

MINUTES

BOARD OF REGENTS COMMITTEE ON PLANNING AND FACILITIES MEETING

FEBRUARY 2, 2023

I. CALL TO ORDER

Chair Nahale-a called the meeting to order at 9:01 a.m. on Thursday, February 2, 2023, at the University of Hawai'i (UH) at Mānoa, Information Technology Building, 1st Floor Conference Room 105A/B, 2520 Correa Road, Honolulu, Hawai'i 96822.

Committee members in attendance: Chair Alapaki Nahale-a; Vice-Chair Diane Paloma; Regent Wayne Higaki; Regent Gabriel Lee; and Regent Abigail Mawae.

Others in attendance: Board Chair Randy Moore; Regent Eugene Bal; Regent William Haning; Regent Laurie Tochiki; and Regent Ernest Wilson (ex officio committee members); President David Lassner; Vice President (VP) for Administration Jan Gouveia; VP for Academic Strategy Debora Halbert; VP for Legal Affairs/University General Counsel Carrie Okinaga; VP for Research and Innovation Vassilis Syrmos; VP for Budget and Finance/Chief Financial Officer Kalbert Young; UH at Hilo (UHH) Chancellor Bonnie Irwin; UH West O'ahu (UHWO) Chancellor Maenette Benham; Associate VP for Administrative Affairs for the UH Community College System Mike Unebasami; Interim Executive Administrator and Secretary of the Board of Regents (Board Secretary) Jamie Go; and others as noted.

II. PUBLIC COMMENT PERIOD

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

III. AGENDA ITEMS

A. Recommend Board Approval of Letters of Intent (LOI) and a Long-Term Agreement (LTA) for the Use of a Portion of the University of Hawai'i at Hilo Campus Property (Tax Map Key No. (3) 2-4-001:122) to Develop and Operate a Photovoltaic (PV) Energy System Under a Power Purchase Agreement Between Hawaiian Electric Companies (HECO) Stage 3 Request for Proposals for Hawai'i Island for the Supply of Qualified Renewable Energy (Stage 3 RFP) Under HECO's Renewable Dispatchable Generation Power Purchase Agreement

VP Young explained that the administration was seeking authorization to provide developers who respond to HECO's recently issued Stage 3 RFP with the opportunity to utilize a portion of university-owned land at UHH (UHH Property) for renewable energy projects through the issuance of an LOI to each prospective developer. Under the LOI, the developer would be entitled to an LTA to use the UHH Property if HECO awarded a power purchase agreement to the developer. He also noted that discussion on this

agenda item would be a continuation of dialogue that occurred at the committee meeting held on January 19 of this year.

Regent Bal arrived at 9:10 a.m.

Michael Shibata, Director of the Office of Strategic Development and Partnership (OSDP), stated that a detailed presentation on this matter was provided to the board at its June 1, 2022, meeting, as well as to the Planning and Facilities Committee at its January 19, 2023, meeting. He provided a synopsis of the process used to solicit proposals from renewable energy developers intending to respond to HECO's Stage 3 RFP; presented information on the UHH Property under consideration for this project stating that, while these lands were previously envisioned as the site for the relocation of Hawai'i Community College's Manono Campus, further analysis has determined that keeping the Campus at its present location would be more beneficial to the university; reviewed the university's critical milestones and timelines for the project, key terms of the binding LOI template, necessary board actions, projected next steps, and some of the benefits that will be afforded to the university, State, HECO, and the community by the project; and highlighted some of the community engagement efforts that have occurred on this matter to date. It was also emphasized that the university's role in this project is only as a landowner and that each developer submitting a proposal in response to HECO's Stage 3 RFP would need to demonstrate requisite control of a site to construct the project. For the use of the UHH Property, such site control would or could be demonstrated by including in the developer's proposal to HECO, an executed LOI between the university and the developer covering the use of the UHH Property.

Rebecca Dayhuff Matsushima, VP for Resource Procurement at HECO, spoke about HECO's efforts to procure renewable energy generation from large scale, utility-sized projects, including from those located on Hawai'i Island. She stated that HECO has completed the securing of renewable energy generation through its Stage 1 and Stage 2 initiatives, which includes a PV project located within the UHWO mauka lands, and is currently in the midst of its Stage 3 procurement process. She also noted that any renewable energy developer may submit proposals for the project regardless of the type of renewable technology being used. She described the HECO Stage 3 RFP process in more detail including HECO's preference for at least 60 megawatts of energy to come from the eastern portion of Hawai'i Island and the production of up to 325 gigawatt-hours of energy annually from Hawai'i Island.

Greg Shimokawa, Director of Renewable Acquisition at HECO, provided an overview of HECO's renewable energy procurement process stating that the Stage 3 RFP was issued at the end of November 2022 and that the deadline for prospective renewable energy developers to submit their proposals to HECO is February 24, 2023. He expounded upon HECO's community engagement efforts; noted several community outreach requirements that will be imposed upon the selected renewable energy developer, including the establishment of a community outreach plan, the development of a project specific website, and the holding of at least one public meeting in the community where the project will be located; explained the current HECO Stage 3 RFP schedule; highlighted a number of community benefit requirements included in the HECO Stage 3 RFP that were based upon feedback received during previous public

meetings; and emphasized that opportunities for the public to comment on the proposed project are embedded throughout the HECO procurement process.

Citing the HECO stipulation that the selected developer annually set aside \$3,000 per megawatt of energy generated for community benefits, Regent Moore asked if this was a requirement imposed upon renewable energy developers on all Stage 3 RFP projects or was something specific to the project on the UHH Property (UHH Project). Mr. Shimokawa replied that the requirement to earmark funds for community benefits was a blanket requirement for renewable energy developers of any Stage 3 RFP project regardless of location and was not specific to the UHH Project. Ms. Matsushima added that the \$3,000 requirement is a floor and developers are encouraged to provide more funding. She also stated that developers providing community benefits beyond what HECO requires, including non-monetary benefits such as hiring local labor at the prevailing wage, will achieve higher scores on their Stage 3 RFP submittal.

Referencing the requirement for a selected developer to conduct one public meeting regarding the project, Regent Higaki recommended that at least two community engagements be held so as to dispel any concerns regarding transparency and community input, or lack thereof. Ms. Matsushima stated that the Stage 3 RFP approved by the Public Utilities Commission only contains the minimum requirement that one public meeting be held regarding the proposed project. However, the Stage 3 RFP does require the creation of a community outreach plan which is supposed to include details on other meetings that will be conducted regarding the project. She also noted that a developer with a more robust community engagement plan can increase their Stage 3 RFP submittal score. Additionally, the land owner, which in this case is the university, also has the option to require a developer to hold additional community meetings.

Regent Higaki inquired about the methodology used to provide public notice for the community meetings. Ms. Matsushima replied that HECO provides a set of guidelines regarding public notification expectations to the selected developer. Some of the listed communication channels contained within these guidelines include press releases, newspaper notifications, and social media posts. As previously mentioned, a selected developer must also maintain a project specific website which can be used to provide public notice of meetings. She also stated that HECO requires meeting notifications to be made available at least two weeks prior to the date of the meeting.

Regent Haning asked if there was any indication of community concerns that may arise about the UHH project. Ms. Matsushima responded that the uniqueness of each community makes it difficult to predict concerns that may surface. However, she noted that negative community response to two solar-plus battery projects currently underway on Hawai'i Island has been minimal. In those instances, the high visibility of the project was the major cause for concern. Mr. Shimokawa added that questions asked during the public meeting process often involve construction impacts to the community. He noted that such construction concerns can often be mitigated by timely and ample communication from the developer.

Regent Higaki sought to confirm his understanding that existing vegetation and trees will be used to create the identified buffer zones to shield the UHH Project, as had been noted in the board materials. Ms. Matsushima stated that, while HECO specifies that a project must comply with all land use regulations, it does not establish the requirements for any established buffer zones; rather, this would be under the purview of the permitting agency or the land-owner. Chair Nahale-a noted that the materials provided appeared to indicate that existing vegetation would be used for the buffer zone. VP Young remarked that greater specificity regarding the buffer zones and use of existing vegetation can be included in the LOI should authorization to proceed be granted by the board.

Referring to the community engagement timeline for the UHWO mauka lands project provided in the materials, Regent Lee asked for clarification as to where the UHH project was in this process. Director Shibata replied that the administration provided the aforementioned timeline regarding the UHWO mauka lands project as an example of the types of community outreach activities that take place on such a project as well as the timeframe under which this engagement occurs. While this process has not yet begun for the UHH project, the expectation is that it will begin once a renewable energy developer is selected by HECO, although the timetable may differ. It was also noted that the process for the UHWO mauka lands project took five-and-a-half years.

Regent Mawae inquired as to whether HECO or the selected developer would be conducting the environmental assessment for the UHH Project. Director Shibata responded that the developer was responsible for conducting an environmental assessment which would then be submitted to the appropriate county or State agency with authority over this matter.

Regent Higaki requested information on the expected distribution of revenues received from the UHH project. VP Young replied that any income realized from the UHH Project would be in the form of lease rent. While a specific distribution amount has not yet been determined, he stated that the default revenue distribution ratio for this type of project is currently a 50-50 split between the campus and the university system which, in this case, would result in UHH receiving a 50 percent share of the money generated. President Lassner added that this funding mechanism provides the administration with the ability to infuse additional funds into OSDP which helps the office achieve its goal of generating revenues to support the enterprise of monetizing university real estate assets.

Regent Mawae asked about the administration's rationale for considering revenue generated from the property as not being critical to the long-range plans of the university. VP Young replied that the sum of potential revenue generated from lease rent of this parcel compared to the amount of land being made available to the developer is, generally speaking, not very significant in relation to the university's overall finances. Chancellor Irwin added that she views these kinds of projects more in terms of prospective academic benefits for the university, such as the provision of internships, rather than its financial benefits, noting that providing hands-on educational experiences for students will pay more dividends long-term.

Chair Nahale-a questioned whether UHH would support the inclusion of the provision of academic benefits in the developer's community benefits package. Chancellor Irwin responded in the affirmative stating that this would be a nice benefit to have.

Regent Moore asked about the party responsible for maintaining the UHH Property and any of its associated appurtenances. Director Shibata replied that the selected developer would be responsible for maintaining the leased portion of the UHH Property as well as any equipment located on that portion of the UHH Property. However, he stated that the administration could work on negotiating an agreement whereby the selected developer would maintain the entire UHH Property made available for the UHH Project, including the portions that are not being leased. Chair Nahale-a opined that this decision should rest with the administration.

Regent Mawae inquired if there were any requirements regarding restoration of the UHH Property upon expiration of the lease. Director Shibata replied that the selected developer will be required to remove any equipment from the UHH Property, such as PV panels, and restore the UHH Property to its original state. VP Gouveia added that the university does require the developer to secure a bond to ensure that sufficient funding is available to restore the property to its original state upon completion of the lease term.

Regent Wilson asked if the UHH Property was ceded lands. Director Shibata replied in the affirmative stating that a portion of the revenues generated would be collected and provided to the State for disbursement to the Office of Hawaiian Affairs.

Chair Nahale-a commended the administration for its efforts on this matter and expressed his appreciation to HECO and OSDP for providing more detailed information about the UHH Project to the committee.

Regent Higaki moved to recommend board approval to issue LOIs to prospective developers and an LTA to the developer selected by HECO for the use of the UHH Property (Tax Map Key No. (3) 2-4-001:122) to develop and operate a PV energy system under a power purchase agreement awarded by HECO under HECO's Stage 3 RFP, seconded by Vice-Chair Paloma, and noting the no vote of Regent Mawae, the motion carried with all other members present voting in the affirmative.

IV. ADJOURNMENT

There being no further business, Chair Nahale-a adjourned the meeting at 9:47 a.m.

Respectfully Submitted,

/S/

Jamie Go
Interim Executive Administrator and
Secretary of the Board of Regents