse of the local beef and dairy industries); (d) decline in CTAHR student enrollment, particularly after the closing or scaling back of the

local livestock industries; and (e) the increasing operational costs, including animal feed, veterinary care, and the maintenance and upkeep of the farm facilities such as the cottages within the Property serving as accommodations for farm personnel.

At present, CTAHR is not currently using the Property, and has been diligent in its coordination with multiple State and County agencies in the removal of abandoned vehicles, clearing the property of illegal trespassers, and maintaining security, upkeep and clearing, as well as the ongoing coordination with our two potential lessees who currently hold short-term use and occupancy agreements to clear and manage the Property.

Approximately \$1.6M in Capital Improvement Projects ("CIP") for Waiale'e was released by the Governor in October 2021. CTAHR is working with its design consultant in finalizing a priority list of projects which further reduce the University's liabilities at Waiale'e, including the decommissioning of the existing oxidation pond and wastewater system, demolition of the jailhouse and other structures in disrepair, as well as potential fencing and security measures along the property boundaries and Kamehameha Highway frontage.

The Waiale'e Property consists of approximately 130.85-acres of land that comprise of Tax Map Key parcel Nos. (1) 5-8-001: 007, 013, and 055 ("Property"). The proposed lease to Paul A. Eguires and Verna L. Eguires doing business as Double J Livestock Ranch ("Lessee") is for TMK parcel Nos (1) 5-8-001: 007 and 013 ("Premises"). The selection of a potential lessee for these income producing parcels was preceded by the preparation and issuance of a Request for Proposals ("RFP") in July 2020. There were a total of seven (7) respondents to the RFP. The University's priorities were to identify a lessee that would have a physical presence to manage and secure the property, a use that improves the property's condition for the surrounding neighborhood and the broader community, a lessee that would substantially reduce or eliminate the University's liability and eliminate the University's need to further maintain the property long term, as well as lease rent.

The Lessee has been in Hawai'i's agricultural and livestock production industries since 2007. The Lessee was granted a short-term Use and Occupancy Agreement, entered into on March 18, 2021. It allowed Lessee to use a portion of the property for raising cattle and livestock, as well as securing and managing the property. The Initial Term of the Lease Agreement is for ten (10) years; and the University may grant an extension for ten (10) years after the Initial Term, and then in five- (5) year increments thereafter for a maximum term of thirty-five (35) years. Under the proposed rent terms of the Lease, the University will be receiving \$9,000 in annual rent for the first year of the Initial Term, and \$12,000 in annual rent for the remainder of the Initial Term. The Lessee will be responsible for all improvements, utilities, and maintenance of the Premises.

APPLICABLE REGENTS POLICY

Under Board of Regents Policy (RP) 10.201, the Board of Regents' approval is required for this real property transaction because it is a lease interest with a term exceeding five years. The six

decision-making considerations enumerated under Board of Regents Policy RP 10.201.III.A are addressed in turn as follows.

1. *Promote and support the mission and goals of the university in education, research, service, and economic development.*

None of the alternatives considered by CTAHR for the Waiale'e Property appear feasible at this time (further discussion below with respect to Criteria #3). With CTAHR's scaling back of farm operations at the Waiale'e Property, CTAHR's use of the Waiale'e Property does not promote or support the mission and goals of the University in education, research, service, or economic development as effectively or efficiently as it previously did. **The dramatic increase in the commute time between the UH Mānoa campus and the Waiale'e Property has made it effectively impractical to use the Waiale'e Property as an active instructional, hands-on experience venue for animal science majors or pre-vet students.** The Lessee intends to continue collaboration with CTAHR and its 30+ years of involvement in family development through Cooperative Extension programs which include the 4-H youth livestock program. The Lessee intends to promote the 4-H livestock youth program in developing knowledge, data record keeping, herdsmanship, showmanship, judging, and marketing their 4-H project animal. Providing skills that will enable them to become self-directing, productive, and contributing members of society.

2. *Advance principles and practices of sound environmental stewardship and sustainability.*

In its Waiale'e farm operations, CTAHR has strived to advance the principles and practices of sound environmental stewardship and sustainability. In fact, CTAHR conducted research on some innovative green technology processes such as installing and operating bioreactors to convert animal and agricultural waste into biofuel and/or fertilizer. It is much more difficult to maintain such principles and practices of stewardship and sustainability given the reduced scale of CTAHR's farm operations at the Waiale'e Property.

3. *Ensure that alternative actions are considered, investigated and analyzed.*

While CTAHR's farm operations at the Waiale'e Property were once vibrant and robust, this is no longer so. CTAHR has explored various alternatives, including short-term uses such as arrangements with: (i) local agricultural concerns to raise livestock and selected crops; (ii) potential operators to conduct limited agrotourism related activities; (iii) renewable energy firm to evaluate the use of the mauka parcel and other marginal use areas (steep slopes) for windfarm purposes; (iv) equestrian ranchers to use portions of the Property for grazing and the raising of horses; (v) various interests in producing value-added bio-products and bio-fuels; (vi) State government agencies for agriculturally related uses; and (vii) the contractor for a nearby government water pipeline project to rent/use a portion of the Waiale'e Property for a temporary construction baseyard.

On a longer-term basis, CTAHR engaged in discussions with Department of Land and Natural Resources (DLNR) about returning all or portions of the Waiale'e Property to the

State. DLNR was not receptive to the return of all or portions of the Waiale'e Property. A proposal to transfer the Waiale'e Property to the State's Agribusiness Development Corporation ("ADC") in 2018 was unable to get the necessary ADC approvals to complete the transfer.

4. *Be fairly priced in the context of applicable fair market values and other relevant factors.*

Under the proposed rent terms of the Lease, the University will be receiving \$9,000 in annual rent for the first year of the Initial Term, and \$12,000 in annual rent for the remainder of the Initial Term. Rent for the first year is reduced to help the Lessee with implementing its Phasing Plan. The Lease also includes a ten- (10) year Extension after the Initial Term, then in five- (5) year increments thereafter for a maximum term of thirty-five (35) years. Rents will be adjusted prior to each extension period. The rent amounts payable to the University under the lease compare very favorably to other agricultural lease rents in the region.

5. *Generate revenue from real property not critical to long range plans for the university to support the university's core mission.*

While not conceding that the Waiale'e Property has no future value or use, it is not critical to the University's current long-range plans, and CTAHR has not been able to implement any Waiale'e Property uses that advance its mission or have the potential of generating revenue (subject to ceded land payment issues). CTAHR has been evaluating the feasibility of alternatives as described above and others but has not been able to determine any with promising revenue generating potential. The University will be receiving \$9,000 in annual rent for the first year of the Initial Term, and \$12,000 in annual rent for the remainder of the Initial Term. The Lessee will be responsible for all improvements, utilities, and maintenance of the Premises which is advantageous to reduce overall costs to the University.

6. *Be consistent with and support long range plans that have been approved by the BOR.*

CTAHR has relocated its livestock raising operations to an expanded area within **CTAHR's Waimānalo research station**. From a longer-term perspective, CTAHR does not have any near-term plans for active farm operations within the Waiale'e Property.

ACTION RECOMMENDED:

1. Committee on Planning and Facilities: Recommend to the Board of Regents the approval of the Lease between the University and Lessee for the Premises at the Waiale'e Agricultural Research Station.
2. Board of Regents: If the Committee on Planning and Facilities approves the above recommendation, approval of the Lease between the University and Lessee for the Premises at the Waiale'e Agricultural Research Station.

Attachment: Major Term Sheet

c: Kendra Oishi, Executive Administrator and Secretary of the Board

MAJOR TERM SHEET

LEASE AGREEMENT

between

UNIVERSITY OF HAWAI'I

and

PAUL A. EGUIRES AND VERNA L. EGUIRES

DOING BUSINESS AS DOUBLE J LIVESTOCK RANCH

covering

Approximately 99.97 Acres at the

Waiale'e Agricultural Research Station

TMK Nos. (1) 5-8-001: 007 and 013

1. Parties.
 - a. Fee Owner/Lessor: **University of Hawai'i (by executive order).**
 - b. Lessee: **Paul A. Eguires and Verna L. Eguires doing business as Double J Livestock Ranch ("Lessee").**
2. Property, Premises, Improvements.
 - a. Property. Approximately 130.85-acres of land owned by University of Hawai'i (University) **that are part of the Waiale'e Agricultural Research Station designated as TMK Nos. (1) 5-8-001: 007, 013, and 055, having an address of 58-160 Kamehameha Highway, Hale'iwa, Hawai'i 96712 ("Property").**
 - b. Current Land Use Restrictions.
 - (1) Zoning: TMK (1) 5-8-001: 007 – **AG-2 General Agricultural District; and** TMK (1) 5-8-001: 013 – **AG-2 General Agricultural District.**
 - (2) State Land Use District: TMK (1) 5-8-001: 007 – **Agricultural District; and** TMK (1) 5-8-001: 013 – **Agricultural District.**

Double J Livestock Ranch and University of Hawai'i

- (3) Special Management Area: TMK (1) 5-8-001: 007 – **Partially in SMA; and**
TMK (1) 5-8-001: 013 – In SMA.
 - (4) Flood Zone: TMK (1) 5-8-001: 007 – **D and X; and TMK (1) 5-8-001: 013 – AE,**
VE, and X.
 - c. **Premises.** Approximately 99.97-acre portion of the Property (“Premises”) comprising TMK Nos. (1) 5-8-001: 007 and 013. See attached Exhibit A.
 - d. **Improvements.** Existing facilities within the Premises including field office buildings, former slaughterhouse, dairy barn, swine nursery, and cottages (collectively, “Improvements”).
3. **Relevant Existing Agreements.**

Use and Occupancy Agreement dated March 18, 2021; which shall terminate upon entry into this long-term Lease Agreement.
4. **Use of Premises.** The Premises will be occupied and used by Lessee and its officers, employees, agents, representatives, contractors, consultants, vendors, customers, and invitees (collectively the “Lessee Agents”) solely to support Hawai'i's local agriculture industry and livestock production. Uses will include raising cattle, goats, sheep, poultry, and swine through intensified pasture grazing of grass fields on the Premises. The former slaughterhouse will be restored to help build and continue to sustain a food supply for Hawai'i's communities. The field office buildings will be used to add a packing and processing meat area, meat store, machinery/tool room, feed and mineral storage, fencing, irrigation supplies, and other support areas. The dairy barn site will be used for animal health, seed stock reproduction, livestock holding and sale, and management that is important in maintaining the wellness of livestock, including reestablishing the dairy operation with a processing area. The cottages will be used for workforce housing for staff. The swine nursery will be used for food safety certification, additional field office, equipment repair room, and storage; and cultivating chili pepper varieties and vanilla beans in surrounding areas. Lessee will not use or permit, or suffer the use of the Premises for any other business or purpose without the prior written consent of Lessor, which consent shall be at the sole and absolute discretion of Lessor. Pursuant to the terms of the Lease, the University will approve the following proposal by Lessee to make the following improvements, at its own expense, if the Lease is approved:

Phase 1: Lessee plans to be proactive and engage to work with the Honolulu Police Department (“HPD”). The HPD meeting will be arranged to safely and effectively remove the unauthorized occupants of the former swine nursery complex. Clear tall brush to open up the areas to be able to easily see any movement from a far distance.
Current Status: Ongoing.

Phase 2: Lessee will rebuild pasture grazing for cattle to bring down the forage and brush control. Lessee will secure the property for their agricultural use and to secure property from unauthorized squatters and trespassers. Current Status: Ongoing, Complete by Q2 2022 (subject to removal of cars).

Phase 3: Lessee to renovate the staff cottages. Interior and exterior makeover repairs to include new septic systems. Cut back and trim brush to open cottages from overgrown trees. Current Status: Target completion of 2022 for first two cottages and 2023 for the other two cottages.

Phase 4: Lessee to clean out, repair, and restore other building space for bathroom use, machinery/tool room, feed and mineral storage, fencing, and irrigation supplies. Current Status: Target completion of 2024.

Phase 5: Lessee to renovate the slaughterhouse to update for certified specifications with a modernized work environment. Connecting office spaces next to the refrigerator into a packaging, processing area, and meat store. Current Status: Target completion of 2026 pending permit approvals.

Phase 6: Lessee intends to continue its 30+ years of involvement in family development through Cooperative Extension programs which include the 4-H youth livestock program. To promote the 4-H livestock youth program in developing knowledge, data record keeping, herdsmanship, showmanship, livestock evaluation, meat grading, judging, and marketing their 4-H project animal. Providing skills that will enable them to become self-directing, productive, and contributing members of society. Livestock judging at the field office and dairy barn area. Current Status: Dependent on Phase 5, target completion of 2027.

Phase 7: Lessee to repair and re-design useful animal health and management site areas similar to Temple Grandin's livestock handling area to process, tests, livestock reproduction trials for artificial insemination, and embryo transplanting at the Dairy barn site. Current Status: Target completion of 2029.

5. Lease Agreement Key Terms:

- a. Term. The initial term ("Initial Term") of this Lease Agreement and Lessee's obligations to pay the rent hereunder shall be for ten (10) years. After completing a status evaluation, Lessor may grant, and Lessee may agree, in writing, to extend this Lease Agreement for ten (10) years after the Initial Term, and then in five (5) year increments thereafter; provided that, the Initial Term and all extension terms under this Lease Agreement shall not cumulatively exceed thirty-five (35) years.
- b. Rental Charge and Other Consideration. Lessee shall pay University a rental fee of \$9,000/annually for the first year of the Initial Term, and \$12,000/annually for the remainder of the Lease Agreement over the course of the Initial Term. Prior to

Double J Livestock Ranch and University of Hawai'i

granting extension terms, Lessor and Lessee shall negotiate an adjusted Base Rent in consideration of market rents, gross receipts related to Lessee operations, and other considerations.

Other consideration includes:

- (1) Lessee is responsible, at Lessee's sole cost, for the operation, maintenance, and repair of Premises in a clean, orderly, and organized condition in a manner consistent with generally accepted agricultural and management practices.**
- (2) In addition to Base Rent, Lessee shall pay to Lessor the Premises taxes, and other expenses, fees, and charges.**

c. Terms and Conditions. In addition to the items listed under item (b), above:

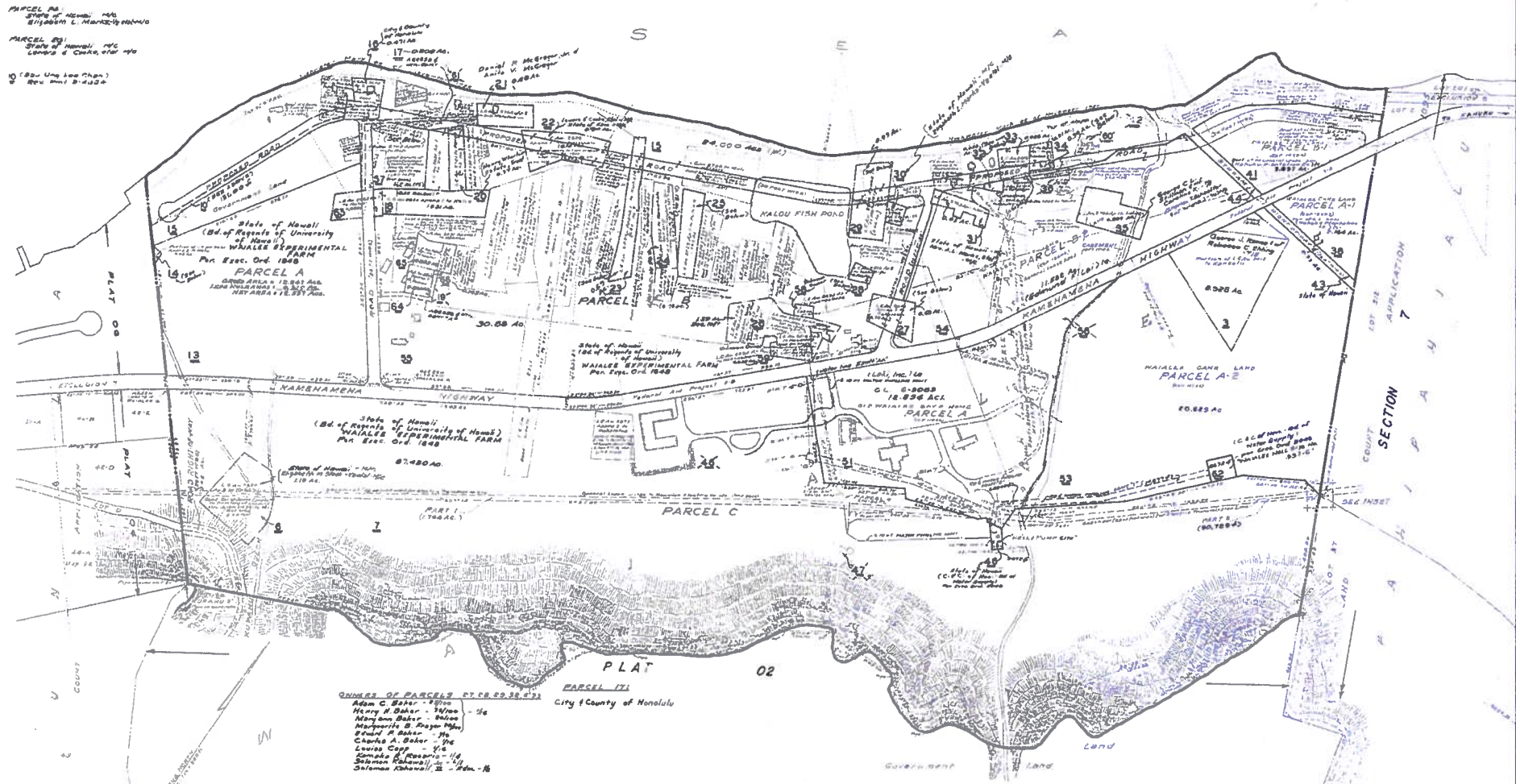
- (1) Lessee agrees, at its sole expense and cost, to comply with all environmental laws that apply to the Premises and the Property during the Term or to Lessee's occupancy or use of or activities on the Premises and/or the Property.**
 - (2) Lessee shall: (a) employ best management practices at all times during construction and use of the Premises to avoid silt or dirt entering any stream, river, drainage area, waterway, the ocean, or other bodies of water; and (b) conduct farming operations in a manner consistent with generally accepted agricultural and management practices as provided under the Hawai'i Right to Farm Act, Hawai'i Revised Statutes, chapter 165.**
 - (3) Lessee shall be responsible for pollution control.**
- 6. Indemnity, Hold Harmless, and Insurance. The Lease Agreement includes standard indemnification, hold harmless, and insurance requirements to protect the University and its officers, agents, employees, and other persons acting on its behalf from and against any claim or demand for loss, liability, or damages.**
 - 7. No Lessor Representation as to Suitability. Lessee acknowledges that neither Lessor nor its officers, employees, agents, representatives, contractors, and others acting for or on behalf of Lessor has made any representation or warranty with respect to the Premises and the Property with respect to the suitability of the Premises for Lessee's intended use, except as may be expressly set forth in this Lease.**
 - 8. Responsibility for Permits and Approvals. Lessee is responsible for all permits and approvals unless otherwise mutually agreed to in writing and compliance with applicable laws.**

Double J Livestock Ranch and University of Hawai'i

9. Rights Upon Termination of Lease Agreement. Lessee shall immediately vacate the Premises, and Lessee shall have no claim of any kind whatsoever against Lessor, by reason of such termination, or by reason of any act by Lessor incidental or related thereto. In the event of the exercise by Lessor of such option to terminate, Lessee shall have no right to or claim upon any portion of the Premises or any leasehold improvements (as defined in the Lease), utility services, and utility equipment on, in, or at the Premises or the value thereof. Lessor may also remove or store any of Lessee's equipment located thereon or therein, at the sole cost and expense of Lessee, without Lessor being liable to Lessee for damage or loss thereby sustained by Lessee.
10. Other Standard Terms. Other standard terms required by the University in real property agreements.

Attachment: Exhibit A

Exhibit A



DWG. NO. 1720 (Revised)
 SOURCE: A.T.S. PLAT, 1917-B
 BY: M.H./M. March 1930

PARCEL 26
 State of Hawaii - 144
 William L. Mankie - 144

PARCEL 27
 State of Hawaii - 144
 Lewis C. Cooke - 144

10 (Sawing Log Plant)
 Rev. Mt. 2-1-1924

OWNERS OF PARCELS 27, 28, 29, 30, 31, 32
 City & County of Honolulu

Adam C. Baker - 27-30
 Henry H. Baker - 31
 Maryann Baker - 32
 Maryann S. Baker - 33
 Edward H. Baker - 34
 Charles A. Baker - 35
 Lewis Capp - 36
 Komaka K. Roopria - 37
 Solomon Robinson - 38
 Solomon Robinson, II - 39-40

PARCEL 37 (Pt. of 8)
 State of Hawaii
 (Pt. of Parcel of University of Hawaii)
 WAIKALU EXPERIMENTAL FARM
 Pub. Act. Ord. 1928

PARCEL 34:
 Chun Fook - 1/2
 Daniel M. Mangan - 1/2
 Alvin Mangan - 1/2
 David K. Nakala - 1/2

OWNERS OF PARCEL 18 - 15.00 AC.
 Elizabeth M. Cook - 1/2

PARCEL 28:
 Elizabeth M. Cook - 1/2
 State of Hawaii - 1/2

18 McCannan's Law of Commerce - 1/2

Dropped Parcels 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100

NOTE: All parcels owned by State of Hawaii unless otherwise noted.

For WAIALEE, KOOLAULOA, OAHU

SUBJECT TO CHANGE

DEPARTMENT OF TAXATION		
TAXATION MAPS BUREAU		
STATE OF HAWAII		
TAX MAP		
FIRST ZONE	SEC. 8	DIVISION PLAT 01
5	8	01
CONTAINING PARCELS		SCALE: 1 IN. = 200 FT.



UNIVERSITY
of HAWAII
SYSTEM

UNIVERSITY OF HAWAII
BOARD OF REGENTS

Kalbert K. Young
Vice President for Budget and Finance
Chief Financial Officer

'22 MAY 26 AIO:51

DTS 22508

May 26, 2022

TO: Randolph G. Moore
Chair, Board of Regents

Alapaki Nahale-a
Chair, Committee on Planning and Facilities
Board of Regents

VIA: David Lassner
President

Michael Bruno
Provost
University of Hawai'i at Mānoa

FROM: Kalbert K. Young
Vice President for Budget and Finance/Chief Financial Officer

SUBJECT: REQUEST FOR BOARD OF REGENTS APPROVAL OF THE DISPOSITION OF
REAL PROPERTY IN FEE SIMPLE OF THE JEAN CHARLOT RESIDENCE
BACK TO THE CHARLOT FAMILY

SPECIFIC ACTION REQUESTED:

We request the following as further discussed herein:

1. **Committee on Planning and Facilities:** Recommend to the Board of Regents the approval of the disposition of real property in fee simple of the Jean Charlot Residence from the University of Hawai'i (UH) back to the Charlot Family as represented by family member David E. Charlot.
2. **Board of Regents:** If the Committee on Planning and Facilities approves the above recommendation, approval of the disposition of real property in fee simple of the Jean Charlot Residence from the UH back to the Charlot Family as represented by family member David E. Charlot.

RECOMMENDED EFFECTIVE DATE:

Upon approval the parties will execute a quitclaim deed and related ancillary documents to effect the transfer of the Jean Charlot Residence ("Charlot House" and/or "Property") from the University of Hawai'i ("UH") back to the Charlot Family ("Charlots") (altogether the transfer is referred to herein as, the "Disposition").

ADDITIONAL COST:

The Disposition is intended to eliminate all future costs and obligations associated with the Property that are paid for by UH associated with investing in, managing, promoting, restoring, maintaining and repairing a real property asset that is a registered historic property further limited by covenants that significantly restricts its use, as discussed below. Any transactional fees related to such things as title insurance, property inspection, recordation, etc., shall be paid by the Charlots.

BACKGROUND:

UH became the owner of the Charlot House in 2001 when it accepted a gift of the home from the Charlots via a transfer agreement, first to the UH Foundation and then to UH. The two-story house is located in the Wai'alaie-Kāhala area of O'ahu near the Wai'alaie Country Club and encompasses 2,856 square feet, including three bedrooms, three bathrooms, and an art studio. The land on which the home sits is landscaped and covers 10,310 square feet.

The home was designed by American artist Louis Henri Jean Charlot and noted architect George J. "Pete" Wimberly. The home incorporates elements of French, Mexican, and island architecture, with which Charlot was familiar during his long career as an artist. The house was constructed in 1958, and Charlot conducted most of his art work in the studio in this house until his death in 1979. A unique feature of the house is the prominent use of permanent artwork, including a fresco by Charlot in the living room as well as works by other artists such as tile panels and a garden sculpture.

The Charlot family donation included the land, house, the original studio furnishings, and the permanent artwork in the house and garden. The house was placed on both the National and Hawai'i Registers of Historic Places. The transfer agreement notes that "The Charlots are donating the Property... to be used by the University of Hawai'i for residential and scholarly purposes... subject to the Preservation and Conservation Easement." UH took steps to ensure that the Property would be protected in perpetuity by entering into a Preservation and Conservation Easement with the Historic Hawai'i Foundation. UH identified that the proposed use of the house for a chancellor's residence as an appropriate use, and also expressed a desire that access to the house be preserved for meetings of students and scholars in architecture and related University programs.

In the 20 years since UH accepted the donation of the Charlot House, the Property has been used mainly as a residence for visiting faculty from Tongji University which has a partnership with the UH Mānoa's School of Architecture. This arrangement ended in 2019. An architectural

student caretaker currently lives on the Property to ensure a constant physical presence. The Property has also been used for occasional tours, retreats, meetings, and as instructional space for graduate design studios, and most recently used as the inaugural headquarters for the UH Community Design Center ("UHCDC"), before the organization outgrew the space and moved operations to the main UH Mānoa campus.

UH has struggled since the acquisition with maintaining and upkeeping the Charlot House property. Revenues generated by the Charlot House do not and have never offset the annual expenditures (on-going maintenance, utilities, insurance, etc.) and special attention needed to support UH's obligations for the Property. Even with sustained effort over the last ten years to build a cash-neutral operation that fulfills its mission, the Property consistently suffers an annual negative net cash flow, which is anticipated to increase in the years ahead.

UH has explored various alternatives including status quo housing, faculty housing, student and faculty retreats, an academic laboratory, a Jean Charlot Center, public visits/tours, group events, or a transfer of ownership. The central issues for all alternatives are sufficient revenue generation, the absence of a specialized property management function at UH to sustain the Charlot House in the long term, no existing need by UH, and being outside its core mission and strategic plans. The Property's limitations are challenging: a highly restrictive Preservation and Conservation Easement, single-family residential zoning, and inadequate parking. Finally, a significant investment of at least one to two million dollars will be required to restore this unique property to good working condition as well as invest in the necessary improvements to make the Property commercially viable.

The Charlots and the UH have a long history of partnership, mutual support and respect dating back to 1949. Outside of the Charlot house gift, the Charlots have donated innumerable works of art, artifacts, and time over the years. In 2021 alone, the Charlots again made a very large gift to the Jean Charlot Collection. Given the prospects for and condition of the Charlot House, the Charlots recently approached UH about possibly transferring the Property back to its care. Since the Property was gifted by the Charlots, we believe that the transfer of the Property back to the family at nominal cost will be mutually beneficial, equitable, and honor the desires of both sides in maintaining and preserving the Charlot House. The Charlots intend to carry out its primary objective to restore and preserve the house for future generations of art, architecture, and Hawai'i enthusiasts. They believe it will be a long-term project that will require significant care and investment and an endowment for the Property to achieve independence in perpetuity. The Charlots bring a unique, lived and authoritative perspective. With the property restored to the family, the Charlot House will be preserved in compliance with the Preservation and Conservation Easement and with sufficient investment.

APPLICABLE REGENTS POLICY:

Under Board of Regents Policy RP 10.201, the Board of Regents' approval is required for this real property transaction because it involves the disposition of University property. The six decision-making considerations enumerated under Board of Regents Policy RP 10.201.III.A are addressed in turn as follows.

1. *Promote and support the mission and goals of the university in education, research, service, and economic development.*

The Property is not located near the UH Mānoa campus which provides challenges in promoting and supporting the mission and goals of UH in education, research, service, and economic development. The Property is also a single-family dwelling encumbered by a demanding Preservation and Conservation Easement with limitations on permissible uses and construction of improvements. The Property is an older, historical residence built with custom materials not available on the market. Wear and tear requires dedicated resources, "special handling" and approaches that differ from large-scale campus facilities management. UH received the Property as a gift for the Charlots to support the mission and goals of UH. After careful consideration, UH is proposing to transfer back the Property to the Charlots.

2. *Advance principles and practices of sound environmental stewardship and sustainability.*

The School of Architecture strives to advance the principles and practices of sound environmental stewardship and sustainability. The Charlot House has provided practical academic opportunities to the UHCDC. For example, it is completing a natural disaster assessment that evaluated the Property's future readiness in addressing climate change and sea level rise while taking into consideration the best practices in sustainability and environmental stewardship. After the Property is transferred back to the Charlots, the School of Architecture and UHCDC intends to maintain a relationship with the Charlots to enrich its student's academic experience, which the Charlots welcome.

3. *Ensure that alternative actions are considered, investigated and analyzed.*

Since 2009, UH—in consultation with a number of disciplines, experts, interested parties and organizations—has explored various alternatives including status quo housing, faculty housing, an academic laboratory, a Jean Charlot Center, or a transfer of ownership. The underlying issues forcing UH to make this decision include insufficient revenue, required investments, growing costs, and management infrastructure to sustain the Charlot House in the long term. After a review of the Property's Declaration of Protective Provisions and the Preservation and Conservation Easement, the use of the Charlot House is limited solely to single-family residential purposes only. The City's underlying zoning also limits potential uses.

4. *Be fairly priced in the context of applicable fair market values and other relevant factors.*

UH became the owner of the Charlot House in 2001 when it accepted a gift of the home from the Charlots via a transfer agreement. Since the Property was originally gifted by

the Charlots, we are proposing to transfer the Property back to the Charlots for One Dollar (\$1.00) by quitclaim deed. This transfer will save UH significant investment, ongoing costs, administration and contingent liabilities associated with preserving, maintaining and restoring the historic property, as discussed above. Furthermore, building the property into a profitable enterprise is expected to require additional investment-at-risk and dedicated resources that the UH is not prepared to make.

5. *Generate revenue from real property not critical to long range plans for the university to support the university's core mission.*

While not conceding that the Charlot House has no future value or use, it is not critical to UH's current long-range plans. The School of Architecture has been evaluating the feasibility of alternatives for a number of years as described above but has not yet found any with promising revenue generating potential that would offset the operational challenges of maintaining the Property in the long term.

6. *Be consistent with and support long range plans that have been approved by the BOR.*

As previously noted, the Charlot House is not critical to UH's current long-range plans. While the off-site property is not specifically identified within the UH Mānoa's Long-Range Development Plan (LRDP) which was approved by the Board in September 26, 2019, the UH Mānoa LRDP plans to decrease an additional 500,000 square feet of space in its off-campus facilities in an attempt to reduce the total campus square footage, consolidation of core academic activities to the central campus, flexible, space efficient buildings, and an increased student presence on campus. It is also consistent with UH System's Integrated Academic Facilities Plan which was approved by the Board in April 20, 2017.

ACTION RECOMMENDED:

1. **Committee on Planning and Facilities:** Recommend to the Board of Regents Disposition of the Jean Charlot Residence from UH back to the Charlots.
2. **Board of Regents:** If the Committee on Planning and Facilities approves the above recommendation, approval of the Disposition.

Attachment: Major Term Sheet

c: Kendra Oishi, Executive Administrator and Secretary of the Board

MAJOR TERM SHEET

DISPOSITION

between

UNIVERSITY OF HAWAI'I

and

**David E. Charlot, Trustee of the John Pierre Charlot Trust, Anne Marie Charlot, and
Martin Day Charlot**

covering

.2368 Acres at

4956 Kāhala Avenue, Honolulu, Hawai'i 96816

1. Parties.

a. **Grantor/Owner:** University of Hawai'i (UH), fee owner of the Property.

b. **Transferee/Grantees:** David E. Charlot, Trustee of the John Pierre Charlot Trust, Anne Marie Charlot, and Martin Day Charlot ("the Grantees"). The Grantees are the former owners of the Property; they donated the property to UH in 2001.

2. Property.

Property. Approximately 0.2368 acres of land located at 4956 Kāhala Avenue, Honolulu, Hawai'i 96816, being Lot 49 as shown on Map 17 filed with Land Court Application No. 828 (Amended), and having tax map key number (1) 3-5-008-029, together with the buildings, improvements, fixtures ("Improvements") and other items of real property located on such land (together, the "Property").

3. Transfer of Property.

UH intends to transfer all of its fee simple interest in the Property to the Grantees for One Dollar (\$1.00) by quitclaim deed, subject to any and all exceptions and encumbrances to title, recorded or otherwise, including, without limitation, the covenants, conditions, and restrictions set forth in the Preservation and Conservation Easement, recorded with the Office of Assistant Registrar on November 30, 2001, as Document No. T2756868, and any other ancillary agreements related to the Property and binding on UH to effect the complete transfer. Grantees intend to accept the

quitclaim deed of said property and assignment or transfer of any other agreements related to the Property and binding on UH.

4. **As is Condition.** Grantees acknowledge and agree that the transfer of title will be by quitclaim deed. UH will transfer the Property "AS IS" and "WITH ALL FAULTS." UH shall have no obligation to make repairs, replacements, or improvements to the Property or any structures thereon. Grantees represent, warrant, and covenant to UH, that in accepting the transfer of title to the Property, they are relying solely upon their own due diligence and independent investigation of the Property.
5. **Closing Date.** Execute the quitclaim deed upon approval by the UH Board of Regents.
6. **Property Taxes, Conveyance Taxes, and Assessments.** UH does not pay property taxes as the fee owner of the Property. Upon execution of the quitclaim deed, Grantees shall be responsible for any and all real property taxes, conveyance taxes, or any taxes or assessments related to the Property whether billed to UH or Grantees.
7. **Transactional Fees.** UH intends to transfer the Property by quitclaim deed "as is." Any additional transaction fees related to such things as title insurance, property inspection, etc., shall be paid by Grantees. Grantees shall record the executed quitclaim deed and all associated documents, if any, with the Bureau of Conveyances and/or Land Court, as the case may be, and shall be responsible for all associated costs and fees. Grantees shall provide UH with a recorded copy of the quitclaim deed and associated documents, if any.
8. **Indemnity.** Grantees will, to the maximum extent permitted by law, indemnify, defend, and hold harmless UH from any and all claims or actions against the University with regard to: (a) the title or condition of the Property and the Improvements; (b) compliance with any covenants, applicable laws, or terms and conditions contained in the quitclaim deed; (c) the presence of any hazardous materials within the Property or the Improvements; (d) the presence of any occupants on or within the Property or the Improvements; (e) the issuance of the quitclaim deed to Grantees or any of its terms and conditions; and (f) any other claims pertaining to the Property and the Improvements brought against UH regardless of when liability accrued.

KUMUKAHI

June 1, 2022



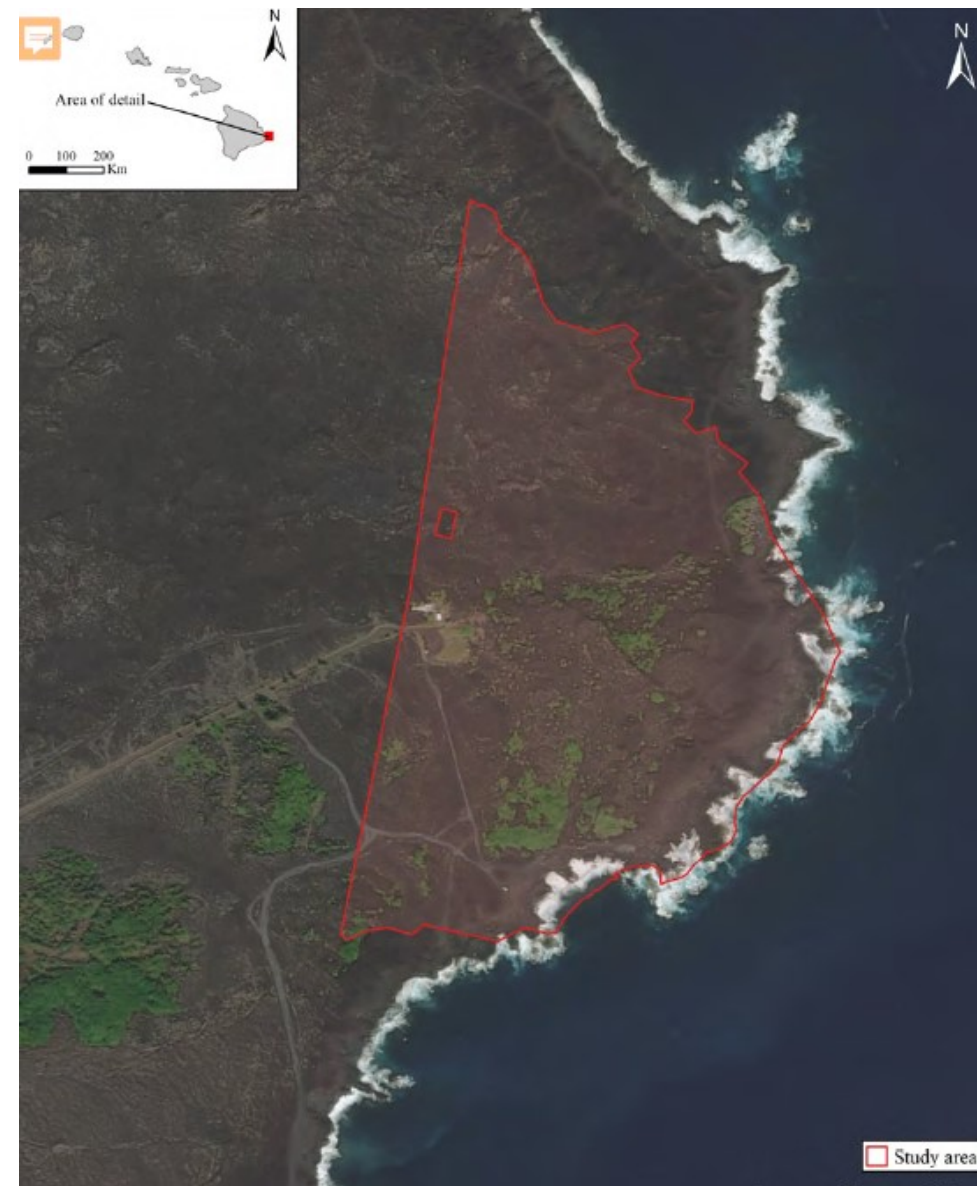
BACKGROUND

- Previous School of Ocean and Earth Science and Technology (SOEST) field station. SOEST activity ceased in 2017.
- Approximately 58 acres.
- UH acquired property via Quitclaim Deed on January 1988 from U.S. Department of Education.
- Other uses: Agreement with UC San Diego and the Geosciences Research Division at Scripps Institution of Oceanography to conduct carbon dioxide research.
- Up until the 2018 eruption, the public had unhindered access to parcel and shoreline.



PRESENT ACTIVITY

- OHA sent letters to UH about the disturbance of burials in Kumukahi (November 2020, January 2021).
- UH hired ASM Affiliates to determine which of the three burial sites documented in OHA's letter were on UH property site, and to do an archaeological reconnaissance survey and burial treatment plan (BTP) (March 2021).
- ASM Affiliates' findings show one full burial site on UH property, a portion of a burial site extends onto UH property, and none of the burial sites that were disturbed were on UH property.
- ASM Affiliates is working with SHPD, OHA, HIBC, Descendants, and other community groups on the BTP for UH.



FUTURE PLANS

UH has no land use development plans for the property in the short- or long-term.

UH and OHA are exploring the feasibility of a five-year agreement which would allow OHA and an aligned community group access to Kumukahi for the development and implementation of an overall stewardship plan.

UH would enter into a long term lease or transfer the land to OHA at the end of the five-year agreement.

Administration plans to present the matter to the Regents in the future for appropriate action.

UH will complete the BTP and work with OHA on the implementation of the BTP.

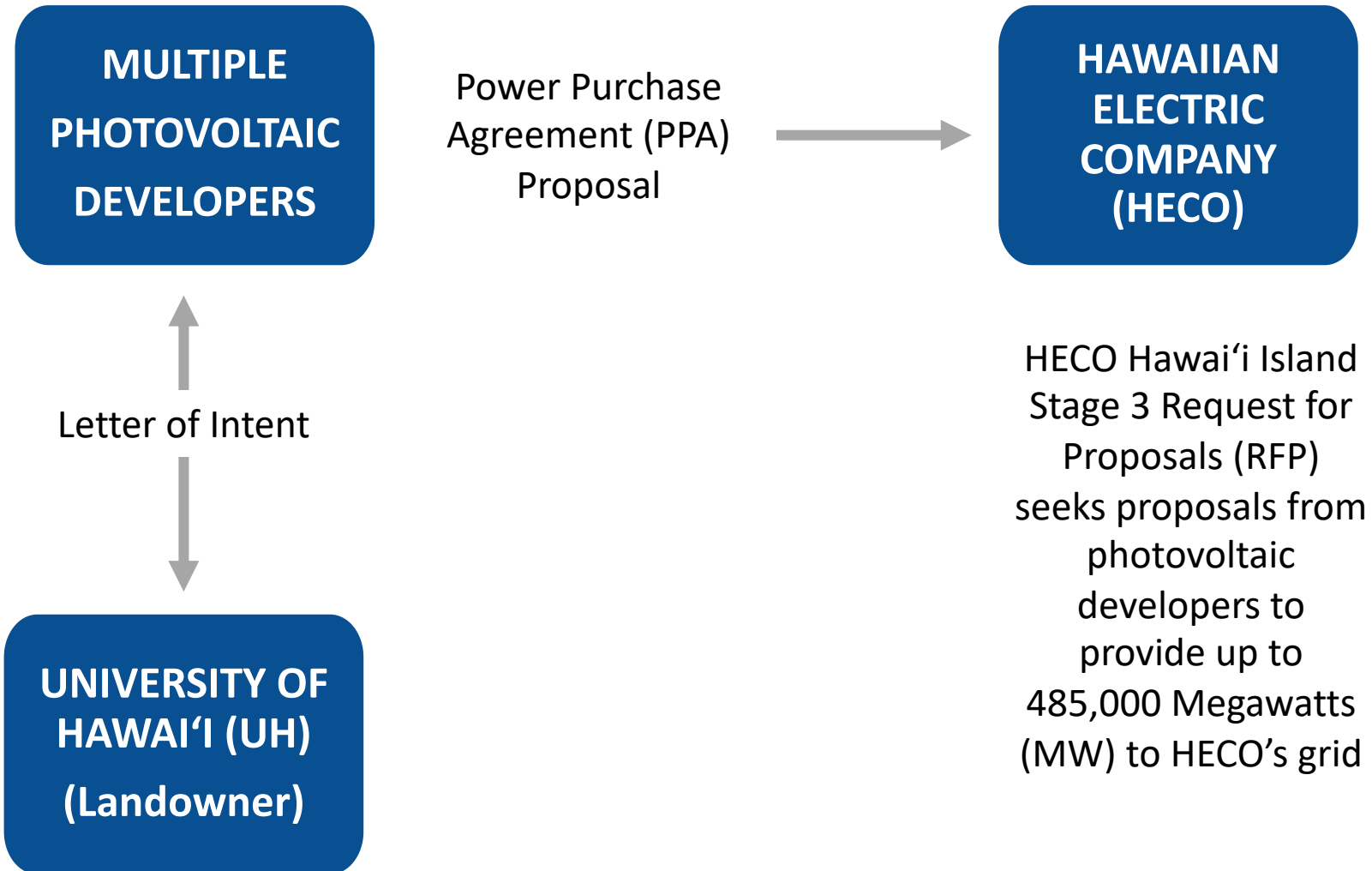


UH-Hilo Real Property Available for HECO Hawai'i Island Stage 3 RFP for Supply of Renewable Energy Projects

June 1, 2022



HECO RFP FOR SUPPLY OF QUALIFIED RENEWABLE ENERGY



UH HILO MAUKA LANDS

Parcel Info

TMK (3) 2-4-001: 122

Land Use Conditions

State Land Use: Agricultural

County Zoning: Agriculture, A-1a

County LUPAG: University Use
and Urban Expansion

Land Study Bureau: Primarily E
with small portions of C and D

Current Uses

Generally fallow/vacant land with
unimproved roadways, and
utilities.

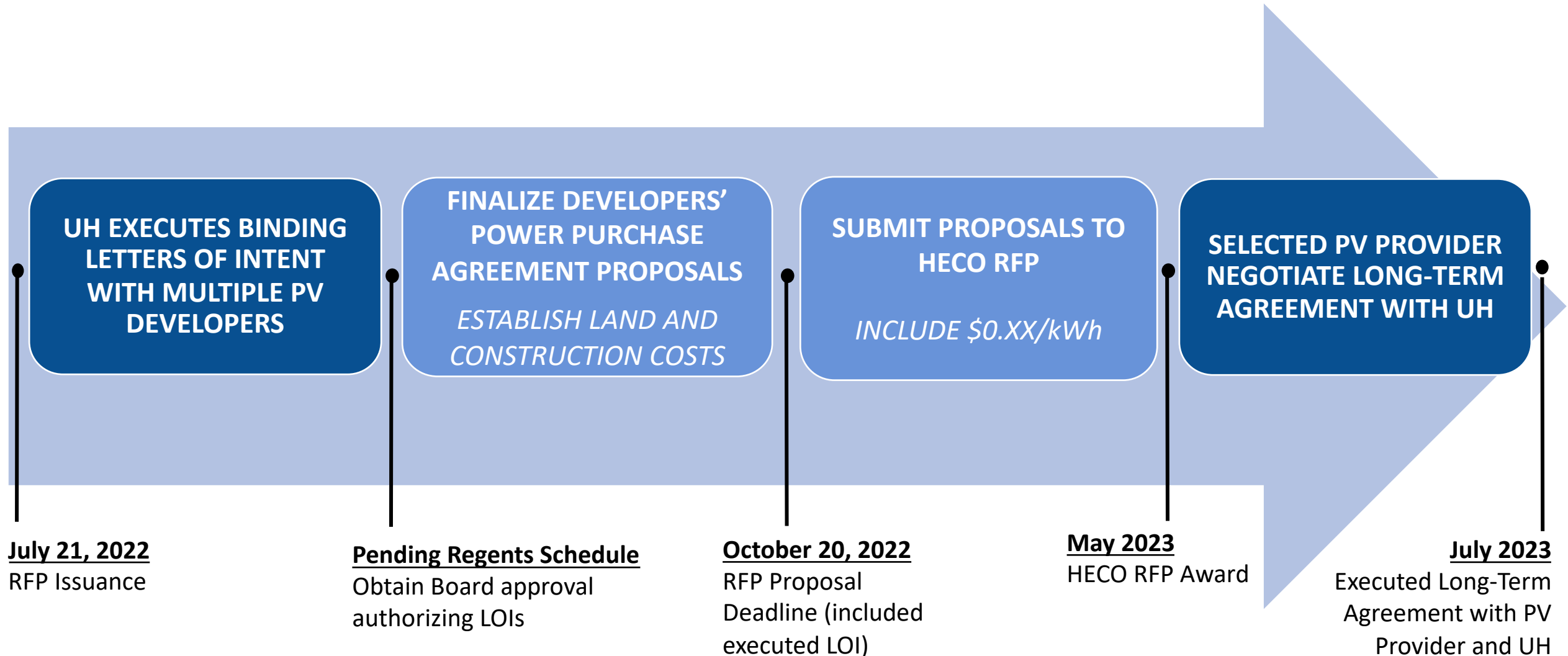


HECO RFP SCHEDULE

Milestone	Schedule Dates
HECO submits draft-RFP to Public Utilities Commission (PUC)	May 31, 2022
PUC Review and Order to Release RFP	June 30, 2022
Final RFP Issued	July 21, 2022
Independent Power Producer (IPP) Proposal Due Date	October 20, 2022
Selection of Priority List	January 9, 2023
IPP Best and Final Offer	January 17, 2023
Selection of Final Award Group, IRS and Contract Negotiation	May 2-9, 2023

Note: Board of Regents approval of the Letters of Intent and Long-Term Agreement will need to occur prior to the IPP Proposal Due Date of October 20, 2022.

UH CRITICAL MILESTONES & TIMELINE



Note: The Dark Blue boxes are Actions in which UH is involved.

LETTER OF INTENT - KEY TERMS

- Guaranteed Annual Base Rate Schedule
- Payments calculated and paid annually
- 20-year Initial Term with two Option terms to Extend
- Developer responsible for all infrastructure, installation, operation and maintenance costs associated with PPA
- Condition of premises is “as is” with no warranties or representations
- Upon award by HECO, the successful PPA Provider will have 60 days to execute long-term agreement with UH
- Unsuccessful PPA Providers = LOI with UH is null and void

NEXT STEPS

- Administration is preparing a solicitation to prospective developers for long-term use of the UH Hilo Mauka lands to construct, install, operate, and maintain a solar photovoltaic system in response to HECO's Hawai'i Island Stage 3 RFP.
- Once responses have been received and reviewed, Administration plans to request Board authorization and approval to enter into Letters of Intent with prospective developers and entering into a Long-Term Agreement with the developer that is awarded by HECO.

University Land-Related Strategic Initiatives and Partnerships Program
FY 2021-2022 Third Quarter Update
Committee on Planning and Facilities
June 1, 2022

West O‘ahu – University District Lands

Scope: This project previously sought to partner with a Master Land Developer to master plan and develop approximately 180 acres of land on the perimeter of the University of Hawai‘i West O‘ahu (UHWO) campus with commercial, residential, and mixed-use facilities that complement the UHWO campus. The primary vision was to create a university village-like district that could serve the broader community and take advantage of Transit-Oriented Development (TOD) opportunities in and around the two rail stations next to the campus. Monetization of this UH asset has been a primary focus. Project delivery is evolving as a Master Land Developer partner has been suspended. Execution of this project is migrating to smaller parcel approaches with UH pursuing development opportunities on its own for the time being.

Historical Background (Major Milestones):

- See previous reports for milestones prior to 2019.
- Exclusive Negotiating Agreement with potential private partners expired on August 15, 2019, with negotiations reaching an impasse over terms of a master development agreement.
- The Final UHWO LRDP that covers both the UHWO campus (~300 acres) and the University District lands (~180 acres) is pending.
- The University District project scope (to be) re-evaluated with a possible priority focus of TOD components on the University District lands in close proximity to the rail stations along the Kualaka‘i Parkway (Diamond Head side).

Third Quarter (FY 2021-2022) Update:

- Discussions continuing with parties inquiring of interest to acquire a parcel for development of a (private) film studio.
- State Department of Transportation – Farrington Highway Widening Improvements will require portions of UHWO campus land along Farrington Highway; design and details are pending. Coordinating access points, utilities, and drainage improvements. Working on a Memorandum of Agreement that will require future Board of Regents (BOR) for approval.
- Evaluating solar photovoltaic opportunities through Hawaiian Electric Company’s Community-Based Renewable Energy (CBRE) and Green Tariff programs.
- Coordination with the Governor’s Office and other State agencies regarding CIP funding for the University Village project, through executive branch supplemental budget request.

Atherton – Innovation Space/Student Housing

Scope: This project seeks to partner with Developers to construct or redevelop the site for University of Hawai'i (UH) student housing, to incorporate an innovation center space, to develop office space, and to provide a (private) developer option for commercial/retail space. The property is approximately 0.99 acres and located at 1810 University Avenue, Honolulu, Hawai'i 96822.

Historical Background (Major Milestones):

- See previous reports for milestones prior to 2019.
- Hunt Development Group (HDG) selected as developer in April 2019. Project estimated at \$70 million.
- Established University of Hawai'i Foundation (UHF)/UH governance committee in April 2019; determining business structure and financial structure arrangements.
- UHF negotiated an exclusive negotiating agreement (ENA) in September 2019.
- Preliminary design being refined by value-engineering phase for construction and community outreach started in October 2019.
- UHF refinanced mortgage on property May 2020. Conversion to interest-only loan, extended loan maturity to October 2023.
- Environmental Assessment posted with Office of Environmental Quality Control (OEQC) on March 8, 2020. Determination of Finding of No Significant Impact (FONSI) published May 2020.
- Plan Review Use (PRU) application for property and project submitted to City and County of Honolulu (C&C) Department of Planning and Permitting (DPP) review, September 2020.
- BOR authorized approval of Master Pre-Development Agreement with UHF, UH, and HDG in November 2020.
- Obtained approval by the BOR on the Affiliation Agreement and Sublease Agreement on October 21, 2021. Affiliation Agreement and Sublease Agreement executed on November 24, 2021.
- Bond financial closing on November 30, 2021. \$93,240,000 transaction.

Third Quarter (FY 2021-2022) Update:

- Groundbreaking on January 13, 2022.
- Demolition, grading, and foundation work initiated.

Mānoa – Graduate Student Housing (NOAA)

Scope: UH has selected a “P3” Developer to design, build, finance, operate, and maintain (DBFOM) a family-oriented mixed-use rental housing at below-market rates for graduate students, junior faculty, and staff at University of Hawai‘i at Mānoa (UHM). The project could also be developed to serve other UH faculty, staff, and other UH-affiliated persons at other UH campuses. UH has a strong preference that the project also includes a child care facility (to be operated by UHM) to support the relocation of the UHM Children’s Center currently operating at 2320 Dole Street. The property is approximately 2.21 acres located at 2570 Dole Street, Honolulu, Hawai‘i 96822.

Historical Background (Major Milestones):

- See previous reports for milestones prior to 2019.
- Project kick-off on August 22, 2019; project estimated at \$117 million.
- Exclusive Negotiation Agreement (ENA) signed with Greystar Real Estate Development Services on November 1, 2019.
- Initial Pre-Construction Agreement (PCA) authorized by the Board of Regents March 2020. PCA agreed to by UH and Greystar April 30, 2020.
- First phase PCA limit authorized up to \$1,500,000, through November 2020.
- PCA-First Amendment signed by UH and Greystar, November 2020. Provides for additional \$1,000,000 to PCA (\$2,500,000 in total); to continue entitlement, design, and costs analysis through August 2021.
- PCA-Second Amendment signed by UH and Greystar, September 2021. Provides for additional \$1,000,000 to PCA (\$3,500,000 in total); to complete entitlements, and continue design and costs analysis through June 2022.
- The Final Environmental Assessment/Finding of No Significant Impact posted with OEQC on March 23, 2021.
- Market demand survey completed, September 2020.

Third Quarter (FY 2021-2022) Update:

- Project design analysis, site evaluation, environmental site assessment, project cost analysis, and overall financial analysis ongoing. 100% Design Development pricing underway. Construction Documents started in January 2022 and estimated to be completed in September 2022.
- Childcare facility to be included in the Project.
- PRU Minor Modification application approved by C&C DPP in January 28, 2022.

Kaimukī Parcels (Leahi)

Scope: This project seeks to evaluate options for disposition of three parcels of land totaling approximately 6.56 acres adjacent to Leahi Hospital. Parcels are currently either vacant or have aged wooden structures, and are unencumbered by any long-term use agreements. Disposition options may include property development - either by way of long-term ground lease to developer or with UH as a developer, or other options.

Historical Background (Major Milestones)

- The subject parcels were acquired by UH in 1977 as part of a land assemblage for the establishment of a School of Medicine, which was eventually located in Kaka‘ako.
- Market value appraisals completed April 2020 (CBRE, Inc.). Approximate value for three specific parcels, \$15.3 million. Individual parcel values estimated between \$4.5 million to \$5.5 million.
- Phase I environmental site assessments have been completed.

Third Quarter (FY 2021-2022) Update:

- Administration continues to consider potential options for disposition of the parcels.
- Preparation of an Invitation to Submit Proposals to develop the vacant Leahi Parcel.
- Targeted Board of Regent approval for use or disposition in late-2022.
- House Bill No. 2288 was introduced transferring the vacant Leahi Parcel to the Department of Hawaiian Homelands.

UH Press Parcels

Scope: This project seeks to explore development opportunities for a property parcel located on Woodlawn Drive in Mānoa – the site of UH Press, which will potentially be relocating to UHM campus proper. The parcel is approximately 1.6 acres. Disposition options may include leasing or lease-for-development for faculty housing.

Historical Background (Major Milestones)

- The subject parcel was acquired by UH in 1968 as part of a land assemblage for the expansion of the UHM campus.
- Market value appraisal completed (CBRE, Inc.). Approximate value for the parcel is \$4.16 million.

Third Quarter (FY 2021-2022) Update:

- Evaluation and review of relocating UH Press operations.
- Administration continues to consider potential options for disposition of the parcels.

Honolulu Authority for Rapid Transportation Project (HART) Related Projects

Scope: Coordinate and partner for rail development utilizing UH campuses or property for stations, transit-related facilities, or potential transit-oriented development. This project is to formulate UH interest and involvement while ensuring protection of UH interests, especially as related to the HART's potential impact to UHWO, Leeward Community College (LCC), Honolulu Community College (HCC), and College of Tropical Agriculture and Human Resources' Pearl City Urban Garden lands.

Historical Background (Major Milestones)

- HART station development at UHWO, LCC, and HCC planned.
- Transit-related facilities being constructed on numerous UH sites, each have varying authorization agreements, i.e., right-of-entry, construction right-of-entry, grant of easements, etc.
- The BOR authorized UH/HART/C&C Master Use and Occupancy Agreement (MUOA) for rail stations on UHWO campus (in addition to other campus sites) in November 2019.
- MUOA signed by UH, C&C, and HART on September 2021.

Third Quarter (FY 2021-2022) Update:

- HART has requested an alternative UHWO site for a 900-stall interim park and ride site. Background studies are being conducted by HART and a separate agreement (i.e., long-term lease) is proposed for this specific interim use.
- Road B at UHWO has been completed by HART and coordinating turnover the improvements to UH.
- HCC proposed rail improvements and station location are being refined before a Construction Right-of-Entry (CROE) can be issued.

Committee on Planning and Facilities
Annual Review for the 2021-2022 Academic Year

	Committee duties per bylaws	2021-2022 Committee Goals and Objectives	Projected Accomplishments			
			1 st Q Jul-Sept	2 nd Q Oct-Dec	3 rd Q Jan-Mar	4 th Q Apr-Jun
1	Review, study, and make recommendations to the Board relative to the long-range plans for the development of the University, considering academic needs, priorities, and fiscal capabilities of the State.	Received the annual report on sustainability (4/21/22 BOR Meeting)			X	
		Reviewed Regents Policies related to planning and facilities (12/2/21 PA&BG Meeting)		X		
2	Review, study, and make recommendations to the Board relative to the physical facilities master plans for each campus in the University system and to periodically review approved campus master plans in order to recommend revisions, if necessary, to meet the needs of the University.	Mānoa Long-Range Development Plan update				
3	Review proposals relative to naming of University improvements and facilities and make its recommendations to the Board.					
4	Review policies and make recommendations to the Board on matters pertaining to the use of University facilities and ensure an environment that is complementary to the educational mission of this institution.	Space Utilization Update				
		Square Footage Moratorium Update				
		Honolulu Rail Transit Project Update				
		Status update on Board Resolution 21-03, requesting pursuit of an adjusted utility rate structure for institutions of higher education from HECO (3/3/22)			X	
		Reviewed and discussed continued improvements in planning and managing processes relating to UH projects (9/2/21)	X			

	Committee duties per bylaws	2021-2022 Committee Goals and Objectives	Projected Accomplishments			
			1 st Q Jul-Sept	2 nd Q Oct-Dec	3 rd Q Jan-Mar	4 th Q Apr-Jun
		Reviewed and recommended approval of amendments to Regents Policy 10.201, Interests in Real Property (6/1/22)				X
5	Work in concert with the university administration relating to the capital improvement budget.	Reviewed and recommended approval of FB 2021-2023 CIP expenditure plan (9/2/21)	X			
		Reviewed and recommended approval of CIP FY 2022 – 2023 supplemental budget request (11/4/21)		X		
		Received update on the 6-year CIP Plan (11/4/21)		X		
		Received quarterly CIP/Major Projects Update (9/2/21; 11/4/21; 3/3/22; 6/1/22)	X	X	X	X
6	Provide general oversight of the University’s land-related strategic initiatives and partnerships program.	Received quarterly land-related strategic initiatives and partnerships update (9/2/21; 11/4/21; 3/3/22; 6/1/22)	X	X	X	X
		Reviewed and approved various lease, occupancy, and transfer agreements (10/7/21; 3/3/22; 6/1/22)		X	X	X
		Received status update on the Waiale’e property (3/3/22)			X	
		Received annual report on delegated real property actions for FY 2019-2020 and FY2020-2021 (3/3/22)			X	
7	<i>Committee Governance</i>	Reviewed committee work plan (9/2/21)	X			
		Reviewed committee’s work for the year (6/1/22)				X

Item V.
Executive Session

**ITEM TO BE
DISCUSSED IN
EXECUTIVE
SESSION**



UNIVERSITY
of HAWAII
SYSTEM

UNIVERSITY OF HAWAII
BOARD OF REGENTS

KALBERT K. YOUNG
VICE PRESIDENT FOR BUDGET & FINANCE
CHIEF FINANCIAL OFFICER

22 MAY 26 P 4:29

DTS 22508A1

May 26, 2022

TO: Randolph G. Moore
Chair, Board of Regents

Alapaki Nahale-a
Chair, Committee on Planning and Facilities
Board of Regents

VIA: David Lassner 
President

Jan S. Gouveia 
Vice President for Administration

FROM: Kalbert K. Young 
Vice President for Budget and Finance / Chief Financial Officer

SUBJECT: Authorization and Approval to Amend Pre-Closing (Pre-Construction) Agreement (PCA) for Development of a Multi-Family Rental Housing Facility, Greystar/NOAA Site — Third Amendment

SPECIFIC ACTION REQUESTED:

We request the following as further discussed herein:

1. **Committee on Planning and Facilities:** Recommend to the Board of Regents the approval of the Third Amendment to the Pre-Closing (Pre-Construction) Agreement (PCA) between the University of Hawai'i and Greystar Development Services, LLC for Development of a Multi-Family Rental Housing Facility, Greystar/NOAA Site.
2. **Board of Regents:** If the Committee on Planning and Facilities approves the above recommendation, approval of the Third Amendment to the Pre-Closing (Pre-Construction) Agreement (PCA) between the University of Hawai'i and Greystar Development Services, LLC for Development of a Multi-Family Rental Housing Facility, Greystar/NOAA Site.

RECOMMENDED EFFECTIVE DATE:

Upon approval of the Board of Regents.

ADDITIONAL COST:

Pursuant to Regents Policy (RP) 8.201 (Contracts and Official Documents), prior Board of Regents approval is required for consultant work estimated to be in excess of one million dollars (\$1,000,000), and construction projects totaling more than five million dollars (\$5,000,000). The University of Hawai'i ("UH or University") President and its Chief Financial Officer (together "Administration") is seeking a third and final amendment to the Pre-Closing (Pre-Construction) Agreement (PCA) between the University and Greystar Development Services, LLC ("Greystar") for Development of a Multi-Family Rental Housing Facility, Greystar/NOAA Site ("PCA"). The Board of Regents initially approved the PCA at its March 19, 2020 meeting.

The total cost for pre-construction activity is approximately five million dollars (\$5,000,000) of the completed project cost estimated at approximately one hundred thirty million dollars (\$130,000,000), all to be financed with 100% project-based, tax-exempt bonds. The Administration's approach is to authorize project spending by Greystar in tranches for related pre-construction work and applicable developer's fees so that the University can assess progress and viability as the Project develops. Accordingly, the original PCA authorized one million five hundred thousand dollars (\$1,500,000) for pre-construction activity under the PCA. On September 17, 2020, the Board of Regents authorized an additional one million dollars (\$1,000,000) for pre-construction activity under the PCA by allowing the Administration to negotiate and enter into that First Amendment to Pre-Closing Agreement, effective November 24, 2020. On March 21, 2021, the Board of Regents authorized an additional one million dollars (\$1,000,000) for pre-construction activity under the PCA by allowing the Administration to negotiate and enter into that Second Amendment to Pre-Closing Agreement, effective September 15, 2021.

Now, the Administration requests authorization to negotiate and enter into a final Third Amendment to authorize the remaining one million five hundred forty thousand nine hundred thirty-six and no/100 dollars (\$1,540,936.00) for the last tranche of pre-construction activity under the PCA, as summarized in the following table:

Approximate Pre-Construction Budget	PCA April 20, 2020	PCA Am. No. 1 Nov. 24, 2020	PCA Am. No. 2 Sep. 15, 2021	PCA Am. No. 3	Total Authorized If Am. No. 3 Approved
\$5,000,000	\$1,500,000	\$1,000,000	\$1,000,000	\$1,540,936	\$5,040,936

The tranches authorized by the University are for expenses that Greystar will incur and pay for to complete work for the project. Although pre-construction costs are advanced by Greystar and not paid by UH in anticipation of bond financing, there are conditions upon which UH would reimburse Greystar and own the pre-construction work product if the Project does not proceed as discussed below.

BACKGROUND:

UH owns a parcel formerly known as the National Marine Fisheries Service ("NOAA Site"), located on the UH at Mānoa ("UHM") campus, at 2570 Dole Street, and designated Tax Map Key No. (1) 2-8-023: 009.

On November 7, 2018, UH issued a Request for Proposals for the Development of a New Multi-Family Mixed-Use Rental Project ("RFP"). The purpose of the RFP was to solicit proposals from qualified real estate developers and development teams that were interested in entering into a public-private partnership with UH to design, build, finance, operate, and maintain a family-oriented mixed-use rental housing project to be located at the NOAA Site (the "Project").

The Project conceptualizes building family-oriented rental housing units in a multi-story facility intended primarily to serve UHM graduate students, but which may also serve UHM junior faculty to the extent Project units are available. Depending on market demand, the Project units may also be available for UHM staff and other parties affiliated with UHM or the University.

The University has a strong preference that the Project include a child care facility (to be operated by the University). This child care facility could either replace or supplement the existing UHM Children's Center (located at 2600 Campus Road, QLCSS #414B). The University child care program currently services approximately one hundred (100) young children of UHM students and employees between the ages of two and five years old. If feasible, the University also prefers that the Project include commercial components that provide goods and/or services to Project residents and the greater UHM community. The University believes that the components of the Project will foster and create a live, work, play environment in the areas surrounding the NOAA Site.

In September 2019, UH selected Greystar to be its private partner as real estate developer and manager of the Project. After receiving the BOR's authorization to proceed, UH and Greystar entered into the PCA, effective April 30, 2020. The PCA includes various pre-construction work to be completed prior to the closing of the tax-exempt bond financing for the Project up to a certain approved budget agreed to and approved by UH.

In coordination and consultation with UH, the work performed by Greystar and the development team on the Project under the PCA includes the following:

- Contracted with sub-contractors to produce work on design drawing, preliminary construction materials, etc.;
- Conducted a market study, engineering studies, environmental review, and title investigations;
- Completed construction pricing for the 50% schematic design drawing set;
- Completed the 100% schematic design drawing set;
- Completed the 100% design development drawing set;
- Began construction pricing for the 100% design development drawing set;

- Completed and submitted the Final Environmental Assessment (“FEA”) and Finding of No Significant Impact (“FONSI”) determination to the Office of Environmental Quality Control (“OEQC”);
- Published the FEA and FONSI with OEQC;
- Obtained Plan Review Use (“PRU”) Minor Modification approval from the City and County of Honolulu Department of Planning and Permitting; and
- Additional consultant work with community and University stakeholders.

As discussed above, UH has authorized Greystar to spend three million five hundred thousand dollars (\$3,500,000) for pre-construction activity under the PCA. The Administration is requesting that the Board of Regents authorize the remaining one million five hundred forty thousand nine hundred thirty-six dollars (\$1,540,936) in a third and final amendment to the PCA which is needed to complete the PCA scope of the Project. Greystar will proceed with completing construction drawings and the proposed transaction structure to finance the Project, and upon closing, construction could begin in Summer 2023 as planned. Subsequent development, construction, financing, and property management/operational agreements are anticipated to be completed prior to closing.

APPLICABLE REGENTS POLICY:

Pursuant to Board of Regents Policy RP 8.201, this request for approval by the Board of Regents is to authorize a third amendment to the approved PCA for an additional one million five hundred forty thousand nine hundred thirty-six dollars (\$1,540,936).

AGREEMENT(S) ANTICIPATED:

As with the First and Second Amendments to the PCA, if the Board of Regents approves this request, the Administration will negotiate and enter into a Third Amendment to PCA to authorize spending of the remaining one million five hundred forty thousand nine hundred thirty-six dollars (\$1,540,936) to complete the pre-construction activity under the PCA.

PHASED SPENDING APPROACH:

Under the conditions of the PCA, Greystar has been and will continue to advance the costs and expenses for all work that is required. All costs and expenses are anticipated to be reimbursed to Greystar (with interest) from bond proceeds upon closing of bond financing for the entire Project. Closing of the tax-exempt bond financing for the Project is considered the “closing” of the pre-closing (pre-construction) work.

The University will be assuming contingent risk for reimbursing Greystar for pre-closing expenses (“Pre-Closing Advances”) and the developer’s fees (“Development Fee”) if the Project fails to secure bond financing for the following reasons:

1. University termination of PCA. If the University terminates the PCA for reasons other than those described in the following Paragraph 2, then the University shall pay to Greystar: a) the Pre-Closing Advances; b) plus a rate of interest thereon; and c) an accrued Development Fee.
2. Failure of bond closing/Greystar default. If the University terminates the PCA due to: a) the failure of the tax-exempt bond financing for the Project; or b) as a result of Greystar's material default of the PCA, then the University shall pay to Greystar only a) the Pre-Closing Advances, and b) plus a rate of interest thereon.
3. Outside closing date. If the tax-exempt bond financing has not closed by a certain date, then the University shall pay to Greystar: a) the Pre-Closing Advances; b) plus a rate of interest thereon; and c) an accrued Development Fee.

In each case summarized above, upon termination payment, the University would own all of the Project design and contract documents prepared by Greystar and its third-party vendors. If the Project proceeds to closing (bond financing), the University will not have to outlay any funds, and Greystar will be reimbursed from bond proceeds.

ACTION RECOMMENDED:

1. **Committee on Planning and Facilities:** Recommend to the Board of Regents the approval of the Third Amendment to the PCA.
2. **Board of Regents:** If the Committee on Planning and Facilities approves the above recommendation, approval of the PCA.

Attachments:

1. Major Term Sheet Amended.
2. PCA Budget Schedule (pro-forma).

c: Kendra Oishi, Executive Administrator and Secretary of the Board

MAJOR TERM SHEET AMENDED
(amendments shown in red)

**UNIVERSITY OF HAWAI'I AT MANOA NEW MULTI-FAMILY MIXED-USE RENTAL PROJECT
DEVELOPMENT PRE-CLOSING AGREEMENT
(Including Proposed Amendment 3, June 2022)**

**BETWEEN
UNIVERSITY OF HAWAI'I**

and

GREYSTAR DEVELOPMENT SERVICES, LLC

1. **Parties.**
 - a. **UH:** University of Hawai'i.
 - b. **Greystar:** Greystar Development Services, LLC, a Delaware limited liability company.
2. **Property.** 2570 Dole Street, Honolulu, O'ahu, Hawai'i 96822, identified as Tax Map Key No. (1) 2-8-023: 009.
3. **Project.** Development of a facility housing approximately 573 beds for UH-affiliated persons, with associated amenities (including a UH-affiliated childcare center), to be agreed upon by the parties and located on the Property, ground-leased by UH to a 501(c)(3) nonprofit corporation (the "Leaseholder"), to be developed for Fall 2025 delivery and financed through the issuance of tax-exempt bonds issued by the Leaseholder.
4. **Closing.** The closing of the tax-exempt bond financing for the Project.
5. **Pre-Closing Activities.** Greystar and/or certain third parties engaged by Greystar, for the benefit of UH, will perform certain Pre-Closing activities, including but not limited to site visits and meetings with UH representatives; engagement of certain professionals and consultants; coordination of the preparation of designs and plans; assessment of the Project site including feasibility and other studies; coordination of governmental approvals; and preparation of a detailed Project schedule.
6. **Pre-Closing Advances.** The Pre-Closing Activities shall be performed directly by Greystar or by third parties engaged by Greystar for the benefit of UH, and all third-party costs and expenses paid or incurred by Greystar or third parties engaged by Greystar in connection with the Pre-Closing Activities shall be advanced by Greystar as an accommodation to UH. The Pre-Closing budget agreed upon by the parties (the

“Pre-Closing Budget”) sets forth Greystar’s estimation of the monthly budget for Pre-Closing expenditures, and the initial Pre-Closing Budget is ~~\$3,500,000.00~~ **\$5,040,936**.

7. **Right-of-Entry Agreement.** UH and Greystar to negotiate and enter into a separate Right-of-Entry Agreement.
8. **Compensation and Repayment for Pre-Closing Advances.**
 - a. **Payment of Pre-Closing Advances.** At the Closing, UH shall cause to be paid to Greystar from the Closing proceeds: (a) the actual, reasonable and documented Pre-Closing Advances; plus (b) interest at a floating rate equal to the Wall Street Journal U.S. Prime Rate plus two percent (2%) compounded monthly (provided, however, such interest shall not be at a rate less than six percent (6%) per annum) on amounts advanced by Greystar; plus (c) the accrued Development Fee.¹
 - b. **Termination Payment.** In the event of a termination of the agreement by UH, UH shall pay to Greystar: (i) the actual, reasonable and documented Pre-Closing Advances; plus (ii) interest at a floating rate equal to the Wall Street Journal U.S. Prime Rate as published in the plus two percent (2%) compounded monthly (provided, however, such interest shall not be at a rate less than six percent (6%) per annum) on amounts advanced by Greystar from the date advanced until the date repaid to Greystar; plus (iii) the accrued Development Fee. Notwithstanding the foregoing, if UH terminates the agreement due to the failure of the tax-exempt bond financing for the Project or as a result of Greystar’s material default of the agreement, UH shall have no liability to pay Greystar any portion of the Development Fee unless UH wishes to proceed with the Project without engaging Greystar’s continued development services.
 - c. **Termination Payment on Outside Closing Date.** In the event that the Closing has not taken place on or before ~~September 30, 2022~~ **October 31, 2023**² (the “Outside Closing Date”) UH hereby agrees to repay Greystar: (i) the actual reasonable documented Pre-Closing Advances; plus (ii) interest at a floating rate equal to the Wall Street Journal U.S. Prime Rate plus two percent (2%) compounded monthly (provided, however, such interest shall not be at a rate less than six percent (6%) per annum) on amounts advanced by Greystar; plus (iii) the accrued Development Fee.
9. **Ownership of Materials.** Upon termination of the agreement for any reason, Greystar shall assign to UH all of Greystar’s right, title, and interest in and to the design documents and the contract documents.

¹ The Development Fee is equal to 4% of total Project costs.

² Under Pre-Closing Agreement, this date would be amended each time that the Board Approves an increase to the Pre-Closing Budget.

10. **Development Agreement.** UH will negotiate in good faith with Greystar a definitive development agreement for the Project to be effective at the Closing for the delivery of services set forth in the Development Agreement to complete the design, construction, and delivery of the Project, which shall be approved by its Board of Regents. The Development Agreement will require Greystar Real Estate Partners, LLC, a Delaware limited liability company, to guarantee completion of the Project for on-time and on- budget delivery by the agreed upon date of substantial completion and provide for a mechanism for damages to UH in the case of a late delay.

EXHIBIT B: BUDGET FOR PRE-CLOSING ADVANCES AND DEVELOPMENT FEE

Item	2019					2020								2021													
	August	September	October	November	December	January	February	March	April	May	June	July	August	September	October	November	December	January	February	March	April	May	June	July	August	September	
						Draw 1	Draw 2	Draw 3	Draw 4	Draw 5	Draw 6	Draw 7	Draw 8	Draw 9	Draw 10	Draw 11	Draw 12	Draw 13	Draw 14	Draw 15	Draw 16	Draw 17					
Specialty Consultants-Greystar																											
Market Study										20,000					15,000												
Traffic Study																											
Archaeological Field Inspection (EA)																											
Architectural Historian (EA)																						452					
Biology (assumes studies available) EA																											
Belt Collin/CDS (EA)										-	26,186	25,824	76,968	34,090	9,453		15,004		7,125	7,869							
Geotechnical - GEI (*)																											
Environ Site Assessment - Enpro																5,991						2,042					
Hazmat Assessment - Enpro																											
Contaminated Soil Test - Enpro																											
Environmental Work Plans - Enpro																24,079											
ALTA Survey - Control Point/UH																											
PRU - Belt Collins/CDS																											
Cultural - Ku'iwalu/CDS																											
Third Party Review - Permit - Palekana																											
Building Envelope/ADA Consultant																											
Interior Design - NAC/CDS																											
Interior Design FF&E																								4,590	2,160	3,510	3,240
Childcare Consultant - NAC/CDS																											
LEED Consulting - Balance																											
LEED Energy Model - NAC																											
Fire Protection																											
Telcom/Security - PC Enterprises (*)																											
Acoustical DL Adams & Associates																											
Special Inspection Fire - Notkin																											
Special Inspection-Structural - Base																											
Commissioning (Insynergy) (*)																											
Restaurant - Tenant Improvement TBD (*)																											
SUBTOTAL SPECIALTY CONSULT																											
A&E Fees (Design and Basic Subconsultants)																											
<i>PRE-DESIGN / PRU & EA</i>																											
SD																											
DD																											
CD																											
A&E Reimbursables																											
SUBTOTAL																											
Basic A&E Fees (Less 25% Excl Specialty Subs)																											
TOTAL: BASIC A-E - 25% (SD - CD)																											
Misc.																											
GC Pre-construction services																											
Legal																											
Team Travel & Related																											
Interest on Predevelopment Advances																											
Other/Contingency																											
Total																											
<i>Monthly Spend</i>																											
<i>Total Cumulative Spend</i>																											
Termination Payment Option A*																											
Normal Development Fee Accrual																											
Discounted Development Fee Accrual For Termination Fee @ 30%																											
<i>Cumulative Discount Dev Fee Accrual</i>																											
Termination Payment Option B*																											
Milestone	Min Cast (A)	Max Cost (B)																									
Programming & Site Studies																											
100% Schematic Design & Cost Update	794,270	1,214,988																									
100% Design Development and Cost Update	1,129,758	1,679,928																									
80% Construction Documents and Permit Applications	2,002,780	2,876,579																									
GMP at 95% CD	3,284,239	4,546,393																									
100% Construction Documents	3,284,239	4,546,393																									
Financial Close	3,649,330	5,040,936																									

