

## **MINUTES**

### **BOARD OF REGENTS COMMITTEE ON PLANNING AND FACILITIES MEETING**

**MARCH 2, 2023**

#### **I. CALL TO ORDER**

Chair Nahale-a called the meeting to order at 12:16 p.m. on Thursday, March 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, with regents participating from various locations.

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

Committee members excused: Regent Abigail Mawae.

Others in attendance: Board Chair Randy Moore; Regent Eugene Bal; Regent William Haning; Regent Laurel Loo; 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 Mānoa Provost Michael Bruno; UH at Hilo Chancellor Bonnie Irwin; UH West O'ahu Chancellor Maenette Benham; Interim Executive Administrator and Secretary of the Board of Regents (Board Secretary) Jamie Go; and others as noted.

#### **II. APPROVAL OF MINUTES OF THE JANUARY 19, 2023, AND FEBRUARY 2, 2023 MEETINGS**

Chair Nahale-a inquired if there were any corrections to the minutes of the January 19, 2023, and February 2, 2023, committee meetings which had been distributed. Hearing none, the minutes for both meetings were approved.

#### **III. 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.

#### **IV. AGENDA ITEMS**

##### **A. Fiscal Year (FY) 2022-2023 Second Quarter CIP Status Report as of December 31, 2022**

VP Gouveia reported on the status of CIPs through the second quarter of FY 2022-2023 stating that ongoing projects are moving forward as anticipated with no major changes or issues to report. She noted that the phase I and II parking structure, Rainbow Wahine Softball Stadium phase 2A and 2B, and kitchen and accessory space

renovation in the Pilina Building at Maui College have been completed and will be closed out. She also drew attention to the awarding of a design contract for a new facility to replace Snyder Hall under Phase 2 of the Mānoa Mini-Master Plan; the Komohana Research and Extension Center (Komohana) project's completion date extension due to the lengthy Federal Emergency Management Agency (FEMA) grant approval process; and the \$14.6 million Clarence T.C. Ching Complex project which remains on schedule with substantial completion slated for July 2023.

Regent Lee asked if the extension of the Komohana project's completion date would lead to increased costs and, if so, whether the anticipated grant funding from FEMA will offset the additional expenses. VP Gouveia replied that the administration is expecting the cost of the Komohana project to increase because of the extended completion date. Although project pricing is still ongoing, she stated her belief that the amount of funding provided through the FEMA grant will not be adequate to cover the additional expenses.

**B. Update and Status on Real Estate: Captain Cook Agricultural Research Station (Island of Hawai'i) – Reversion to Kealakekua Ranch, Limited**

Michael Shibata, Director of the Office of Strategic Development and Partnership, reported on the automatic reversion of a three-acre parcel of land formerly held by the university for the benefit of the College of Tropical Agriculture and Human Resources (CTAHR) to Kealakekua Ranch, Limited (KRL). He explained that the deed granting the university use of the parcel located in Captain Cook on Hawai'i Island for an agricultural research station contained a covenant stipulating that, upon discontinued use of the property for its intended purpose, the land would automatically be returned to KRL. Given that CTAHR's use of the property as an agricultural research station has ceased, title to the property has transferred back to KRL, its successors, and/or assigns. Other than memorializing this occurrence through the issuance of a quitclaim deed conforming to the fact that the title has passed back to KRL under the deed's automatic reversion clause, no other action is necessary on the part of the university.

Walter Bowen, Associate Dean and Associate Director for Research at CTAHR, provided background information on the Captain Cook Agricultural Research Station (Captain Cook Station) noting that the site was formerly used for fruit tree germplasm research and collection projects. However, access issues, as well as the lack of irrigation infrastructure and on-site facilities, made effective use of the property challenging. Due to the foregoing challenges, CTAHR stopped using the Captain Cook Station approximately 10 years ago. It was also noted that a CTAHR agricultural research station located approximately six miles away in Kona is in the same agricultural region as the Captain Cook Station, shares similar environmental characteristics, and contains better infrastructure thereby making use of the Captain Cook Station redundant and unnecessary.

Regent Loo left at 12:30 p.m.

**C. Update and Status on Real Estate: NOAA Graduate Student Housing Project (NOAA Project)**

VP Young provided a brief history of the NOAA Project highlighting that slightly more than \$5,000,000 in board-approved pre-construction agreements (PCAs) with Greystar Development Services, LLC (Greystar), the private development partner selected to provide the university with architectural, engineering, and other services for the Project, is nearing completion. He went over several of the Project's objectives, first and foremost of which was to bolster the on-campus housing inventory for graduate students; discussed some of the Project's deliverables, such as the inclusion of a large, modern child care facility that would be used to house the UHM Children's Center, as well as the provision of retail and commercial amenities; and noted the administration's desire for affordable housing rental rates for units in the facility. He also spoke about the Project's current status, referencing work that has already been completed by Greystar in accordance with the PCAs, and reviewed details on some of the facility's projected amenities.

Although the overall cost of the NOAA Project was projected to be around \$130 million, escalating construction costs and rising interest rates have caused this estimate to increase by approximately \$20 million. As such, the forecasted economics of the Project as originally conceptualized have become untenable and would necessitate the charging of bed rental rates at or above market prices. VP Young reviewed the various options currently being evaluated by the administration with respect to the NOAA Project including termination, proceeding as originally contemplated, and proceeding as envisioned but with some financial assistance from the university, describing the benefits and drawbacks of each alternative. He also stated that additional alternatives were being analyzed and could materialize prior to final deliberations on this issue. Given that efforts to secure bond financing for the NOAA Project will need to take place in May 2023, the administration does contemplate returning to the committee with its recommendation on how to proceed on this matter within the next 30 days.

Chair Nahale-a sought to confirm his understanding that the NOAA Project was part of a broader, complex housing plan aimed at addressing the need for on-campus accommodations for a variety of student populations across the university system. VP Young replied that the NOAA Project is one of several housing projects being undertaken by the university to meet the needs of its constituencies including students, faculty, and staff. He also pointed out the added benefit increasing the availability of on-campus housing will have on broader statewide efforts to add inventory to the supply of homes on the open-market.

Regent Higaki left at 12:44 p.m.

Regent Lee asked whether the NOAA Project had been value engineered to determine the necessity of the child care facility, as well as the provision of retail and commercial space. VP Young stated that the NOAA Project was value engineered at several points during its design phase. He also provided the administration's rationale for keeping the child care facility component of the Project in place stating that the building currently accommodating the UHM Children's Center is outdated and can no longer meet the Center's capacity needs. VP Gouveia added that other value-engineering work that has occurred on the NOAA Project included things such as the limitation of air conditioning to building common areas. She also stated that the notion

of live, learn, work, and play, was a driving vision behind the NOAA Project and that the childcare facility was an important element of this concept.

Board Chair Moore questioned whether ground rent would be charged to the developer. VP Young responded that, at present, ground rent will not be charged to the developer. However, he noted that the university is expecting to witness net revenue gains from the NOAA Project due to the way the partnership with the developer is currently structured.

Referencing the \$150 million estimated price tag for the NOAA Project, Board Chair Moore inquired about the comparative cost for constructing the child care facility. VP Young replied that approximately \$10 million of the \$150 million would be expended for building the child care facility. He stressed that, regardless of how the NOAA Project gets structured, the university will realize value gain from the child care facility, which is the only portion of the Project that the university will control operationally.

Discussions ensued on the various alternatives currently being evaluated by the administration with respect to the NOAA Project and the possible ramifications of each. VP Young emphasized that the university would still be required to pay approximately \$5 million to Greystar for services rendered pursuant to the approved PCAs irrespective of the option chosen.

Vice-Chair Paloma expressed her belief that the NOAA Project would be an asset to the university, filling a void in housing for graduate students; increasing the availability of housing stock at the university in general; and serving to attract students pursuing professional degrees, particularly students from Hawai'i that attended a university on the continent. She also stated that the board would be remiss in recommending termination of the NOAA Project at this point in time since, in her view, any future consideration of this project would more than likely involve even higher construction costs. VP Young concurred with Vice-Chair Paloma's comments stating that the administration will be taking all of these factors into consideration when developing its recommendation to the committee and board.

Vice-Chair Paloma left at 1:01 p.m.

Regent Haning echoed the remarks of Vice-Chair Paloma with respect to the positive impacts the NOAA Project could have on graduate students, especially those in the medical field and those with families. He also asked whether completion of all of the housing projects being contemplated by the university would have a significantly quantifiable impact on the availability of on-campus housing stock. VP Young replied that market demand studies conducted on both the NOAA Project and Atherton Student Housing and Innovation Center Project have indicated both a desire and need for additional student housing in proximity to the university. However, the number of units provided by both projects still fall far short of meeting the demands for student housing being experienced by UHM.

Regent Wilson articulated his views regarding the board's responsibility to consider all of the facets of the NOAA Project including, among other things, costs associated

with facility construction, operation, repair, and maintenance; the project's alignment with the educational mission of the university; and the project's ability to address a particular need, prior to rendering a decision on the matter.

**D. University Land-Related Strategic Initiatives and Partnerships Program FY 2022-2023 Second Quarter Update**

Chair Nahale-a noted the departure of two committee members, Vice-Chair Paloma and Regent Higaki in addition to the excused absence of Regent Mawae. Despite quorum of the committee being maintained in accordance with board bylaws due to the presence of Board Chair Moore, Chair Nahale-a expressed his desire that all committee members be present to receive information on this agenda item. As such, this matter was deferred.

**V. ADJOURNMENT**

There being no further business, Chair Nahale-a adjourned the meeting at 1:09 p.m.

Respectfully Submitted,

/S/

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