

MINUTES

BOARD OF REGENTS MEETING

SEPTEMBER 16, 2021

Note: On August 5, 2021, Governor David Y. Ige issued a proclamation related to the COVID-19 emergency that temporarily suspended Chapter 92, Hawai'i Revised Statutes, relating to public meetings and records, "only to the extent necessary to minimize the potential spread of COVID-19 and its variants".

I. CALL TO ORDER

Chair Moore called the meeting to order at 8:32 a.m. on Thursday, September 16, 2021. The meeting was conducted virtually with regents participating from various locations.

Quorum (11): Chair Randy Moore; Vice-Chair Alapaki Nahale-a; Vice-Chair Benjamin Kudo; Regent Simeon Acoba; Regent Kelli Acopan; Regent Eugene Bal; Regent William Haning; Regent Wayne Higaki; Regent Diane Paloma; Regent Robert Westerman; and Regent Ernest Wilson.

Others in attendance: President David Lassner; Vice President (VP) for Administration Jan Gouveia; VP for Community Colleges Erika Lacro; Associate VP for Legal Affairs Gary Takeuchi; 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 (UHH) Chancellor Bonnie Irwin; UH West O'ahu (UHWO) Chancellor Maenette Benham; Leeward Community College (LeeCC) Chancellor Carlos Peñaloza; Executive Administrator and Secretary of the Board of Regents (Board Secretary) Kendra Oishi; and others as noted.

II. APPROVAL OF THE MINUTES

Vice-Chair Nahale-a moved to approve the minutes of the August 19, 2021, meeting, seconded by Regent Wilson, and the motion carried, with all members present voting in the affirmative.

III. PUBLIC COMMENT PERIOD

Board Secretary Oishi announced that written testimony expressing concerns or opposition to the Report of the Tenure Permitted Interaction Group was received from several individuals.

Written comments expressing opposition to vaccination and COVID-19 testing requirements for students attending the university was received from Tina Lia.

A written statement regarding his appointment to the Mauna Kea Management Board (MKMB) was received from Dr. Andy Adamson.

Written comments may be viewed at the Board of Regents website as follows:

[Written Testimony Comment Received](#)

[Late Written Testimony Comment Received](#)

Oral testimony was also received from Tina Lia in opposition to vaccination and COVID-19 testing requirements for students attending the university.

IV. REPORT OF THE PRESIDENT

A. COVID-19 UPDATE

President Lassner provided an update on the university's current state of affairs with regard to the COVID-19 pandemic. While case counts continue to surge across the State, university associated case counts have been moderate with 42 confirmed COVID-19 positive cases since the start of the fall semester and no evidence of community spread on any campus.

Although on-campus presence has increased across the university system, a large number of students continue to engage in online coursework. The university remains hopeful that a greater number of students will return to campuses for in-person coursework during the spring semester and is cognizant of ensuring the health and safety of students, faculty, and staff. The administration continues to focus its efforts on implementing testing protocols; updating guidance, practices, and systems to match the changing overlay of county, State, and federal vaccination and testing mandates; and stressing the importance of vaccination. The administration is also currently in discussions with labor unions regarding plans for the spring semester when enforcement of the university's vaccination mandate is expected to begin.

President Lassner recognized and commended student housing staff and administrators at UHM and UHH for their exceptional efforts and tireless work in keeping students safe in the university's residence halls throughout the pandemic while meeting their housing needs.

B. Enrollment Update

As of today, headcount enrollment at UHM and UHH has experienced increases of six percent and 2.5 percent respectively as compared to the same period last year as day-to-day enrollment figures begin to stabilize. President Lassner highlighted that UHM has experienced fall semester headcount enrollment increases in three out of the last four years and is expecting an overall headcount enrollment of 19,000, its highest since 2014. If the numbers hold, UHH will be witnessing its first increase in fall enrollment since 2012, reversing eight years of declines. UHWO and the community colleges are seeing decreased headcount enrollments of 4.8 percent and 3.4 percent respectively, although UHWO is maintaining a stable headcount enrollment of 3,000 students.

Although the community colleges continue to realize declining enrollment, the waning numbers are mainly in credit-course headcount enrollment. It was noted that the community colleges play a large role in supporting economic revitalization and

workforce development which is mainly achieved through non-credit education and training and that this information is not contained within enrollment statistics metrics. The administration is working to determine how it can best capture this data and report on this important aspect of the mission of the community colleges in the future. President Lassner stated that a full analysis of the university's fall enrollment statistics will be provided once the official census is completed.

C. Update on Clarence T.C. Ching Field Improvements

Work on facility improvements that has allowed the Clarence T.C. Ching Athletic Complex (Ching Complex) to be used as the site to host home games for the university's football team this fall is expected to be completed by the end of September. Despite several minor outstanding items, the university was able to successfully host its first home game of the season on September 4, 2021, albeit without any fans in attendance due to State mandated COVID-19 restrictions on large-group gatherings. In spite of requests being made to both State and City and County of Honolulu officials to allow some level of attendance with additional mitigation measures including vaccination and mask-wearing requirements, as well as the establishment of adequate social distancing, fans will continue to be prohibited from attending football games at the Ching Complex for the near future. At the moment, the University of Hawai'i football program is the only Football Bowl Subdivision school out of 130 members playing without any fans in attendance at home games.

D. Maunakea Stewardship Update

A draft of the new Mauna Kea Science Reserve Master Plan (Master Plan), which is intended to replace the Master Plan adopted in 2000, has been publicly released by the university. President Lassner stated that the Master Plan guides land-use decisions on university-managed lands and will serve as a framework for aligning land-use decisions, management actions, and educational programs to create better balance among cultural, environmental, scientific, and recreational interests, as well as to broaden Native Hawaiian and community participation in planning and programming. He also highlighted several key elements of the new draft Master Plan which include strengthening of the university's commitment to having no more than nine operating astronomy facilities on Maunakea by December 31, 2033; establishing stronger mechanisms to seek and consider input from the Native Hawaiian community and the broader community in the decision-making framework; supporting the continued development of the UHH educational telescope at Hale Pōhaku, as well as the establishment of a UHH-led "Multi-disciplinary Field Station" at the site to support field studies and learning experiences across disciplines; and maintaining the Maunakea observatories' status as world leaders in astronomy. The university is currently seeking public comment on the new draft Master Plan and will be hosting a virtual public meeting regarding this issue on October 6, 2021. It is anticipated that a final version of the Master Plan will be submitted to the board for approval in 2022.

The Mauna Kea Comprehensive Management Plan (CMP), which includes detailed subplans for the management of natural and cultural resources, as well as decommissioning of telescopes and public access issues, and addresses activities such

as hunting, gathering, recreation, and traditional and customary practices on the mauna is also being updated. An early draft of the updated CMP is expected to be available for internal review later this calendar year.

Substantial progress is also being made on decommissioning activities involving the Caltech Submillimeter Observatory (CSO) and Hōkū Ke‘a educational telescope (Hōkū Ke‘a). President Lassner stated that the objective of decommissioning telescopes is to return the sites to as close to their original, natural form as possible, which makes the approval processes for removing a telescope very similar to those for building a new observatory. The draft environmental assessment (EA) for the removal of CSO has been released for public comment and a Conservation District Use Application permit has been submitted to the Department of Land and Natural Resources for approval. A draft EA for the decommissioning of Hōkū Ke‘a has also been released for public comment. Virtual public meetings on the EA and decommissioning plans for both CSO and Hōkū Ke‘a are scheduled for the end of September with physical deconstruction activities slated to begin in 2022.

Development of a new UHH educational telescope on already developed land at Hale Pōhaku continues to move forward. President Lassner noted that the new site will be more accessible to students and is part of the new Master Plan vision for a more inclusive mid-level facility.

The university also continues to advance its commitment to education and culture on the mauna through the Mauna Kea Visitor Information Station (VIS). President Lassner highlighted a new exhibit developed by the ‘Imiloa Astronomy Center (‘Imiloa) that was recently installed and opened at the VIS regarding the Maunakea adze quarry. ‘Imiloa leadership has also assisted the university in developing new course materials that will be used to conduct in-person, educational training for all employees of the university, as well as all observatory employees who spend extensive time on the mauna. New and more culturally aware online educational materials are also being developed for more casual visitors. These educational resources are expected to be available by the end of this calendar year.

President Lassner referenced a Honolulu Star-Advertiser editorial stating that the university continues to be the most logical choice to direct and manage astronomy activities on Maunakea and urging that Hawai‘i continue to support world-class astronomy activities on the mauna.

E. Update on Legislative Informational Briefings Related to Procurement, Projects, and the Research Corporation of the University of Hawai‘i (RCUH)

President Lassner provided a recap of legislative informational briefings related to issues involving procurement, several university projects, and RCUH that were held throughout August 2021 and highlighted a number of follow-up requests for additional information. To date, the university administration, RCUH, and the board have received a total of 10 requests for information. While some responses to these inquiries are still being prepared, over 927 pages of substantive and detailed responses have already been provided to legislators. The administration and RCUH have also attended a total

of nearly six hours of briefings with the expectation that additional briefings will held later in the year.

F. Other

President Lassner stated that the university remains committed to becoming a model indigenous serving institution and drew attention to recent financial awards received to support this endeavor including a \$15 million, five-year competitive grant to establish the Center for Pacific Innovations, Knowledge, and Opportunities (PIKO) at the John A. Burns School of Medicine to improve the health and well-being of indigenous Pacific people that have disproportionately higher rates of physical ailments and mental health conditions compared to Caucasian and Asian people in Hawai'i. PIKO is a partnership between UHM, Hawai'i Pacific University, Chaminade University of Honolulu, and a statewide network of community-based organizations that will take a team-science approach to transform current research paradigms so as to accelerate clinical and translational research and improve the health of indigenous Pacific people. The United States Department of Education has also announced that it has awarded \$9.3 million in competitive grants to 13 Native Hawaiian-serving programs at UHM, UHH, UHWO, Honolulu Community College, Windward Community College, and Kaua'i Community College.

In addition to grants supporting Native Hawaiian and indigenous programs, the university has also been awarded more than \$1.6 million in grants to support food and agricultural sciences for underrepresented students. Awards include a \$1 million grant provided to the Hawai'i-One-Ag Consortium in the College of Tropical Agriculture and Human Resources (CTAHR) at UHM to develop new pathways in agricultural education and future career growth; a \$450,000 grant received by GoFarm Hawai'i, a program also within CTAHR, to provide training for new farmers and increase agribusiness in Hawai'i; and just over \$200,000 was given to the Undergraduate Pathways Bridging Excellence In Agriculture and Tradition program at UHWO, which will educate and train a new generation of food, agriculture, natural resource, and human science professionals to think across traditional disciplinary and cultural boundaries to engage and address the many contemporary challenges in the agri-food system of Hawai'i.

G. LeeCC Campus Presentation

Chancellor Peñaloza provided an overview of LeeCC's enrollment statistics and demographics, including gender, enrollment status, and ethnicity, and noted the importance of understanding this data to develop better intervention strategies that will have a greater impact on the educational needs of students. He stated that the student population consisted mainly of female, part-time, and returning students accounting for 61, 65, and 54 percent of enrolled students respectively, and highlighted the ethnic diversity of the student body, which has a strong representation of Hawaiian and Filipino populations. He also noted that the majority of students enrolled at LeeCC are liberal arts majors that intend to transfer to a four-year university followed by individuals enrolled in career and technical education (CTE) programs.

Although headcount enrollment for fall 2021 has slightly improved as compared to the same period last year, the peak increase in enrollment of four percent experienced at the beginning of the semester has declined to just under one percent to date. Both enrollment headcount and student semester hours have been trending lower over the past five years, which is a similar situation to what is occurring at the community colleges systemwide, though enrollment figures are moving in a positive direction at LeeCC. Chancellor Peñaloza stated that the largest decrease in enrollment figures occurred among the new student population, particularly in the area of early college admissions. He explained that the COVID-19 pandemic severely impacted LeeCC's ability to work with various partners, including the Department of Education (DOE), in recruiting new students through activities such as campus tours that provided insights into the benefits of a post-secondary education as well as the collegiate experience. LeeCC remains hopeful that there will be a reversal of this trend as the pandemic begins to wane. Declining enrollment has also been occurring among students enrolled in the liberal arts over the last five years but is being somewhat offset by increased enrollment in CTE programs which appears to indicate a shift toward an interest in workforce development courses among students.

Several performance measures which are considered to be metrics of academic success including retention, graduation, and transfer rates were reviewed with Chancellor Peñaloza stating that LeeCC is improving in both graduation and transfer rates. While LeeCC is witnessing a downward trend in retention rates for first-time full-time students, this population also experienced a concomitant increase in graduation rates which may explain this downward trend.

Surveys conducted among students in spring 2021 to better assess barriers that may be impacting their academic success indicated that the COVID-19 pandemic has had a significant impact on the financial situations of many students resulting in increased job, food, housing, and childcare insecurity. The necessity of addressing many of these needs has made it difficult for many students to continue to pay for their post-secondary education and associated costs. While the university has responded in a number of ways to assist students with many of their needs, it was noted that many did not take advantage of the support offered. LeeCC continues to work collaboratively with campus groups on communication campaigns to better inform students of every opportunity available to assist them with their needs.

LeeCC has also been focusing on initiatives to address some of the financial costs associated with obtaining a post-secondary education including the Early College Program and the Open Educational Resources (OER) Program. LeeCC works with 14 high school partners to support over 600 students enrolled in the Early College Program. It was noted that while many of the students enrolled in the Early College Program continue on to institutions of higher education, most are transitioning directly to four-year institutions and are not attending LeeCC. The OER Program, which provides zero-cost textbook courses to help reduce costs of attending college, continues to grow. As of spring 2021, 52 percent of courses offered at LeeCC were OER courses which has resulted in \$6.3 million in savings for textbook costs. LeeCC has also been

increasing its efforts into creating academies and pathways for high school students in its CTE programs to help reduce costs for their post-secondary education.

Chancellor Peñaloza stated that LeeCC remains steadfast in its mission to support the educational needs of the community and acknowledged the work of LeeCC faculty in continuously assessing and evaluating coursework delivery in relation to academic success and student learning outcomes (SLOs). He noted the recent acquisition of a new management system program that supports faculty in their assessment efforts through reviewing student success and SLOs. This program, known as Anthology, will allow faculty members to reflect on, and make changes to, coursework instruction that have the potential of improving student academic achievement. As of June 2021, 94.4 percent of all courses at LeeCC have been assessed within the past five years and has resulted in increases in SLOs.

Faculty Report

Michael Oishi, Chair of the LeeCC Faculty Senate, provided a report on some of the work undertaken over the previous academic year to support students and their academic success. He noted that the Faculty Senate focused its efforts on four major issues during the 2020-2021 academic year, including: an assessment of course learning outcomes and improvements to teaching practices; the improvement of instructional design and delivery of online coursework; the updating of student services policies and procedures; and the improvement of transparency and communications with regard to college operations and resources.

The Faculty Senate continues its efforts to ensure that quality curricula and effective instructional practices are provided at LeeCC. Mr. Oishi discussed the work of four Faculty Senate committees to improve instructional design and delivery through objective assessments of course learning outcomes (CLOs) using Anthology; develop and recommend policies, procedures, assessment protocols, and best practices that provide technical and academic support to meet the challenges posed by distance education and assure distance learner success; review and update policies regarding academic issues such as course substitution, course repeat, grading, and graduation; and create a student complaint process guide to report students' instructional concerns.

Mr. Oishi stated that the Faculty Senate expects to be engaged in a number of projects during the 2021-2022 academic year including the hosting of campus forums on proposals for a new university general education (GenEd) curriculum; conducting reviews of the proposed GenEd curriculum and providing feedback and advice to the university's GenEd design team; hosting faculty workshops on the use of Anthology; and recommending amendments to LeeCC's course repeat, course substitution, grading, graduation, and senior audit policies.

Student Report

Alex Williamson, Associated Students of University of Hawai'i - LeeCC (ASUH-LeeCC) Secretary, stated that he would be presenting on behalf of President Kaian Torres who was unable to attend the meeting.

Mr. Williamson reviewed the mission of ASUH-LeeCC and highlighted a number of its accomplishments over the past academic year including the hosting of a number of interactive and engaging virtual events such as talk story sessions with Chancellor Peñaloza; an educational series on a number of topics, such as Black History Month and Asian Awareness Month; guidance seminars to assist students in navigating the university's COVID-19 requirements; and drawings and prize giveaways. ASUH-LeeCC also continues to remain engaged with the community through activities such as volunteering for a food rescue and redistribution organization, and serving as virtual buddies to incarcerated individuals and kupuna. He noted that ASUH-LeeCC continues to engage with its constituency over a variety of media platforms and is hopeful that connecting with the community through the effective use of technology will allow even greater accomplishments to be realized in 2021.

Referencing the early college program for high school students at LeeCC, Regent Paloma asked whether the students were financially responsible for the costs of the program. Chancellor Peñaloza replied that a Memorandum of Agreement exists between LeeCC and the DOE that allows Hawai'i high school students to take classes that satisfy requirements for both a high school diploma and a University of Hawaii degree through programs such as the Early College Program and Running Start, a program whereby an eligible high school student takes a college course at a University of Hawaii system campus as part of their high school coursework. While, for the most part, students enrolled in these programs do not bear the cost for taking college courses, financial assistance is available for students enrolled in classes that may have incidental charges. Additionally, textbook costs do not pose much of an issue because of LeeCC's OER Program.

Regent Acoba inquired as to the reason LeeCC experienced a reduction in new students while witnessing a simultaneous increase in retention rates and early admissions for the fall semester. Chancellor Peñaloza responded that, over the last few years, LeeCC has made a concerted effort to increase student retention rates and have developed a number of strategies to achieve this goal. He also reiterated that the COVID-19 pandemic severely affected LeeCC's ability to engage with high school students which has had an impact on new student enrollment statistics.

Noting statistics indicating a reduction in students enrolled in liberal arts and an increase in students enrolled in CTE programs, Regent Acoba questioned whether this was indicative of a trend in post-secondary education at LeeCC. Chancellor Peñaloza stated that a review of trend data has revealed that, while overall enrollment is declining, enrollment in CTE programs is increasing. He noted that LeeCC's increased promotion of its CTE programs as a viable educational alternative for some individuals, as well as greater interest in workforce development and workforce ready programs as a result of the economic impacts of the COVID-19 pandemic, are contributing factors to the increase in CTE enrollment.

Citing the self-assessments conducted by faculty on CLOs, Regent Acoba asked about the process used to perform these assessments and whether the findings were made public and shared with students. Mr. Oishi explained that CLO assessments are based upon an established set of metrics for a particular academic discipline, including

whether students met, exceeded, or failed to meet specific learning outcomes and are not based upon grades received by students. Data from instructors within an academic discipline regarding these metrics is collected, aggregated, and housed in an assessment management system. This analysis is then reviewed by faculty members to determine whether or not CLOs were achieved, as well as areas in which educational improvements, including improvements in instructional techniques, can be made to provide better opportunities for students to achieve academic success. He stated that the assessments are intended to initiate open and honest conversations among faculty regarding teaching practices so as to encourage genuine improvement. As such, the results of these assessments are not public record.

Regent Acoba praised the efforts of ASUH-LeeCC to continuously engage their constituency. He also requested further information on Constitution Day which was referenced in their presentation. Mr. Williamson stated that it was his understanding that educational institutions receiving federal funding were required to host educational programming for their students focused on the United States Constitution. He remarked that ASUH-LeeCC was planning on holding a few events for Constitution Day including a trivia quiz as well as discussions comparing the Constitution of the State of Hawai'i to the United States Constitution.

Regent Wilson asked whether the faculty management assessment program being used at LeeCC was also being used at other community college campuses. Chancellor Peñaloza stated that Hawai'i Community College is utilizing the same faculty management assessment program. He also noted that conversations have been occurring among the community colleges, as a system, on adopting a common faculty evaluation assessment tool.

V. COMMITTEE AND AFFILIATE REPORTS

A. Report from the Committee on Budget and Finance

Committee Chair Westerman summarized the committee report.

B. Report from the Committee on Planning and Facilities

Committee Chair Nahale-a summarized the committee report.

C. Affiliate Reports

UH Student Caucus: Regent Acopan reported that the UH Student Caucus held its first meeting of the academic year on September 11, 2021, and is currently in the process of determining the priorities for the year and electing a new executive board.

All Campus Council of Faculty Senate Chairs (ACCFSC): Regent Wilson reported that the ACCFSC held its first meeting of the year at which time the ACCFSC co-chairs were elected. Discussions occurred on several academic issues including the status of work being performed by the GenEd Curriculum Design Team which was formed in the summer of 2021 to examine and revamp the GenEd curriculum.

Mauna Kea Management Board (MKMB): Vice-Chair Nahale-a reported that MKMB continues to evaluate the general operations and stewardship of Mauna Kea and has reviewed the draft CMP. The decommissioning plans for CSO were also approved and MKMB is presently reviewing the decommissioning plans for Hōkū Ke‘a. Additionally, ongoing discussions are occurring on the challenges and difficulties being faced with regard to recruiting community members to serve on MKMB; the status and work of a legislative working group established to develop recommendations for a governance and management structure for Mauna Kea; and improving community outreach and engagement on issues involving the mauna.

VI. AGENDA ITEMS

A. Consent Agenda

- 1. Approval of Fiscal Year (FY) 2021-2022 Operating Budget**
- 2. Approval of the Operating Budget for the Office of the Board of Regents and Office of Internal Audit for FY 2021-2022**
- 3. Approval of the Fiscal Biennium 2021-2023 Capital Improvement Project Expenditure Plan**

Regent Wilson moved to approve the consent agenda, seconded by Regent Higaki, and the motion carried with all members present voting in the affirmative.

B. Approval of Appointment of Andy Adamson to MKMB (Deferred from the August 19, 2021 Meeting)

Chair Moore explained that the requested appointment of Dr. Andy Adamson to MKMB was deferred at the August 19, 2021, meeting of the board to allow Regents additional time to review Dr. Adamson’s background, particularly with regard to community engagement efforts.

Chancellor Irwin reiterated the challenges faced in recruiting individuals to serve on MKMB. She also stated that, despite the steep learning curve encountered by all nominees to MKMB upon official appointment given the breadth and detail of information provided in the numerous reports and plans regarding the mauna, appointees are expected to thoughtfully consider information and materials presented so that they are able to provide knowledgeable input into deliberations and make informed decisions on challenges, plans, and projects involving Maunakea. Appointees are also expected to listen to and consider community concerns, as well as any comments and concerns of their fellow board members. She referenced a statement provided by Dr. Adamson that was contained in the materials provided to the board and noted that he was present and also available to answer any questions Regents may have regarding his background including his work in community engagement.

Vice-Chair Kudo and Vice-Chair Nahale-a both stated that they had the opportunity to meet and speak with Dr. Adamson to discuss his thoughts on community engagement related to Maunakea and are supportive of his nomination.

Regent Acoba inquired if Dr. Adamson wanted to make a statement to the board concerning his nomination. Dr. Adamson thanked the board for the opportunity to be appointed to the MKMB, stating that he understands the time commitment necessary to serve on the management board but looks forward to providing input and working on the complex challenges and issues facing Maunakea should his appointment be approved.

Vice-Chair Kudo moved to approve the appointment of Dr. Adamson to the MKMB, seconded by Vice-Chair Nahale-a, and the motion carried with all members present voting in the affirmative.

C. Atherton Student Housing and Innovation Center (Center) Project at Tax Map Key No. (1) 2-8-016-001:

- 1. Status Update and Organizational Structure**
- 2. Sublease between the University of Hawai'i and a Nonprofit Entity to be identified to allow the University to sublease space in the Center**
- 3. Student Housing Affiliation Agreement between the University of Hawai'i and a Nonprofit Entity to be identified to support the Center**

Chair Moore indicated that this item was being presented for information and discussion only and that board action on matters related to the Center Project, also known as the Atherton Project, would not occur until the October meeting. Despite the lack of specifics on certain aspects of the Atherton Project, he explained that the complexity of some of the Project's transactions, as well as the shortened timeframe to obtain board approval once details of these transactions are finalized, warranted a review and discussion at this time.

VP Young echoed the comments made by Chair Moore stating that the administration requested the opportunity to present some of the particulars regarding the Atherton Project to afford Regents additional time to review and grasp elements of its complex business structure. He stated that the administration was hopeful that it would return to the board in mid-October to seek approval for a sublease agreement and student housing affiliation agreement associated with the Project after these agreements have been presented to the Committee on Planning and Facilities.

Background information on the Atherton Project, which focuses on the development of innovation space and 220 student housing units at the site of the Charles Atherton House and Mary Atherton Richards House, was provided with VP Young noting that the Project is being undertaken through a public-private partnership between the University of Hawai'i Foundation (UHF), which owns the properties, and the Hunt Development Group. He stressed that, in addition to property and facility maintenance, the Hunt Development Group would be responsible for designing, constructing, financing, and operating the facility and that the university's involvement with the Project revolves primarily around its position as an occupant of the facility.

Several milestones necessary for continued progress on the Atherton Project including the termination of leases between the university and UHF, as well as leases

with commercial tenants; approval of a request made to the Honolulu City Council to modify the university's Plan Review Use (PRU) permit to include the Atherton Project; and issuance of demolition permits have already been reached. VP Young reported that Project partners continue to refine negotiations on various documents including ground lease, sublease, affiliation, and development agreements, and that the issuance of \$75 million in bonds to finance the Project is expected to occur in October. Exterior rehabilitation work and interior renovations of the historic Charles Atherton House is anticipated to begin near the end of this calendar year with full construction expected to begin once bond financing is secured. The Project is presently scheduled to be completed and ready for occupancy by Fall 2023.

VP Young reviewed the intricate organizational arrangement of the business structure for the Atherton Project and provided details of the interconnections between all involved parties as well as several agreements being negotiated including development, management, financing, affiliation, and sublease agreements. He stated that the overall development agreement is between UHF and the Hunt Development Group; a facilities management agreement will be entered into with BHom, a private student housing operator utilized by numerous colleges and universities across the country; and that financing for the Project will be arranged through the Public Finance Authority, a governmental entity in Wisconsin, which has an agreement with RBC Capital Markets to issue bonds. The university expects to secure a 40-year sublease with the facility owner for approximately 23,000 square feet of the facility with lease rent for the space anticipated to be \$250,000 per year with provisions for periodic negotiated rental increases. UHM's Pacific Asian Center for Entrepreneurship (PACE) in the Shidler College of Business plans to utilize just under 10,000 square feet of the gross leasable square footage for an innovation center. The university, in turn, intends to sublease the remaining space to other entities, programs, enterprises, or businesses involved in the innovation sector. The university is also expecting to enter into a 40-year affiliation agreement which will formalize its affiliation with the Atherton Project and outline the nature of this affiliation, including the obligations and expectations of the signatory parties.

Regent Haning inquired about the individual or entity that will be representing the university's interest with regard to the leasable space it is seeking to utilize within the Atherton Project. VP Syrmos replied that the Office of the Vice President for Research and Innovation (OVPRI) would be the entity managing the innovation space. OVPRI would also be responsible for the \$250,000 in lease rent and believes it will recover these costs through the subleasing of space not being used by PACE.

Regent Bal asked about the annual lease rent that will be paid by the university for use of the facility stating that cost appears to be \$11 per square foot per year. VP Young replied that Regent Bal's assessment was correct given the overall facility space of 23,000 square feet the university is planning to lease. However, just under 10,000 square feet will be used by PACE for its innovation programs which lessens the amount of leasable square footage available for OVPRI to attempt to generate revenue and will result in slightly higher lease rents for entities subleasing space from the university. VP Syrmos added that lease rent for the Mānoa Innovation Center (MIC), which is also

managed by OVPRI, is between \$3.50 and \$4 per square foot per month and he is confident that similar rates could be achieved with the new innovation center space at the Atherton Project. He stated that OVPRI's priority is to generate at least \$250,000 in revenues to cover overall lease rent costs.

Referencing the existence of MIC, Regent Bal asked whether the innovation center planned for the Atherton Project would compete with the activities occurring at MIC. VP Symos responded that the activities that are occurring at MIC mainly involve more established innovation companies and projects. The innovation center at the Atherton Project is intended to be used more by start-up types of activities and will complement the MIC by increasing the inventory space for innovation sector work. President Lassner added that leasing smaller spaces to start-up companies could afford PACE students who are in-residence at the Atherton Project with an opportunity to apply their education through serving as interns or employees with these companies.

Regent Bal requested clarification on the non-profit owner of the Atherton Project's facilities. VP Young replied that business structure for the Atherton Project is fairly conventional for university housing projects. The owner and operator of the facility must be a non-profit entity since benefits are received from the sale of tax-exempt bonds for project financing. The administration did not initially identify the non-profit owner of the facility as there were a number of possible candidates still under consideration. However, this issue was recently addressed and he introduced Mr. John Han, Chief Operating Officer for UHF, who would provide further information on this matter. Mr. Han stated that UHF evaluated numerous options for ownership of the Atherton Project's facilities and after careful consideration determined that UHF would be the most ideal entity to own the facilities.

Regent Wilson asked if his understanding that BHom, rather than the university, would be operating, maintaining, and managing the student housing portion of the Atherton Project was correct. VP Young replied that the university was offered the opportunity to operate the student housing units at the Atherton Project but decided that establishing an agreement with BHom to operate, maintain, and manage these units was in the best interest of the university.

Regent Acopan questioned the student population that will be served by the housing units in the Atherton Project. VP Young stated that, because the Atherton Project has been included in the university's PRU permit, there has to be a university affiliation with individuals residing in the housing units located in the Atherton Project facilities. While any student within the university system can apply for a unit, the administration believes that the enhancement of the facility with an innovation center will likely result in mainly undergraduate students, particularly those enrolled in PACE programs at UHM, residing in these units. Susan Yamada, Executive Director of PACE stated that the facility is intended to be a live, learn, work, innovation, and entrepreneurship type of facility geared towards freshman and sophomores who indicate an interest in this type of living arrangement. The university is also focusing on attaining a resident population across a wide range of disciplines of study to enhance interactions and generate a collaborative learning and working environment.

Vice-Chair Kudo noted that there appeared to be two streams of revenue for the Atherton Project, lease rent for commercial space and rent for the student housing units, and inquired about the rental rates for the student housing units. VP Young replied that, since the university is not assuming any responsibility, liability, or obligations for the student housing facility, it will not receive any revenue from the rental of the student housing units. BHom, the identified operator of the student housing facility, will be responsible for ensuring that the student housing facility is financially sustainable for its business model. Given this information, Vice-Chair Kudo asked whether the university would receive any payments from BHom for use of the facility. VP Young responded that any excess revenues acquired by the Atherton Project, other than sublease rent for the innovation space that will be paid to the university, will become realizations of UHF. However, the university and UHF are currently working to establish a revenue sharing arrangement that will be beneficial to both UHF and the university. Depending upon the final revenue sharing agreement adopted, he opined that there is long-term potential for the Atherton Project to generate revenues for the university.

Citing the university's obligation for \$250,000 in annual lease rent, Vice-Chair Kudo asked whether the only source of direct revenues for the university will be commercial sublease rent for innovation space not being used by PACE. VP Young replied in the affirmative. Vice-Chair Kudo expressed his concerns about the ability of the university to meet its financial obligations for the annual lease rent despite statements from VP Syrmos that the university will break even with regard to this matter.

Vice-Chair Kudo questioned whether there was any residual liability that would be faced by the university regarding the Atherton Project, particularly with regards to development, construction, management, and financing. VP Young replied that the university retains no liability for the Atherton Project. While UHF has assumed some risks, the majority of the liability for the Project has been assumed by the private developer.

Vice-Chair Kudo asked about UHF's long-term plans for maintaining title to the Atherton property. Mr. Han replied that UHF's goal is to ensure that the Atherton Project is successful while limiting the exposure to potential risks and noted some of the actions taken by UHF to achieve this goal.

Stating that it appeared PACE would not be paying rent for use of their portion of the innovation facility, Vice-Chair Kudo questioned whether there was a contingency plan in place should the university be required to lease additional space to generate revenues to cover its lease rent costs. VP Syrmos replied that this scenario has not been discussed and no contingency plans are currently in place.

Regent Wilson asked whether the university was financially liable for the \$250,000 in lease rent for space in the Atherton Project. VP Syrmos responded in the affirmative.

Noting that UHF holds the title to the Atherton Property, Regent Wilson requested clarification as to ownership of the facilities and other assets located on the property. Mr. Han replied that UHF will remain the owner of the property and that, through a leasehold mortgage, a nonprofit owner will own the buildings and other assets located

on the property. Once the bond financing is fully amortized, the lease will be terminated and ownership of those assets and facilities, including any improvements, will revert back to UHF.

Regent Acoba inquired about the 40-year term of the lease and plans for use of the property, as well as the university's role and input into this use, once the lease expires. Mr. Han replied that the duration of the lease is based upon an established bond financing schedule and that, while it is difficult to predict what the property will be used for in 40 years, UHF is hopeful that use of the property will continue to benefit the university and its students.

Regent Acoba asked if the proposed affiliation agreement was modeled after other affiliation agreements. VP Young responded that the affiliation agreement is modeled after similar affiliation agreements that have been used by other universities. However, each affiliation agreement is unique in that it formalizes a university's depth of involvement in, and affiliation with, a particular facility. Affiliation agreements are important because it solidifies a university's connection to the project which is of particular interest to bond investors. He highlighted that the affiliation agreement being proposed by the university is more qualitative than quantitative because the university is attempting to minimize its obligations for the Atherton Project.

Stating that it was his recollection that the Atherton Project was initially intended to be a partnership between the university and UHF to develop student housing, Regent Acoba expressed his concerns about the university's relinquishing control of the property to UHF which could result in the property being used for purposes that are not beneficial to the university once the lease expires. VP Young replied that the original plans to use the Atherton properties solely for student housing was not achievable because the university did not have the capital to complete this project and make it a profitable venture. UHF then acquired the parcels and worked with the university in reimagining the Atherton Project in a way that would still achieve the objective of providing student housing while utilizing private interests to develop and manage an economically viable facility. He stressed that the university did not provide any funding or assume any risks for the Atherton Project and does not own the properties. Therefore, the university does not have any control over use of the property in the future. He also emphasized that UHF will retain the property rights at the end of the lease term and that part of its mission is to raise philanthropic support and manage private investments for the benefit of the university. Regent Acoba reiterated his belief that the lease documents should include provisions to ensure that use of the Atherton property remains beneficial to the university once the lease expires.

President Lassner commended the work of VP Young, VP Syrmos, Executive Director Yamada, UHF, and their staff in reimagining the Atherton Project. The Atherton Project will provide a dynamic, immersive, educational, and living experience, and become part of a portfolio of innovation-related properties intended to create more innovation and entrepreneurship opportunities to assist in the diversification of Hawai'i's economy.

VII. EXECUTIVE SESSION (closed to the public)

Chair Moore stated that it would not be necessary to convene in executive session.

VIII. AGENDA ITEMS (continued)

A. Report of the Tenure Permitted Interaction Group (*For Information Only – No Board deliberation or action will occur at this meeting, pursuant to Section 92-2.5(b), Hawai‘i Revised Statutes. Deliberation and decision making will occur at the next Board meeting.*)

Chair Moore explained the processes, procedures, and statutory parameters that govern permitted interaction groups. He noted that the Report of the Tenure Permitted Interaction Group that contains the findings of the permitted interaction group, as well as a proposed resolution and amended policies, have been provided in the board materials packet and is for information only, with discussion and potential action to occur at the next board meeting.

IX. ANNOUNCEMENTS

Chair Moore announced that the next board meeting was scheduled for October 21, 2021, at a location to be determined.

X. ADJOURNMENT

There being no further business, Regent Wilson moved to adjourn, seconded by Regent Haning, and with all members present voting in the affirmative, the motion carried and the meeting was adjourned at 11:17 a.m.

Respectfully Submitted,

/S/

Kendra Oishi
Executive Administrator and Secretary
of the Board of Regents