

MINUTES

BOARD OF REGENTS COMMITTEE ON PLANNING AND FACILITIES MEETING

APRIL 6, 2023

I. CALL TO ORDER

Chair Nahale-a called the meeting to order at 12:07 p.m. on Thursday, April 6, 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 Abigail Mawae.

Committee members excused: Regent Gabriel Lee.

Others in attendance: Board Chair Randy Moore; Regent William Haning; Regent Laurie Tochiki; and Regent Ernest Wilson (ex officio committee members); 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 (UHM) 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 MARCH 2, 2023 MEETING

Chair Nahale-a inquired if there were any corrections to the minutes of the March 2, 2023, committee meeting which had been distributed. Hearing none, the minutes 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. Recommend:

1. Board Authorization and Approval to Amend Pre-Closing Agreement (PCA) Between UH and Greystar Development Services, LLC (Greystar).
2. Board Authorization and Approval of the University's Position Regarding Material Provisions of the Ground Lease Between UH and a Limited Liability Company to be Created by Collegiate Housing Foundation for the

Development of a Student Housing Mixed-Use Rental Project at UHM (UHM Project)

VP Young stated that the administration was seeking board approval of a fourth amendment to the PCA between UH and Greystar as well as UH's position regarding material provisions of the ground lease between UH and a limited liability company to be created by Collegiate Housing Foundation for the development of the UHM Project, which is more commonly referred to as the NOAA Project. He provided historical context to the NOAA Project, highlighting that the board-approved third amendment of the PCA with Greystar to provide slightly more than \$5,000,000 in funding for architectural, engineering and other Project services was 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 predicted 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. Taking this into consideration, the administration developed and evaluated several alternatives with respect to the NOAA Project including termination, proceeding as originally contemplated, and proceeding as envisioned but with some financial assistance from the university, each of which was presented in detail to the committee at its March 2, 2023, meeting.

VP Young presented information on the administration's recommended course of action which was to proceed with the NOAA Project in a manner that includes the provision of additional financial assistance from the university. He discussed the rationale for this decision; described some of the benefits the university expects to realize by moving forward with the Project under this proposal; talked about the role of the university in the Project's organizational structure under this proposal; went over key terms of the fourth amendment to the PCA necessitated by this action, including providing an additional \$2.96 million to Greystar for supplementary pre-development and pre-construction work which would bring the total amount of the PCA to \$8 million; spoke about \$10 million in funding for the Project's childcare facility that would be provided by the Hawai'i State School Facilities Authority through a memorandum of agreement, as well as some of the childcare facility's deliverables; and went over five financial commitment scenarios for the Project noting the impact each would have on projected rental rates for the Project's various units. It was emphasized that under the two scenarios whereby the university provides what is being termed "rent abatement", the university is expecting to realize net cash flow that is greater than the financial assistance it is providing to the Project in year nine. VP Young also stated that a

ground lease for the operation and management of the property would be necessary to execute the Project as contemplated in the proposal and reviewed the key terms of the ground lease. Additionally, information was presented on current market rental rates relative to the Project's location; possible risks that still could be encountered by the Project as proposed; and the anticipated Project schedule.

Referencing lengthy delays in the approval of construction permits that are being experienced in Honolulu, Regent Higaki asked if the administration was confident that NOAA Project construction could begin in August of this year. VP Gouveia replied that the critical work to be performed in August includes demolition and site preparation and stated that the permits necessary for these activities have already been acquired. The Project's design plans and construction drawings have also been completed and reviewed by the university. However, supply chain issues continue to impact the construction industry throughout Hawai'i and remains a concern of the university with respect to the on-time completion of the Project.

Vice-Chair Paloma questioned whether are repairs needed to the facility currently housing the UHM Children's Center so that it can remain operational until the new child care facility within the NOAA Project is completed. VP Gouveia replied in the affirmative stating that the university will be making necessary structural improvements to the building in which the UHM Children's Center resides thus allowing it to continue operating at that location until the Project's new children's facility is built.

Regent Haning inquired about parking for the Project. VP Gouveia explained that the Project's current parking plan is to utilize the university's existing parking inventory for overnight resident parking. The Project site itself will have approximately 80 in-and-out stalls for guests, short-term use by residents, and other things of that nature.

Vice-Chair Paloma expressed her belief that the NOAA Project would be an asset to the university and increase the availability of housing stock at the university which could also have the added benefit of boosting affordable unit inventory in the community.

Regent Higaki moved to recommend board authorization and approval to amend the PCA between UH and Greystar, seconded by Vice-Chair Paloma, and noting the excused absence of Regent Lee, the motion carried with all other members present voting in the affirmative.

Regent Higaki moved to recommend board authorization and approval of the university's position regarding material provisions of the ground lease between UH and a limited liability company to be created by Collegiate Housing Foundation for the development of the UHM Project, seconded by Vice-Chair Paloma, and noting the excused absence of Regent Lee, the motion carried with all other members present voting in the affirmative.

B. Recommend Board Approval to Purchase Phase 1 Photovoltaic (PV) Systems at the University of Hawai'i O'ahu Community Colleges and the University of Hawai'i Maui College (UHMC) Pursuant to Four Separate Purchase and Sale Agreements (Purchase Agreements)

VP Young provided information on Purchase Agreements related to the installation of Phase 1 PV systems at community college campuses on O‘ahu as well as at UHMC that were entered into with various entities. He explained that purchasing these systems is expected to result in substantial cost savings to the university of approximately \$3.5 million over the next 11 to 13 years. He also noted that the cost of purchasing the Phase 1 PV systems exceeded \$5 million in the aggregate and thus required board approval.

Michael Unebasami, Associate Vice President (AVP) for Administrative Affairs for Community Colleges, referenced materials provided to the committee which he stated contained the salient details of the administration’s request and inquired if regents had any questions.

Referencing the rail construction presently occurring along Dillingham Boulevard, Vice-Chair Paloma asked whether this would impact the timeframe for installation of the Phase I PV system at Honolulu Community College (HonCC). AVP Unebasami clarified that the PV system currently being installed at HonCC is separate and apart from the Phase I PV system at HonCC that the administration is seeking to purchase, which was installed approximately seven years ago.

Vice-Chair Paloma questioned whether the administration was planning to install more PV systems and panels across the community college system. AVP Unebasami replied that no plans were presently in place to expand PV systems across the community college system. However, he noted that there are opportunities for PV system installation at Hawai‘i Community College, which currently does not have a PV system in place, and expansion of Kaua‘i Community College’s PV system to meet 100 percent of its energy needs.

Vice-Chair Paloma moved to recommend board approval to purchase Phase I PV systems at the UH O‘ahu community colleges and UHMC pursuant to four separate Purchase Agreements, seconded by Regent Higaki, and noting the excused absence of Regent Lee, the motion carried with all other members present voting in the affirmative.

V. ADJOURNMENT

There being no further business, Chair Nahale-a adjourned the meeting at 12:53 p.m.

Respectfully Submitted,

/S/

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