

MINUTES

**BOARD OF REGENTS COMMITTEE ON INSTITUTIONAL SUCCESS
MEETING**

MAY 2, 2024

A video recording of this meeting may be viewed at the Board of Regents website as follows:

[Meeting Video](#)

I. CALL TO ORDER

Chair Gabriel Lee called the meeting to order at 10:40 a.m. on Thursday, May 2, 2024, at the University of Hawai'i (UH) Floor Conference Room 105A/B, 2520 Correa Road, Honolulu, Hawai'i 96822, with regents participating from various locations.

Committee members in attendance: Chair Gabriel Lee; Vice-Chair

administration's finalizing of terms for an exclusive negotiating agreement with Island Film Group (IFG) as a potential developer for UHWO University District Lands.

Chair Lee, Regent Abercrombie, and President Lassner engaged in robust discussions on the matter of the MOA between the university, HCDA, and HHFDC, as well as the exclusive negotiating agreement between the university and IFG, with both Chair Lee and President Lassner stating updates on these issues were noted on the committee's agenda for today. Regent Abercrombie vehemently stressed the need for greater proactive involvement by the board in matters such as those mentioned above, especially when they pertain to the potential use of university lands and associated agreements.

Both Chair Lee and Regent Higaki expressed their strong belief in allowing the administration to negotiate terms of land use agreements which they believe would be most advantageous for the university given their expertise in, and knowledge of, these matters, with both stating the board has the final say in approving or disapproving these ,evtati6 (v)1er
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Jill Nunokawa provided oral comments on the proposed development agreement

IV. AGENDA ITEMS

A. Fiscal Year (FY) 2023-2024 Third Quarter UBS Legacy Endowment Fund Investment Performance Report

Kyle Yoneshige and Lori Hamano from UBS provided a report on the Fund for the third quarter of FY 2023-2024. Mr. Yoneshige briefly went over the Fund's asset allocation and investment performance; drew attention to a \$2.3 million distribution of funds to the university in January 2024 stating these monies were raised in November 2023; and noted the Fund's compliance with all investment policies contained within Regent Policy (RP) 8.207.

Ms. Hamano briefed the committee on current economic conditions mentioning several factors contributing to market volatility including delays in interest rate cuts by the Federal Reserve due to persistent inflation, geopolitical tensions, and upcoming elections. All things taken into consideration, UBS maintains its belief that equities, especially international equities, still afford the best opportunity for long-term returns on investment at this time.

Regent Abercrombie asked if UBS believes the Federal Reserve will not be lowering interest rates for the foreseeable future as has been reported in financial publications. Mr. Yoneshige responded in the affirmative.

B.

Lot C for JABSOM and UHCC users were less than those charged to other individuals or entities using the parking facility.

Citing the essential nature of parking for users of JABSOM and UHCC, in particular students, Regent Haning inquired as to whether the university has ever sought to acquire Lot C rather than leasing a portion of the property from HCDA. Dr. Foster replied that JABSOM, working in partnership with the university system and in collaboration with HCDA, has attempted to find more long-term solutions for parking near the Kaka'ako campus. However, given that HCDA has future plans for the parcel, attempts at securing Lot C for potential use as a permanent parking facility have thus far been unsuccessful. Dr. Foster also spoke about other alternatives considered, including the construction of a parking garage in the courtyard on the main campus grounds which a study determined to be feasible but untenable for JABSOM users.

Regent Mawae declared her support for the requested fee increase especially in light of the permit parking rates being charged at UHM some of which she believed to be exorbitant. She also asked if JABSOM and UHCC were able to accommodate all requests for parking permits, and if not, where the individuals who were unable to attain a permit parked. Dr. Foster replied that JABSOM and UHCC were currently able to accommodate all requests for parking permits utilizing either Lot C or the main parking area on the campus proper. However, visitor parking remains an issue.

Referencing Dr. Foster's comments with respect to Lot C, Regent Abercrombie sought information about HCDA's future plans for development of the property. Dr. Foster stated she was uncertain about HCDA's current intent for the parcel but believed past plans included development opportunities in partnership with Stanford Carr. Executive Director Nakamoto provided information on past plans for Lot C, which currently houses the Entrepreneurs Sandbox, a community innovation facility operated by the Hawai'i Technology Development Corporation (HTDC). Although some of the proposals for disposition of this parcel included the building of office space for technology or high technology uses under a partnership agreement with Stanford Carr Development, LLC., this is no longer the case. HCDA is presently considering working with HTDC to determine the most suitable, best use for this property. Executive Director Nakamoto also emphasized that any plans for the development of the remainder of Lot C will take into account the parking needs of the Kaka'ako region, including those of JABSOM, UHCC, and other state agencies located in the area, and attempt to address them accordingly.

Taking into consideration the abovementioned response, Regent Abercrombie and Executive Director Nakamoto engaged in a lengthy conversation about HCDA's long-term plans for Lot C, as well as the astuteness of engaging with HTDC, UHCC, JABSOM, and others in the establishment of a master plan for the area inclusive of parking amenities.

Regent Abercrombie moved to recommend board approval of revisions to Attachment 1 of RP 10.207, as requested, seconded by Regent Paloma, and the motion carried with all members present voting in the affirmative.

Committee on In

Regent Mawae inquired about average room rates at a Plaza facility. Mr. Metter stated room rates at a Plaza facility range from \$6,000 up to somewhere above \$13,000 or \$14,000 per month depending upon the level of assistive care an individual requires. He also pointed out that Plaza facilities consist entirely of rental units unlike other assisted living or skilled nursing type of facilities which can typically cost around \$18,000 per month depending on the level of care needed and usually involve large, up-front buy-ins of hundreds-of-thousands-of dollars.

Vice-Chair Akitake asked if Plaza facilities accepted Medicaid. She also sought clarification as to whether the collaborative opportunities mentioned earlier, such as those involving JABSOM and the university's nursing programs, are specifically laid out in the development agreement. Mr. Metter replied that Plaza facilities do not take Medicaid as a form of payment. With respect to collaborative opportunities for university academic programming, while this concept is currently written into the development agreement, language detailing specific programs and arrangements is not and is something that will need to be worked out over time. Nevertheless, discussions have taken place between the administration, various university departments, and MW Group about the prospects of developing experiential learning curricula such as the islands.

Referencing comments made by testifiers about the duration of the ground lease and noting the possibility of concepts changing over such a long time period, Vice-Chair Akitake questioned whether the ideas offered today could somehow be memorialized in the development agreement. VP Young responded that, while the concept of formulating collaborative opportunities to enhance the university's educational programming can be generally reflected in the development agreement or ground lease arrangements for the parcel in question, ongoing exploration of occasions in which the university and MW Group could experience mutually beneficial outcomes throughout the course of the lease via a variety of academic programs would not be laid out prescriptively in the development agreement document. However, he stressed the notion of these collaborative opportunities, as well as other suggestions made at this meeting, could be included in something such as a preamble to the development agreement. Additionally, input from regents will be taken into consideration when formulating the final development and lease agreements, both of which will require approval by the full board.

Regent Abercrombie shared his thoughts on the opportunities afforded to both the university and MW Group by this agreement and expressed his desire for a Medicaid element to be taken into consideration for this specific Plaza facility when final lease terms are negotiated, particularly given the project's use of university lands. He then spoke at length about the growing need for assisted living facilities in Hawai'i, the expenses associated with the provision of long-term care, and failed attempts to address this matter at the Legislature.

An extended conversation took place between Regent Abercrombie, Regent Akitake, and Mr. Metter regarding the business model for Plaza facilities as compared to other

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including leasehold, for sale residences in the plan; and the impacts of high interest rates and development costs on the building of affordable housing, among other things.

Regent Abercrombie asked if a study was done to determine whether the income demographics of West O'ahu comport with the affordable housing plan being put forth and gauge the interest for purchasing of these residences among students, faculty, and staff of UHWO. VP Young replied that, although UHWO along with the university system is already engaging in a market sounding study for student housing in the area, this issue is separate and apart from the matter presently being talked about. Nevertheless, information gathered via this study will help to inform the economic feasibility of this project. He also mentioned the current proposal's intent of providing affordable housing for the open market as opposed to specifically targeted groups of individuals such as faculty, students, and staff of UHWO; underscored the ability for qualifying individuals within the immediately preceding constituencies to apply for a unit; noted some requirements contained within the MOA were placed in there due to land use restrictions placed upon the university when it secured the entitlements to the property; and reiterated previous remarks he made about the administration and its development partners taking into consideration input and suggestions from regents for possible inclusion in RFP or other agreements between the three agencies.

A vigorous debate arose between Regent Abercrombie and VP Young on the willingness of the administration to take into consideration the ideas and desires put forth by regents on projects such as this one, the need for affordable housing in Hawai'i, and the criteria to determine the affordability of units within this development.

Chair Lee inquired about the status of the RFPs for this development project. VP Young stated HCDA is currently reviewing and evaluating design-build proposals for the roadway portion of this project and expects to issue an RFP sometime in May.

existence of several nonprofit entities in Hawai'i who would be willing to build affordable rental housing on the West O'ahu parcel.

Chair Lee asked if the administration, HCDA, and HHFDC will be providing additional updates on this project. VP Young replied in the affirmative stating regents requested periodic updates on this project at a previous meeting. He also noted the provision of quarterly updates on strategic land initiatives provided to the full board which includes this project.

The meeting recessed at 1:42 p.m.

The meeting reconvened at 1:56 p.m.

D. University Land-Related Strategic Initiatives and Partnerships Program, FY2023-24 Third Quarter Report

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 third quarter of FY 2023-2024 and, in the interest of time, highlighted the following, taking into consideration the previous discussions on several projects:

- University Avenue 'Ewa Parcel Project: The administration has selected a consultant to undertake a feasibility study for the redevelopment of the parcel and is currently in the process of finalizing contract terms with this entity.
- [redacted] sued an invitation to submit proposals for the rehabilitation or redevelopment of a 6.75-acre site located at 430 [redacted] Hilo so that it can continue to serve as housing for UHH students, faculty, and staff in early April with responses due by July, 2024. Additionally, the lease extension with ASH Hawai'i, which was approved by the board at its February 16, 2024, meeting, is in the process of being finalized.

Regent Abercrombie sought clarification on the purpose of the feasibility study for the University Avenue 'Ewa Parcel Project. Director Shibata touched upon plans for the phased relocation of current uses on the parcel to other portions of the UHM campus proper. The feasibility study is intended to analyze and determine the best suitable uses for the parcel. Information obtained from the study can then be used to develop a long-range plan for the property. Regent Abercrombie asked if the construction of affordable housing was one of the uses being evaluated for the property. Director Shibata replied in the affirmative.

Referencing plans for the demolition of the Public Broadcasting Service Hawai'i (PBS) building which is located on the University Avenue 'Ewa parcel, Regent Abercrombie inquired about the rationale for doing so as opposed to renovating the building for use by the Academy of Creative Media's School of Cinematic Arts (ACM/CINE) at UHM, which he understood was supposed to occupy the facility. VP Gouveia replied that a decision was made to demolish the PBS building due to safety concerns and the necessity of making significant code upgrades for the building to be

utilized as an educational facility, which has been estimated to be in the millions of dollars. She further explained that just over six years ago the board adopted a broader, six-year strategic plan for UHM, one element of which was to bring all core academic programs, including ACM/CINE, onto the core UHM campus. At the time it was anticipated that the administration could consider land on which the PBS building is located for other, higher-use purposes, once UHM tenants residing on the parcel vacated the property.

Regent Abercrombie vehemently disagreed with VP Gouveia as to the condition of the PBS building and the amount of funds necessary for its rehabilitation. He and VP Gouveia engaged in dialogue relating to, among other things, what appeared to be an abrupt change in direction concerning the relocation of ACM/CINE at UHM to the PBS building; and the absence of plans to develop amenities for ACM/CINE at UHM, which was an up-and-coming program with high enrollment that could serve to diversify Hawai'i's economy. Regent Abercrombie and VP Gouveia further discussed the ACM facility at UHWO and its availability for use by ACM/CINE students at UHM; past regent requests for the administration to consolidate duplicative programs and utilize more shared space on campuses; the board's creation of an Integrated Academic Facilities Plan which stressed more strategic use and construction of university facilities; the causes behind the deterioration of the PBS building to the point where it needed to be leveled; attempts to find suitable tenants for the facility in its current state; the demolition timeline; whether any other structures on the parcel were going to be torn down; and the . With respect to this last point, Director Shibata stated no other facilities on the University Avenue 'Ewa parcel were being considered for demolition at this juncture.

Regent Paloma asked if funds for tearing down the PBS building were obtained, and if so, what the fate of those monies would be should a decision be made by the board to stop the demolition. VP Gouveia noted the receipt of \$2 million from the Legislature in Renew, Improve, and Modernize funding for demolishing the PBS building and stated the funds will lapse should they not be encumbered by June 30, 2024.

Chair Lee inquired whether a contract had already been awarded for tearing down the PBS building. VP Gouveia responded that while a solicitation for the project did go out, a contract for removal of the structure has not yet been awarded.

Further discussions occurred between Regent Abercrombie, President Lassner, and VP Gouveia on the administration's response to the facility needs of ACM/CINE at UHM and ended with Regent Abercrombie voicing his displeasure with the responses he received.

V. ADJOURNMENT

There being no further business, Chair Lee adjourned the meeting at 2:30 p.m.

Respectfully Submitted,

/S/

Yvonne Lau
Executive Administrator and Secretary
of the Board of Regents