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**Notice of Meeting
 UNIVERSITY OF HAWAI'I**

BOARD OF REGENTS COMMITTEE ON INSTITUTIONAL SUCCESS

Members: Regents Lee (Chair), Akitake (Vice-Chair), Abercrombie, Higaki, and Paloma

Date: Thursday, February 15, 2024

Time: 2:30 p.m.

Place: University of Hawai'i at Hilo
 Daniel K. Inouye College of Pharmacy
 Hale Kiho'iho'i Room 101
 722 South Aohoku Place
 Hilo, HI 96720

See the Board of Regents website to access the live broadcast of the meeting and related updates: www.hawaii.edu/bor

AGENDA

- I. Call Meeting to Order**
- II. Approval of Minutes of the November 2, 2023 Meeting**
- III. Public Comment Period for Agenda Items:**

Individuals who are unable to provide testimony at this time will be allowed an opportunity to testify when specific agenda items are called.

All written testimony on agenda items received after posting of this agenda and up to 48 hours in advance of the meeting will be distributed to the board. Late testimony on agenda items will be distributed to the board at the beginning of the meeting. Written testimony may be submitted via the board's website through the testimony link provided on the Meeting Agendas, Minutes and Materials page. Testimony may also be submitted via email at bor.testimony@hawaii.edu, U.S. mail at 2444 Dole Street, Bachman 209, Honolulu, HI 96822, or facsimile at (808) 956-5156.

Those wishing to provide oral testimony virtually may register [here](#). Given the constraints with the format of hybrid meetings, individuals wishing to orally testify virtually must register no later than 12:00 p.m. on the day of the meeting in order to be accommodated. Registration for in-person oral testimony on agenda items will also be provided at the meeting location 15 minutes prior to the meeting and closed at the posted meeting time. It is highly recommended that written testimony be submitted in addition to registering to provide oral testimony. Oral testimony will be limited to three (3) minutes per testifier.

Although remote oral testimony is being permitted, this is a regular meeting and not a remote meeting by interactive conference technology under Section 92-3.7,

If you need an auxiliary aid/service or other accommodation due to a disability, contact the Board Office at (808) 956-8213 or bor@hawaii.edu as soon as possible. Requests made as early as possible have a greater likelihood of being fulfilled. Upon request, this notice is available in alternate/accessible formats.

Hawai'i Revised Statutes (HRS). Therefore, the meeting will continue notwithstanding loss of audiovisual communication with remote testifiers or loss of the public broadcast of the meeting.

All written testimony submitted are public documents. Therefore, any testimony that is submitted orally or in writing, electronically or in person, for use in the public meeting process is public information and will be posted on the board's website.

IV. Agenda Items

- A. Request Board Approval of an Indemnification Provision in a Contract Issued by the American Library Association ("ALA")
- B. University of Hawai'i at Hilo (UHH) Student Housing Presentation
- C. Recommend Board Approval of Authorizing the University of Hawai'i to Enter into a Sixth Amendment to the Ground Lease with the Adult Student Housing Hawai'i, Inc for the Hale Kāwili Apartments at UHH
- D. Semi-Annual Extramural Awards Update
- E. University of Hawai'i Revenue Bonds Private Use Analysis Update

V. Adjournment

DISCLAIMER – THE FOLLOWING ARE DRAFT MINUTES AND ARE SUBJECT TO FURTHER REVIEW AND CHANGE UPON APPROVAL BY THE COMMITTEE

MINUTES

BOARD OF REGENTS COMMITTEE ON INSTITUTIONAL SUCCESS MEETING

NOVEMBER 2, 2023

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 10:15 a.m. on Thursday, November 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 Gabriel Lee; Vice-Chair Lauren Akitake; Regent Neil Abercrombie; Regent Diane Paloma; and Regent Wayne Higaki.

Others in attendance: Board Chair Alapaki Nahale-a; Regent William Haning; Regent Laurel Loo; Regent Abigail Mawae; Regent Laurie Tochiki; 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 Information Technology/Chief Information Officer Garret Yoshimi; VP for Budget and Finance/Chief Financial Officer Kalbert Young; Interim VP for Community Colleges Della Teraoka; UH-Mānoa (UHM) Provost Michael Bruno; UH-Hilo (UHH) Chancellor Bonnie Irwin; UH-West O'ahu (UHWO) Chancellor Maenette Benham; Executive Administrator and Secretary of the Board of Regents (Board Secretary) Yvonne Lau; and others as noted.

II. APPROVAL OF MINUTES

Chair Lee inquired if there were any corrections to the minutes of the October 5, 2023, committee meeting which had been distributed. Hearing none, the minutes were approved.

III. PUBLIC COMMENT PERIOD

Board Secretary Lau announced that the Board Office received written comments in support of the Academy for Creative Media (ACM) System from State Senator Carol Fukunaga, the Honolulu Film Office, the faculty and administration of the New Media Arts Program at Kapi'olani Community College, Janel Quirante, Sharla Hanaoka,

Rachel Whitley, John Burns, Katie Doyle, Ryan Perroy, Candy Suiso, Sumner La Croix, Jonathon Goebel, Joel Moffet, Kevin Nguyen, and Francis Ray Cristobal.

State Senator Michelle Kidani, Beckie Stocchetti, Adam Moura, Heather Haunani Giugni, and Ty Sanga provided late written comments in support of the ACM System.

Frankie Harriss, Beckie Stocchetti, Sumner La Croix, Stephen Watkins and Sky Kauweloia provided oral comments in support of the ACM System.

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

[Written Comments Received](#)

[Late Written Comments Received](#)

IV. AGENDA ITEMS

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

Kyle Yoneshige and Lori Hamano from UBS provided a report on the Fund for the first quarter of FY 2023-2024, reviewing both asset allocation and investment performance. Ms. Hamano stated that the Fund's investment portfolio was comprised of cash, fixed-income, and equity assets, and reviewed allocations for each asset class. She provided the rationale for UBS's decision to raise \$3 million in cash at the end of the 2021 calendar year stating that this was a strategic maneuver to address concerns regarding the impact of market volatility on the Fund and drew attention to a \$2.5 million distribution made from the Fund in January 2023 to support the Regents and Presidential Scholars Program.

Mr. Yoneshige presented an overview of the Fund's portfolio performance noting that, as of September 30, 2023, the value of the Fund stood at just over \$83.8 million. While the Fund experienced a decline in gross returns of 4.22 percent for the first quarter of FY 2023-2024, he noted that the Fund continues to outperform asset category benchmarks established within Regents Policy (RP) 8.207 for calendar year 2023, particularly in regard to United States equities. However, he cautioned that expectations for the Fund to continually outperform established benchmarks must be tempered. He also mentioned that internal compliance reviews confirmed that the Fund was in accord with fossil fuel divestiture mandates and all investment policies; that no material changes or weaknesses have been identified with respect to the management of the Fund, save for a change in ownership of the international investment performance manager utilized by UBS; and that the total cost of investments for the Fund is 0.44 percent and includes 0.2 percent in fees charged by UBS and 0.24 percent in fees charged by the investment manager.

Ms. Hamano and Mr. Yoneshige briefed the committee on current economic conditions that could have an impact on the Fund's performance. They noted that inflation continues to trend downward from the unprecedented highs that were

witnessed earlier this year, although certain sectors remain sticky; the markets are expected to be choppy in the short- to near-term but optimism exists for the long-term; and that analysts believe the Federal Reserve is at-or-near the end of interest rate increases. All things taken into consideration, UBS maintains its belief that equities and high-quality bonds still afford the best opportunity for long-term returns on investment. UBS will continue to monitor the financial markets, focusing on long-term returns that consider inflation and market volatility, and adjust its investment strategy accordingly.

Regent Abercrombie asked whether UBS was ever pessimistic about the future of the markets. Mr. Yoneshige replied that, given the perpetual nature of the Fund, UBS must remain focused on long-term results rather than short-term returns, which can be impacted by emotions, when making investment decisions. He also reiterated that UBS remains optimistic about the long-term performance of market.

B. Presentation on UHM Student Housing and KMH LLC Work Plan

VP Gouveia provided an overview of UHM Student Housing Services (UHMSHS) pointing out that it operates as a special fund program and, as such, is expected to be financially self-sustaining, generating sufficient revenues to cover operational expenses as well as capital investments. She reviewed the current and former organizational hierarchy of UHMSHS; spoke about the various on-campus residence halls, which include 21 facilities that encompass more than one-million gross square feet of space, noting each structure's age, room and bed counts, and related renovation date, if any; discussed data related to UHMSHS including bed rates, revenues, and expenditures for FY 2023; highlighted some of the complexity involved with operating and maintaining a university residential facility stressing that a large divide often exists between perception and reality; and discussed some of the challenges facing residence hall operations, such as the provision of custodial services. She also noted the concerted effort by UHMSMS, under its new organizational structure, to address student housing related issues using a more holistic approach and commended the work of staff on this matter.

Vice-Chair Akitake requested information on the \$6.3 million in debt service associated with student housing and the remaining payment term. VP Gouveia replied that, to the best of her knowledge, approximately \$100 million in revenue bonds were issued in or around 2009 with about \$50 million being used towards the construction of Frear Hall and \$50 million being used for renovations to Johnson Hall, Gateway House, and the Hale Aloha Towers. Given that the typical timeframe for revenue bonds to achieve maturity is 30 years, she estimated that the remaining timeframe for paying off the aforementioned debt would be somewhere in the range of 15 years. However, she underscored that the information cited were guesstimates and stated that more precise data could be provided to regents.

Referencing information presented about UHMSHS custodial staffing levels in relation to existing standards for custodial services as determined by the Association of Physical Plant Administrators (APPA), Vice-Chair Akitake asked if Level 5 was the APPA standard's bottommost ranking and, if so, what position UHMSHS would hold within this grading system in view of the poor conditions of its housing facilities. VP Gouveia replied that Level 5 was the lowest rank included in the existing standards for custodial

services established by APPA but refrained from guessing where UHMSHS would stand in a hypothetical ranking system since there was no basis for positions below Level 5. However, she reiterated that the APPA Level 5 standard (Unkempt Neglect) denotes a staffing level of one custodian per 45,600 square feet of space and that UHMSHS's current custodial staffing level was one individual per 74,898 gross square feet of space. Vice-Chair Akitake continued by questioning whether the administration considered the situation with a lack of custodians to be at the crisis stage. VP Gouveia stated that the administration understands the seriousness of the situation and is currently attempting to nearly double custodial staffing levels for UHMSHS's residence halls, although difficulties have been experienced in recruiting individuals to fill these positions. Vice-Chair Akitake followed up by inquiring about the reasons behind the recruiting challenges being faced by the administration. VP Gouveia responded that some of the impediments to recruiting for these jobs are the temporary nature of the position and the need to recruit through the State Department of Human Resources and Development (DHRD), which oftentimes results in significant hiring delays. Vice-Chair Akitake asked if there were any other options that could be taken to address UHMSHS's custodial needs such as outsourcing or requesting emergency hiring exemptions from DHRD. VP Gouveia replied that, in the past, custodial services for UHMSHS's residence halls were provided via a third-party contractor. However, legal challenges by public worker unions stopped this practice. As such, the university is prohibited from outsourcing this work even though supplementing custodial services through a private provider would be helpful in meeting the custodial needs of UHMSHS's housing facilities. With respect to requesting emergency hiring exemptions from DHRD, VP Gouveia stated that she did not believe such a request was made in the past but that this might be an option the administration can investigate further. She also suggested that the university could explore the possibility of developing its own recruitment process for these positions to help speed up the hiring of individuals.

Chair Lee inquired as to whether consideration has ever been given to incorporating UHM's custodial services personnel pool into UHMSHS's custodial services staff to assist with meeting the custodial needs of the residence halls. VP Gouveia responded that this option is currently being discussed and evaluated. However, she stated that concerns have been raised that doing so could be detrimental to the care and maintenance of upper campus facilities due to the overextension of limited staff.

Speaking broadly about the overall maintenance of UHM facilities in relation to the upkeep of UHMSHS residence halls, Regent Abercrombie asked Blake Araki, Director of Campus Operations and Facilities at UHM, if he would be able to generate a plan to meet the immediate repair and maintenance (R&M) needs for the housing facilities that included estimated financial and personnel requirements and provide this plan to VP Gouveia so that these could be incorporated into the university's operating and Capital Improvement Project (CIP) budget requests. Director Araki responded in the affirmative.

Discussions ensued on UHMSHS's organizational structure and the ability of the administration to adjust some of the noted areas of responsibility so that the immediate R&M needs of student housing could be met.

Vice-Chair Akitake sought clarification about the president's position within the hierarchy of the UHMSHS's organizational chart that was presented by VP Gouveia. President Lassner responded that the UHM Provost and VP for Administration both report to the president of the university. Due to various circumstances, it was decided that the Director of Student Housing and associated student housing management teams would be placed under the direct oversight of the VP for Administration. Vice-Chair Akitake asked President Lassner if her understanding was correct that he had been at the top of the organizational chart for the past ten years. President Lassner responded in the affirmative.

VP Gouveia mentioned that the recently completed Residences for Innovative Student Entrepreneurs (RISE) project at UHM and the NOAA Graduate Student Housing Project that just broke ground will assist in meeting UHM's student housing needs. She also noted that custodial services for both facilities are being, or will be, provided by a third-party contractor and may serve as case studies with regard to custodial services options for other housing facilities at UHM.

Citing the three possibilities for addressing the situation with the Hale Noelani residence hall which include maintaining the status quo of inoperability, seeking funding for renovations to the point that the facility could be brought back online, or pursuing options for the construction of a new facility, Regent Abercrombie questioned if the university could use its procurement authority to rapidly renovate the Hale Noelani facility should sufficient funding be secured, submitting that it may be more efficient to complete the renovations through a partnership with a private developer. VP Gouveia responded that, in her opinion, the university could move in haste to renovate Hale Noelani should funding for this action be obtained.

Vice-Chair Akitake inquired if RISE was a State facility. VP Young replied that RISE is not considered to be a State or university facility emphasizing that it is neither owned nor operated by the university. Rather, the facility exists on parcels owned by the University of Hawai'i Foundation (UHF) and is managed, operated, and maintained solely by private interests.

In light of VP Young's response, Regent Mawae asked if her belief that the university has no control over rental rates at RISE was correct. VP Young responded in the affirmative.

Conversations took place on agreements associated with RISE that were entered into between the university and UHF, as well as existing lease agreements with the private developer. The affiliation between the university and UHF, including administrative relationships, was also discussed.

In the interest of time, Chair Lee announced that Ross Murakami, a partner with KMH LLC, would be called upon to provide information on the work plan for student housing at UHM that was being created by KMH LLC.

Vice-Chair Akitake stated that she had several more inquiries about student housing at UHM and suggested the possibility of including this matter on the agenda for another meeting. Other regents agreed that additional time was needed to examine this issue.

Mr. Murakami explained that, in June 2023, KMH LLC was contracted to develop a stable financial model for the operation and maintenance of UHMSHS's residence halls that takes into consideration all related cost factors. Formulation of this financial model will also include an analysis of UHMSHS's current bed rate structure within the context of fiscal self-sustainability to determine the necessity and extent of any price increase so that proper upkeep of the various housing facilities can be ensured going forward. While on the surface this task may appear to be simple, Mr. Murakami stated that the myriad of issues affecting student housing at UHM combined with the recent reorganization of key components of UHMSHS's management and operational structure have presented challenges to KMH LLC's efforts. Nevertheless, KMH LLC continues to work with the administration in collating accurate student housing information to achieve its goal.

Regent Abercrombie opined that a self-sustaining financial model for student housing would be nearly impossible to achieve given current economic realities. Mr. Murakami remarked that, at present, student housing is not financially self-sufficient. He reiterated that KMH LLC will be analyzing the creation of a bed rate structure with the goal of achieving financial self-sustainability for UHMSHS but cautioned that suggested pricing could be significantly above market rates and might not be a viable option.

Chair Lee asked if there was an estimated timeframe for the completion of KMH LLC's work. Mr. Murakami replied that the timeline for KMH LLC to finish its work was initially forecast to be 2024. However, taking into consideration some of the difficulties being faced in obtaining accurate and pertinent information with respect to student housing facilities at UHM, KMH LLC anticipates that this timeframe will need to be extended.

Regent Paloma expressed her belief that addressing student housing needs at UHM will serve to positively impact overall public demand for affordable housing with the freeing up of off-campus housing units currently being rented by students. She also requested that a tour of UHM's residence halls be provided to regents who were unable to attend the initial site visit.

Referencing rental pricing for units in the RISE facility, Regent Wilson held forth that the university and board are already aware of the need to charge above-market rents for student housing facilities in order to make them financially self-sufficient.

Regent Tochiki stressed the importance of addressing the immediate needs of UHMSHS's residence halls particularly with respect to issues that could impact the health and safety of students. Mr. Murakami replied that student housing issues with the potential to affect student health and safety are presently being addressed by the administration. VP Gouveia added that funding is a key issue in attending to the numerous problems with UHMSHS's student housing facilities.

C. Recommend Board Approval Items:**1. Fiscal Years Biennium (FYB) 2023-25, Supplemental Operating Budget Request for the University of Hawai'i to be submitted to the Governor and the State Legislature**

VP Young presented the FYB 2023-2025 supplemental operating budget request for the university that will be submitted to the Governor and Legislature upon approval by the board, explaining that the State budget is established for a fiscal biennium and that requests made by the university in a supplemental budget year propose changes to its existing appropriated operating budget. He briefly discussed the process for developing the supplemental budget request, emphasizing that input is solicited from the various campuses; talked about some of the items that are taken into consideration when creating the budget; reviewed the current outlook for, along with risks and uncertainties related to, the State's General Fund (GF), which is a large source of funding for the university, noting that revenue growth is expected to be lower than previously anticipated; and stated that the total supplemental operating budget request for FY 2024-2025 includes roughly \$56 million in additions to the university's base budget. He also provided specifics on, and expounded upon the justification for, a number of items within the administration's request which include, among other things, the restoration of GF appropriation reductions, as well as GF subsidies provided for athletics at both UHM and UHH; full-year funding of prior appropriations made for existing university programs; monetary support to effectuate previously enacted legislation that imposed unfunded requirements upon the university; funding for the Hawai'i Promise Program at the community colleges and expansion of this Program to four-year institutions; and financial and personnel support for long-term Maui wildfire recovery efforts, the expansion of mental health support for students, workforce development initiatives, and core services.

Noting her understanding that money was being transferred from various State departments to cover financial costs for Maui wildfire recovery efforts, Vice-Chair Akitake asked if any of the university's appropriations were being reallocated for this purpose and whether the supplemental budget proposal reflected these amounts. VP Young replied that no funds from the university's base appropriations budget have been reallocated to Maui wildfire recovery efforts. However, he noted that, due to the State's fiscal needs with respect to the Maui wildfire recovery efforts, roughly \$35 million in gubernatorial discretionary funding preliminarily slated to be allocated to the university for the purposes of supporting legislatively underfunded programs has been reduced to about \$9 million. Moreover, the governor has communicated that, should additional discretionary funds become available, the total amount the university could possibly receive will not exceed \$20 million. As such, programs that were anticipating these funds for financial support will be impacted.

Regent Abercrombie sought clarification as to the procedure for adding CIP and Renew, Improve, and Modernize (RIM) requests to the supplemental budget. VP Young replied that proposals to modify the supplemental CIP budget request can be made when that budget request is presented to the committee later in this meeting. If a suggested amendment to the supplemental CIP budget request is approved by the committee, the

budget request would be revised, as appropriate, and brought before the board for final approval at the board's November meeting.

Vice-Chair Akitake inquired about the rationale for converting 35 full-time equivalent positions within the UHM Athletics Department (UHM Athletics) from the Athletics Special Fund to the GF positions. VP Young went over the differences between sources of funding for the salary and fringe benefits of employees paid for by special as opposed to general funds. He stated that the conversion of staffing within UHM Athletics from special funded to general funded positions will help to stabilize UHM Athletics' operating budget and will also protect UHM Athletics from the dramatic increases in the State's fringe benefit rates over which it has no input or control.

Regent Abercrombie asked for an explanation of appropriation requests associated with an additional security position and personnel for ACM at UHWO. VP Young replied that insufficient personnel resources existed at UHWO to meet current campus security needs. Furthermore, there was a lack of adequate staff, such as custodians and general laborers, to provide facilities and core services support for the ACM facility at UHWO.

Regent Mawae queried whether the \$400,000 in GF monies being requested for UHH Athletics was for the provision of supplementary mental health services. VP Young replied that the request referenced by Regent Mawae was for the restoration of GF subsidies to UHH Athletics which had recently been converted from recurring to non-recurring appropriations.

Regent Mawae moved to recommend board approval of the FYB 2023–2025 supplemental operating budget request, seconded by Regent Abercrombie, and the motion carried with all members present voting in the affirmative.

2. FYB 2023-25, Supplemental CIP Budget Request for the University of Hawai'i (UH) to be submitted to the Governor and the State Legislature.

3. 6-Year CIP Plan Update

VP Gouveia provided a synopsis of the university's FYB 2023-2025 supplemental CIP budget request that would be submitted to the Governor and Legislature for consideration upon approval by the board. She noted that a total of \$211.5 million in CIP funding was being requested for the FYB and included \$122.3 million in RIM project funding; talked about the amount of fiscal resources needed to address preventative maintenance issues in addition to the university's deferred maintenance (DM) backlog; briefly mentioned previous RIM appropriations made by the Legislature relative to the university's funding request; and highlighted some of UHM's priority CIP projects. While UHM's RIM funding request did not include funding for student housing projects, she stated that the supplemental CIP budget request could be amended to include the addition of such funding. In the alternative, the administration could try to prioritize RIM projects so that some of the more pressing issues with UHMSHS's student housing facilities could be taken care of without altering UHM's current RIM funding request.

However, VP Gouveia cautioned that doing so would impact funding for other UHM RIM projects and the administration's efforts to diminish the university's DM backlog.

Regent Mawae inquired about the amount of the UHM's overall DM backlog that was attributable to student housing. VP Gouveia replied that while she did not have this information at present, these figures were available and would be provided to Regent Mawae. She also stressed that the administration is currently working on assessing the RIM needs for UHM student housing and will use the data that is gathered to make informed decisions on RIM funding requests for student housing going forward.

Regent Abercrombie asked if the administration had a rough estimate as to the amount of RIM funding needed to deal with some of the more serious issues facing UHMSHS's residence halls. VP Gouveia replied that, after discussions with her management team, it was believed that an additional \$40 million in RIM funding would allow the university to begin to take care of some of the issues facing UHMSHS's student housing facilities. She emphasized that this would be on top of the \$80 million in RIM funding needed to bring the Hale Noelani residence hall back online.

Conversations took place on the UHM's RIM funding request, including whether it would be necessary to include the abovementioned \$80 million in funding for Hale Noelani in the CIP budget request at this time or if some other alternative should be pursued, and the need for the board to support the provision of additional RIM funding for UHM to contend not only with the DM backlog but also with basic facility upkeep.

Regent Abercrombie moved to recommend board approval of the university's FYB 2023-2025 supplemental CIP budget request as presented with an amendment to add \$40 million in RIM funding for student housing and \$80 million in RIM funding for renovations to the Hale Noelani residence hall. The motion was seconded by Regent Mawae.

Board Chair Nahale-a inquired about the timeframe for the use of RIM funding. VP Gouveia replied that RIM money appropriated would need to be encumbered by June 2026.

Regent Mawae asked VP Gouveia if she believed the \$40 million in additional RIM funding was sufficient to address immediate facility needs for student housing at UHM. VP Gouveia replied in the affirmative stating that it would allow the administration to begin contending with the numerous issues impacting UHMSHS's student housing facilities.

There having been a motion that was moved and seconded, a roll call vote was taken, and the motion carried with all members present voting in the affirmative.

Chair Lee announced that, due to time constraints, Agenda Items IV.D (Presentation on Academy for Creative Media (ACM) System Background and Funding to Campus ACM Programs), IV.E (FY 2024 First Quarter Financial Status Report), IV.F (FY 2023-2024 First Quarter CIP Status Report), and IV.G (University Land-Related Strategic Initiatives and Partnerships Program, FY2023-24 First Quarter) would be deferred.

V. ADJOURNMENT

There being no further business, Chair Lee adjourned the meeting at 12:47 p.m.

Respectfully Submitted,

Yvonne Lau
Executive Administrator and Secretary
of the Board of Regents



UNIVERSITY
of HAWAII
SYSTEM

Office of the Vice President for Research and Innovation
UNIVERSITY OF HAWAII
BOARD OF REGENTS

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UH DTS #23932

February 7, 2024

MEMORANDUM

TO: Alapaki Nahale-a
Chairperson, Board of Regents

VIA: David Lassner *David Lassner*
President

VIA: Kalbert K. Young *Kalbert K. Young*
Vice President for Budget and Finance/Chief Financial Officer

VIA: Carrie K. S. Okinaga *Carrie K. S. Okinaga*
Vice President for Legal Affairs and University General Counsel

FROM: Vassilis L. Syrmos *Vassilis L. Syrmos*
Vice President for Research and Innovation

SUBJECT: Request Approval of an Indemnification Provision in a Contract Issued
by the American Library Association ("ALA")

SPECIFIC ACTION REQUESTED:

It is respectfully requested that the University of Hawai'i's ("UH") Board of Regents ("BOR") authorize UH to accept indemnity provisions in an Americans and the Holocaust: Grant Acceptance Form 2024 (the "Agreement") between American Library Association ("ALA" or "Sponsor") and the University of Hawai'i, on behalf of the University of Hawai'i at Mānoa, Library Services ("UHM Library Services").

This request is made pursuant to Hawai'i Revised Statutes Section 304A-110, appended as "Attachment 1" to this memorandum.

RECOMMENDED EFFECTIVE DATE:

It is recommended that the authorization to undertake these indemnities become effective upon board approval.

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ADDITIONAL COST:

There are no additional costs associated with this request. In accordance with §304A-110, Hawai'i Revised Statutes, the Chief Financial Officer has determined that sufficient insurance and retention exist to cover the liability of the University that may be reasonably anticipated to arise under the indemnity provision, and that no additional insurance is needed.

PURPOSE:

The purpose of this request is to obtain Board approval so that UH may enter into a contract with Sponsor to allow UHM Library Services to install and present the American and the Holocaust exhibition for a five-week period in the lobby of Hamilton Library.

BACKGROUND:

Overview of the Project

According to the ALA's website, the American Library Association was founded on October 6, 1875 and is the oldest and largest library association in the world. Its mission is to "provide leadership for the development, promotion and improvement of library and information services and the profession of librarianship in order to enhance learning and ensure access to information to all."

In partnership with and with support from the United States Holocaust Memorial Museum ("USHMM"), the ALA created a 1,100-square-foot traveling exhibition called Americans and the Holocaust (the "Exhibition"), that explores the motives, pressures, and fears that shaped America during the 1930s and 1940s. The Exhibition toured libraries across the United States from October 2021 to January 2024, and is extending its tour to another 50 libraries between June 2024 and July 2026.

UH was selected as one of the 50 libraries that will host the Exhibition sometime between June 2024 and July 2026. UH will receive \$3,000 to publicly display the Exhibition at Hamilton Library for a five (5) week period. The dates will be assigned after the grant is accepted.

In connection with the Exhibition, the UHM Library Services will present four (4) public programs related to the Exhibition. UHM Library Services has the strong support of the local Jewish community, the Department of Education, and Punahou Schools to bring the

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community and students to the Exhibition. UH's PI for this project is Clem Guthro, the University Librarian.

Indemnities Required by Sponsor

The Agreement expressly requires UH as "Host" to indemnify Sponsor as follows:

Host agrees to indemnify and to hold harmless ALA and USHMM against all damages, claims, suits, or other legal proceedings arising from or attributed to negligent or improper operation or display of the exhibition by Host, or violation of third party rights resulting from any unauthorized creation, use, display, or modification of the exhibition or advertising or publicity materials relating to the exhibition.

UH staff attempted to negotiate a deletion or substitution of the clause above with alternative language that did not require UH to indemnify Sponsor. Unfortunately, the Sponsor declined to delete or modify the language in any way to remove the indemnification obligations.

RISK ANALYSIS:

The risk analysis for the indemnification provision is described below:

First, UH believes the risk arising from or attributed to the negligent or improper operation or display of the Exhibition is low. The ALA will provide instructions on how to operate and display the Exhibition and requires a two-day orientation training before UHM Library Services receives the Exhibition. UHM Library Services agrees to follow the ALA's instructions on the proper orientation and display of the Exhibition. Furthermore, the Exhibition will be housed in the lobby of the Hamilton Library. The public regularly comes into Hamilton Library to see exhibits and participate in public programs; the risks associated with this Exhibition are no different than those exhibits and programs already conducted in the Hamilton Library.

Second, UH believes the risk of any unauthorized creation, use, display or modification of the Exhibition or advertising and publicity materials is also low. UHM Library Services will not deviate from the ALA's instructions or modify the Exhibition in any way.

In addition, ALA will also provide all the advertising and marketing materials for the Exhibition, so the creation of new advertising and marketing materials is not needed or necessary. UHM Library Services agrees to only use the advertising and marketing

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February 7, 2024
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materials provided by the ALA, and agrees not to create new materials or modify the advertising and marketing materials from ALA in any way.

ACTION RECOMMENDED:

It is recommended that the Board of Regents approve and authorize the University of Hawai'i to accept the indemnity provisions in the Agreement with the American Library Association on behalf of the University of Hawai'i at Mānoa Library Services.

Attachment (HRS § 304A-110)

c: Executive Administrator and Secretary to the Board of Regents

Attachment 1**[§304A-110] Indemnification.**

- (a) Notwithstanding any other law to the contrary, the board of regents may agree in writing to an indemnity provision by which the university agrees to indemnify, defend, and hold harmless any person, corporation, or entity that sponsors research at the university when all of the following conditions are satisfied:
 - (1) The person, corporation, or entity requires an indemnity in writing as a condition for providing a grant, benefit, service, or interest in or right to use property;
 - (2) The president, or the president's designee, following a favorable review by the university general counsel or the counsel's designee, approves the proposed indemnification; and
 - (3) The chief financial officer, pursuant to section 304A-108, has obtained an insurance policy or policies in an amount sufficient to cover the liability of the university that may be reasonably anticipated to arise under the indemnity provision or has determined that it is not in the best interest of the university to obtain insurance.
- (b) Nothing in this section shall be construed to expand the scope of liability of the university beyond that set forth in chapters 661 and 662.
- (c) Nothing in this section shall be construed to waive the immunity of the university from suit in federal courts guaranteed by the Eleventh Amendment to the United States Constitution. An indemnity provision not in strict compliance with this section shall not give rise to a claim against the university under this chapter or chapter 661 or otherwise waive the university's sovereign immunity.



UNIVERSITY *of* HAWAI'I®

HILO

Ke Kulanui o Hawai'i ma Hilo

University of Hawai'i at Hilo Student Housing

Vice Chancellor for Student Affairs Chris Holland

February 15, 2024

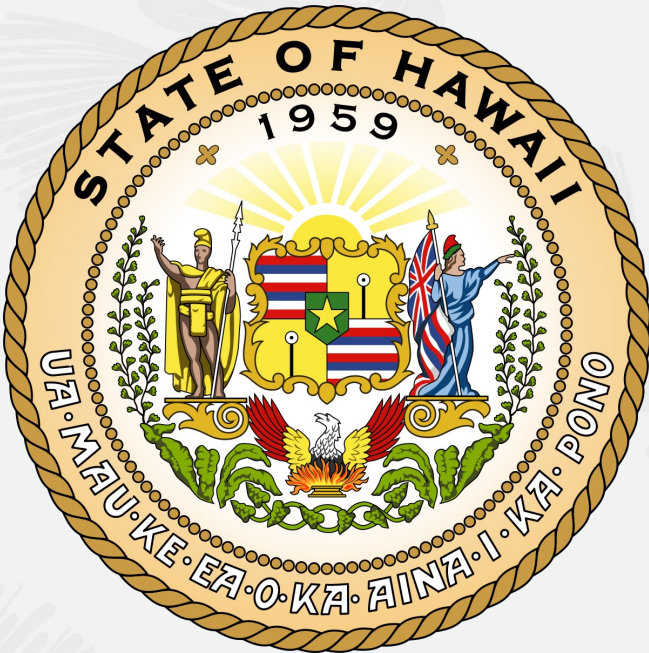
UH Board of Regents

Institutional Success Committee

UH Hilo

Legislative Background

Student Housing operates as a special fund as defined by Hawai'i Revised Statutes §37-52.3

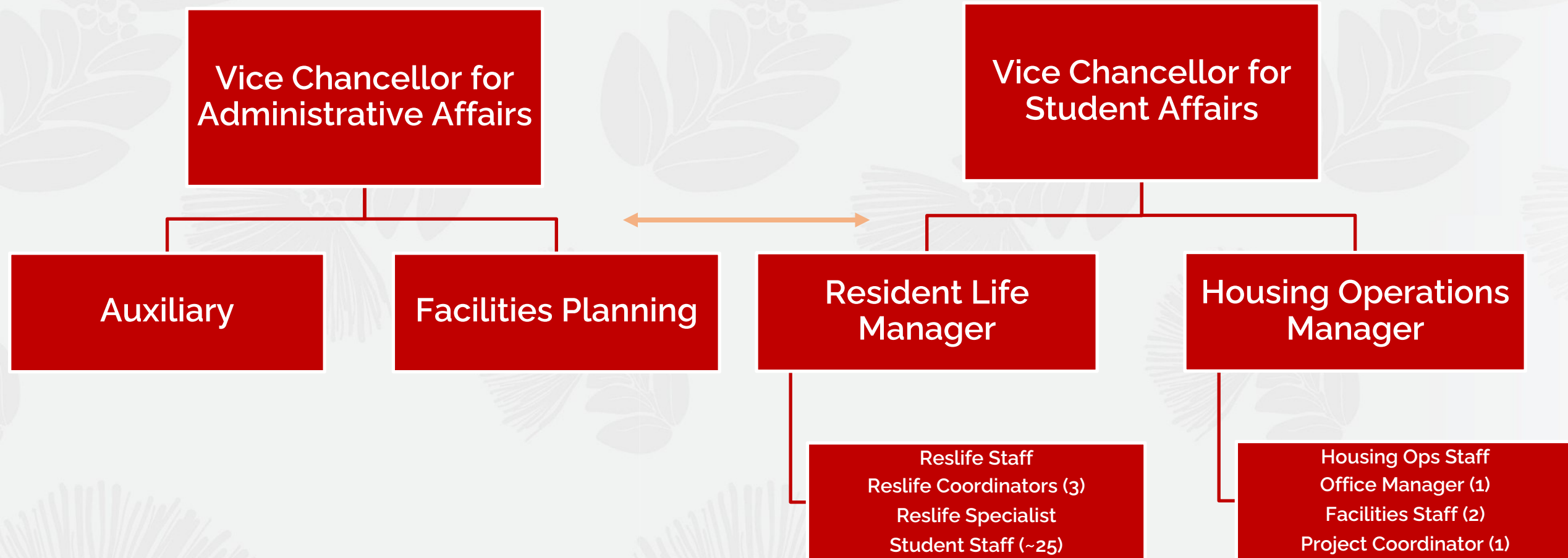


Student Housing must be financially self-sustaining and generate enough revenue to cover:

Operational Expenses
(staffing/labor, utilities, furniture, building/ground maintenance)

Capital Investments
(infrastructure improvements, aesthetic upgrades)

Organizational Structure



Housing Inventory

Residence Hall	Unit Type	Semester Rate	# of Units	# of Beds	Occupancy Rate
'Ikena (1977)	Apt 2BR	\$2,607	50	200	94%
	Apt 1BR	\$3,377	8	16	
Kauanoë (1970)	Trad Double	\$1,772	64	128	75%*
	Trad Single	\$2,658	8	8	
Kanilehua (1962)	Trad Double	\$1,772	32	64	80%
Kēhau (1990)	Suite Double	\$2,240	56	224	85%
	Suite ADA	\$2,240	6	18	
'Alahonua (2013)	Suite Single	\$3,150	150	300	98%

All residents are required to be on a meal plan (except for Hale 'Ikena):

Plan A

(\$2,594) 7 meals per week and \$500 in points

Plan B

(\$2,815) 10 meals per week and \$450 in points

Plan C

(\$3,006) 14 meals per week and \$325 in points

Plan D

(\$2,815) For Hale 'Alahonua residents only—175 meals per semester and \$300 points

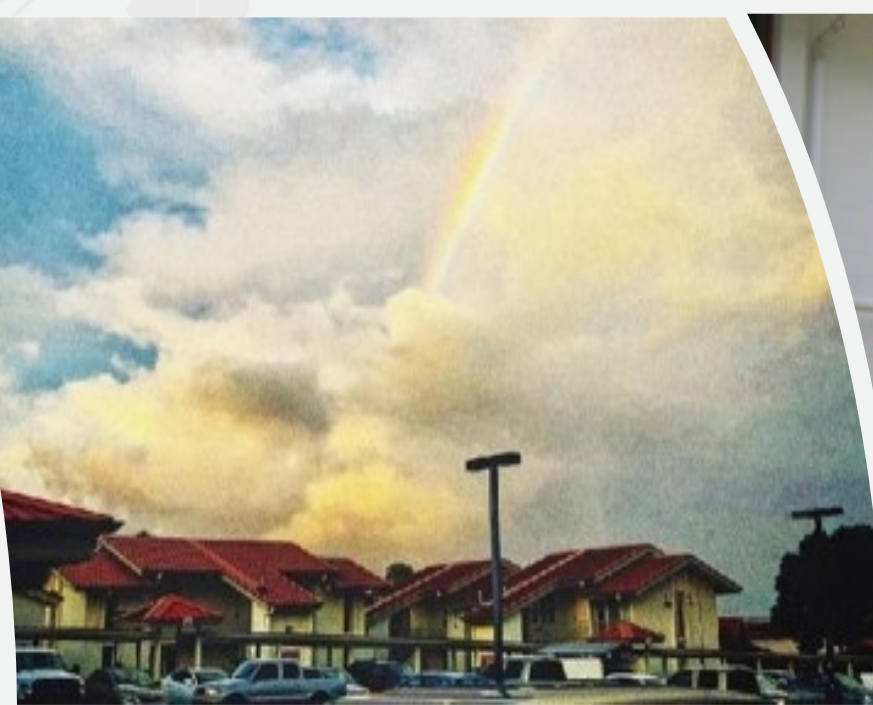
Hale 'Ikena

Recent Work:

- Shower stall replacements
- Lounge furniture replacement
- Carpeting replacement
- Putting in new transformer
- Putting in new exhaust fans

Upcoming Work:

- Waste line improvements
- Kitchen renovations
- Furniture replacement
- Fire alarm system replacement
- Network wiring upgrades
- Range/stove replacements
- Replace flooring in lounge
- Renovate electrical system



Hale Kauanoae

Recent Work:

Desk chair replacements

Lounge furniture replacement

Flooring replacement

Upcoming Work:

Replace beds, desks

Termite treatment

Waste line improvements

Computer lab upgrade

Exterior paint

Bathroom renovations



23



Hale Kanilehua

Recent Work:

- Lounge furniture replaced
- Lounge flooring replaced
- Lounge roof repaired

Upcoming Work:

- Bedroom furniture replacement
- Termite treatment
- Flooring replacement (abatement)
- Computer lab upgrade



Hale Kēhau

Recent Work:

Furniture replacement

Upcoming Work:

Window replacements

Sink replacements

Shower replacements

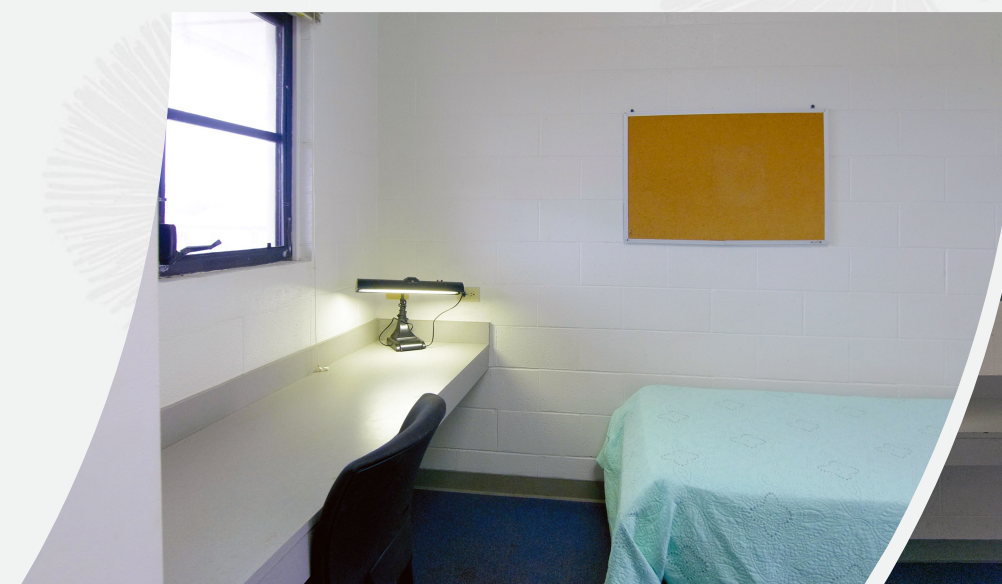
Flooring replacements

Termite treatment (Dining)

Furniture replacement (Dining)

Window replacement (Dining)

Update equipment (Dining)



Kēhau Dining

Residential all-you-care-to-eat (AYCE) dining with hot entrees, fresh salad bar, deli sandwich counter, pizzas, beverage station, etc.

Open for lunch and dinner during the week and brunch and dinner on weekends

Operated by Sodexo



Hale 'Alahonua

Upcoming Work:

Termite treatment

Security cameras

Organic growth consultant

Renovate water damaged rooms

Lounge furniture replacement

Fencing around building



Residential Life/Student Life

Programs and Services for Student Learning and Development Fostering a Sense of Belonging

- Create initiatives supporting academic success and personal growth.
- Offer workshops, seminars, and resources tailored to student needs.
- Facilitate opportunities for social interaction and community building.
- Organize events, activities, and support networks to enhance student connections.

Bridging Classroom and Living Environment Promoting Engagement and Responsibility

- Collaborate with faculty to integrate academic experiences into residential life.
- Coordinate educational programs and discussions within residential communities.
- Empower students to actively participate in their living and learning environment.
- Encourage accountability and mutual respect among residents.

Ensuring Safety and Security Emergency Response/Follow-Up

- Educate students on housing policies and procedures for a secure living environment.
- Address safety concerns promptly and implement preventative measures.
- Provide immediate assistance and support during student emergencies.
- Offer follow-up care and resources for students in distress.

Residential Engagement

Programming focuses on fostering a sense of belonging, promoting cultural competence, service learning, and self-care.

We completed 63 programs, in residence, in the fall (12-15 per month) across all five residence halls.

Currently we offer three living-learning communities and are in the process of developing affinity/themed housing for students and hope to connect to other areas of student life to promote communities of interest.





Living Learning Communities

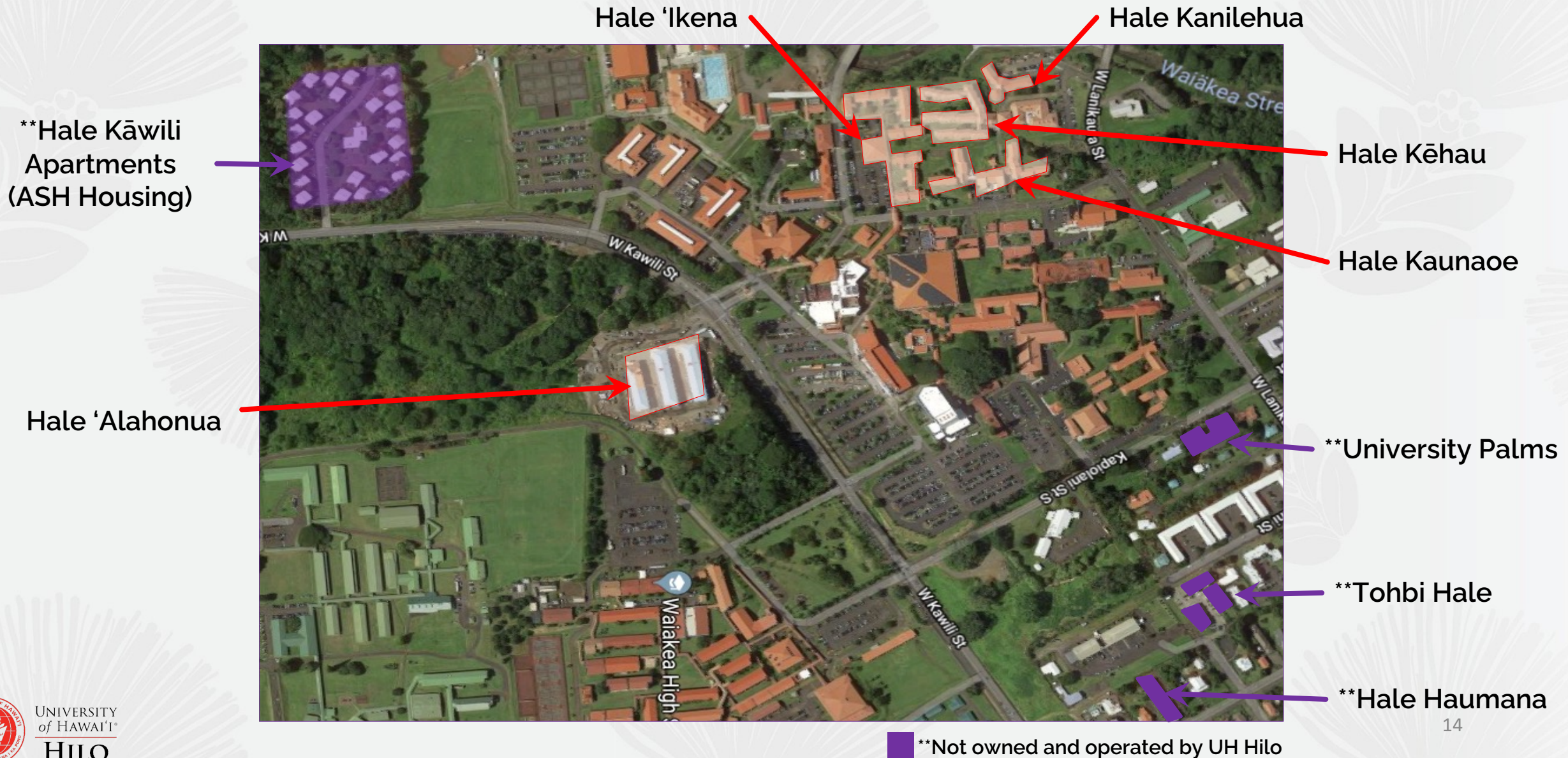
Three LLCs in Hale Kanilehua

- Natural Sciences
- Hawaiian Language and Culture
- Health and Wellness

Academic Support/Applied Learning

- LLC courses are connected with co-curricular components lead by instructors to apply concepts learned in the classroom
- Monthly huaka'i (trips) to explore culturally significant sites around Hawai'i island
- Trips focus on cultural practices, community engagement, and service learning

UH Hilo Student Housing Map





UNIVERSITY *of* HAWAI'I®

HILO

Ke Kulanui o Hawai'i ma Hilo

Mahalo!

Appendix

Housing Floorplans

Hale 'Ikena Information

Must be 21 to live

2-4 occupants

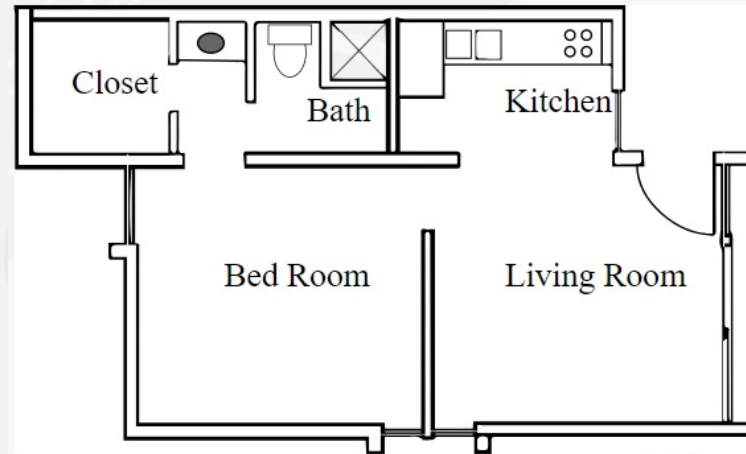
Fully furnished w/kitchen

Twin XL bed, dresser, desk

Bathroom in each unit

Hale 'Ikena Floor Plan

One Bedroom Unit



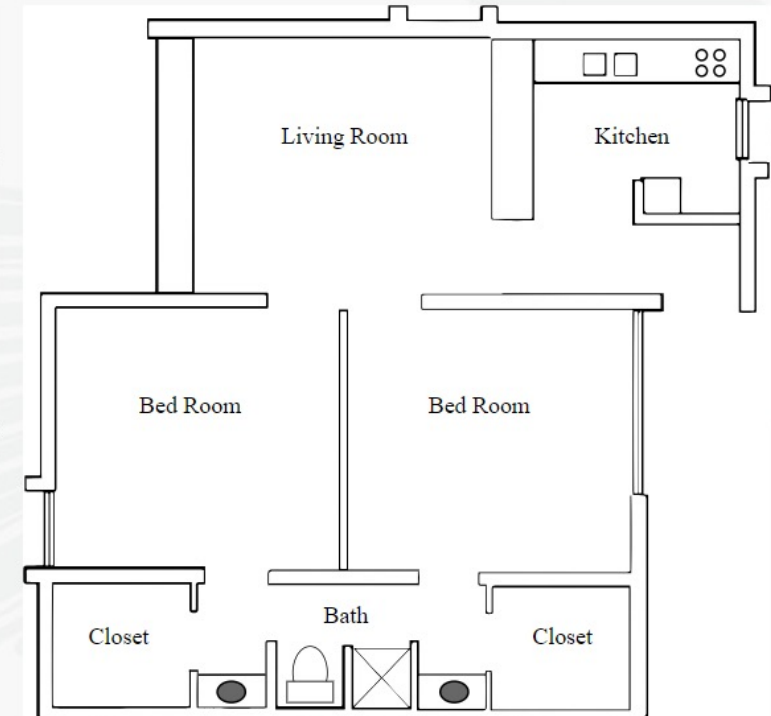
Room Specifications:

Bed Room: 12' 5" x 11' 4"

Living Room: 12' 5" x 11' 4"

Hale 'Ikena Floor Plan

Two Bedroom Unit



Room Specifications:

Bed Room: 12' 8" x 12' 8"

Living Room: 11' 4" x 11' 4"

Hale Kauanoë Information

Room Dimensions 11'9" x 15' 6"

Two Occupants

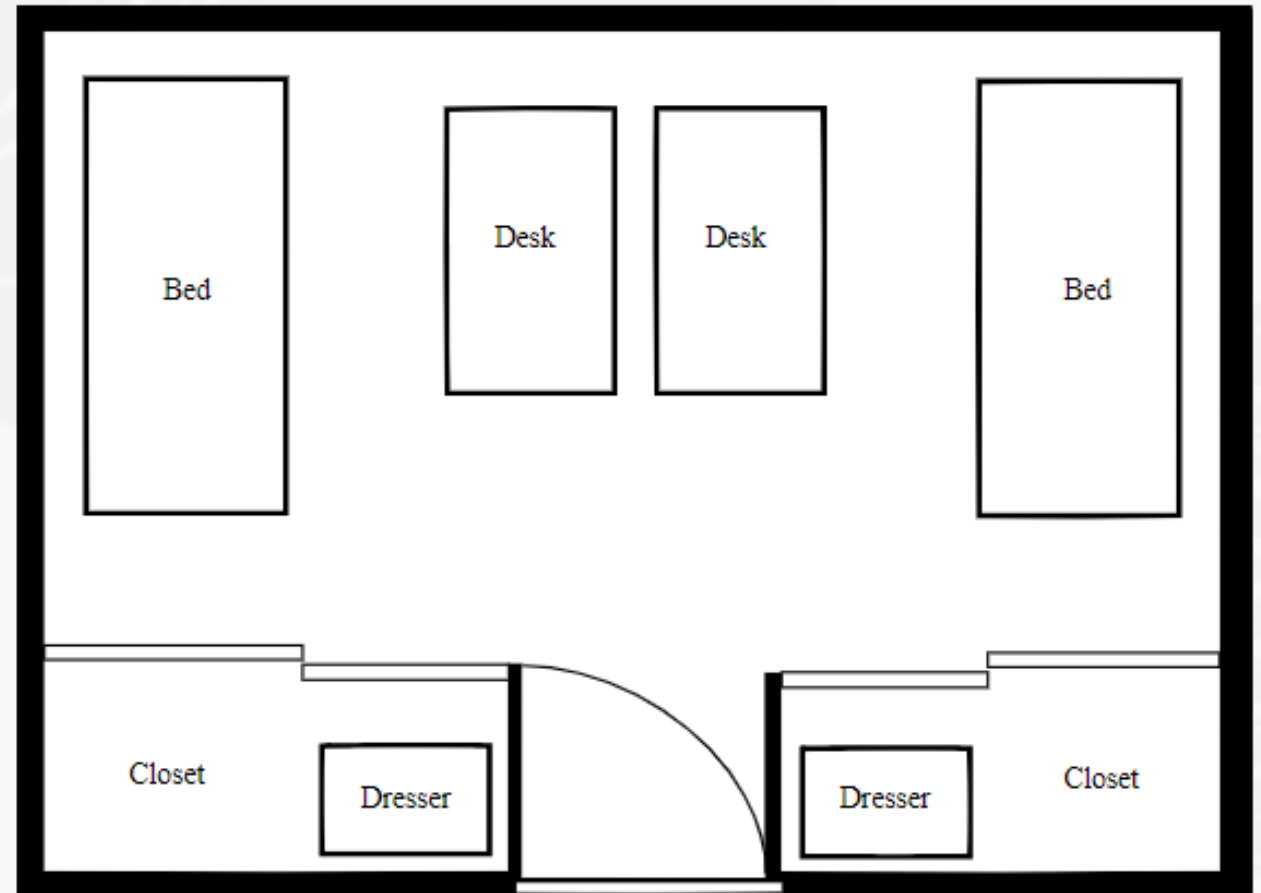
Traditional Reshall

Males/Females in separate wings

Standard twin, dresser, desk, chair

Shared bathroom each floor

Hale Kauanoë Floor Plan
Double Occupancy Unit



Hale Kanilehua Information

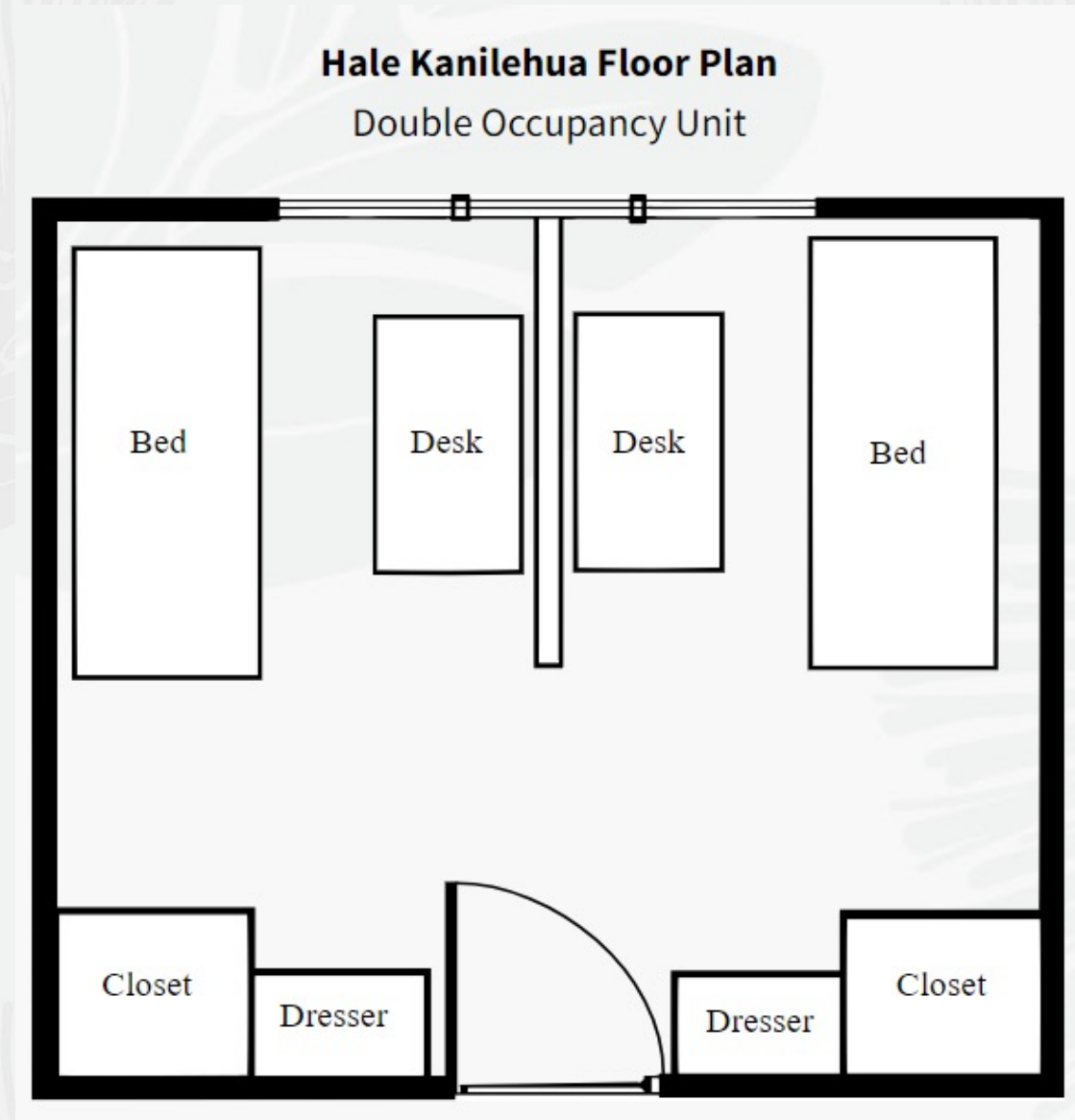
Room Dimensions 11'9" x 15' 10"

Two Occupants

Traditional Res Hall

Twin XL bed, dresser,
desk/bookcase, chair

Shared bath on each floor



Hale Kēhau Information

Room Dimensions 12' x 14'

Four Occupants

Suite Style

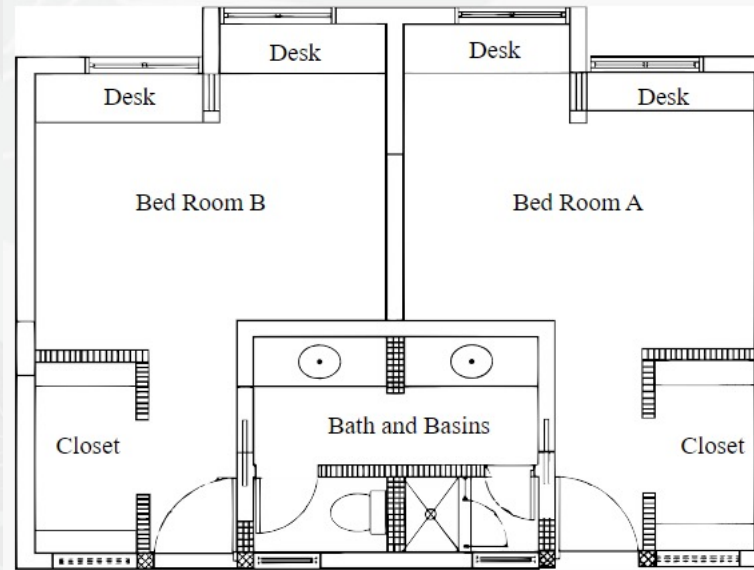
Two Shared Bedrooms in Unit

Twin XL bed, dresser, desk, chair

Shared bath between bedrooms

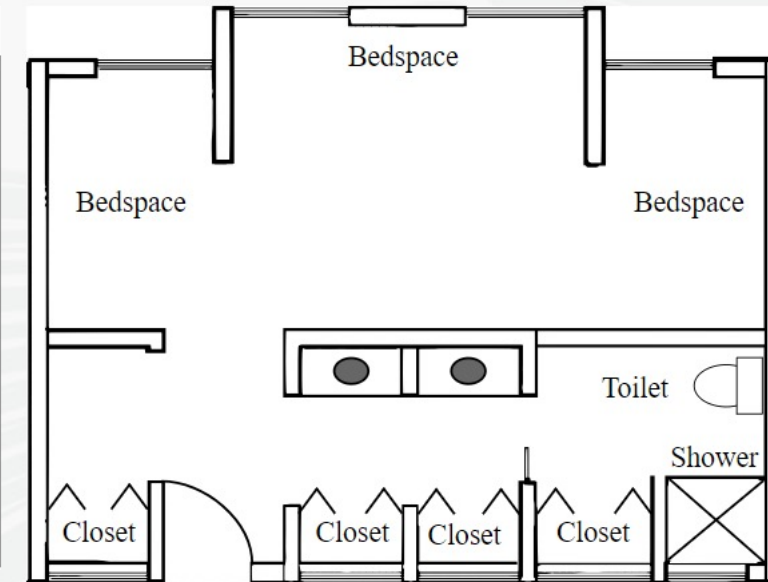
Hale Kēhau Floor Plan

Double Bedroom Unit



Hale Kēhau Floor Plan

Accessible Unit



Hale 'Alahonua Information

Two Occupants

Suite Style

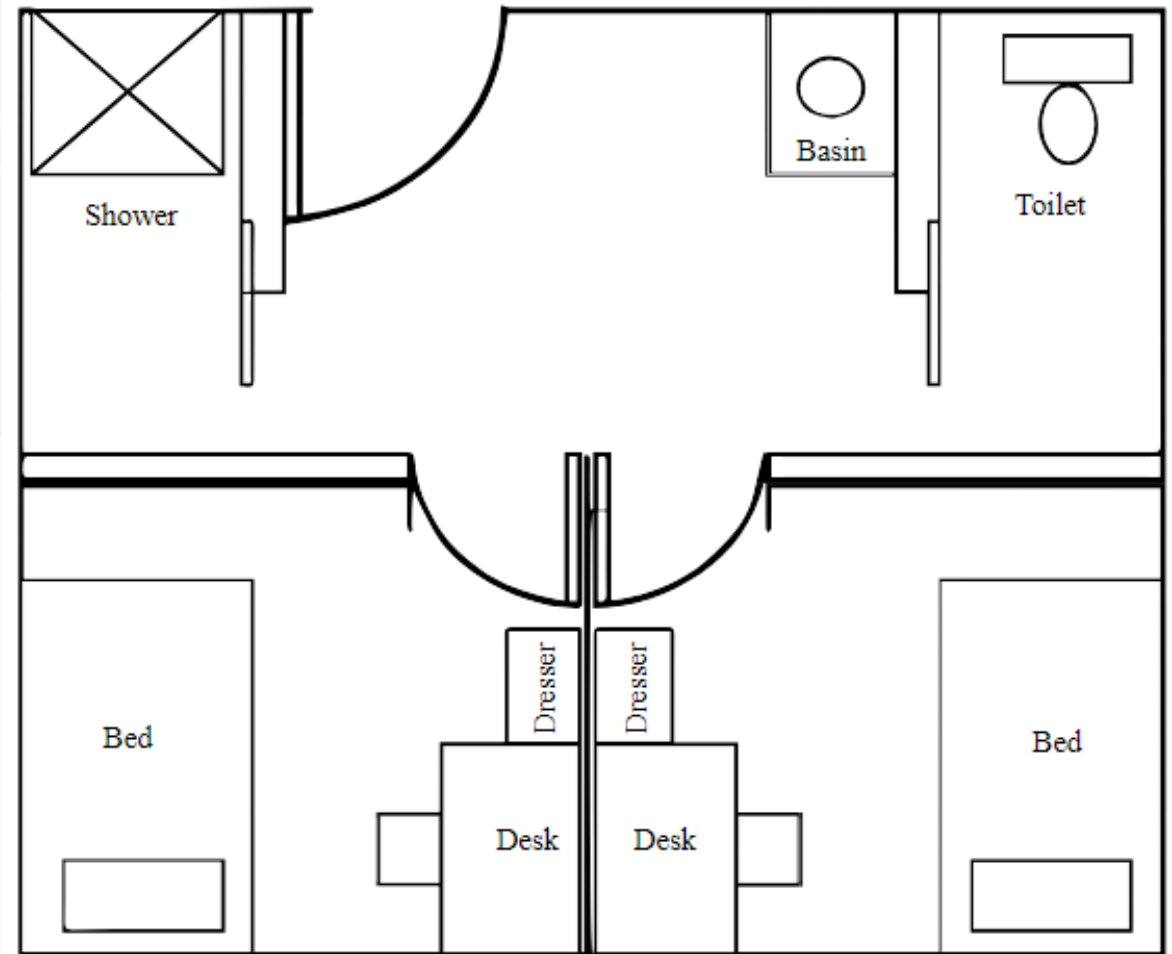
Two Single Bedrooms in Unit

Twin XL bed, dresser, desk, chair

Each unit has bathroom

Hale 'Alahonua Floor Plan

Single Bedroom Unit





UNIVERSITY
of HAWAII

HILO

Ke Kulanui o Hawai'i ma Hilo

UNIVERSITY OF HAWAII
BOARD OF REGENTS

'24 FEB -9 A9:14

Bonnie D. Irwin
Chancellor

dts 23895B

February 8, 2024

TO: Alapaki Nahale-a
Chair, Board of Regents

Gabriel Lee
Chair, Committee on Institutional Success
Board of Regents

VIA: David Lassner
President

Kalbert K. Young
Vice President for Budget and Finance/Chief Financial Officer

FROM: Bonnie Irwin
Chancellor for University of Hawai'i at Hilo

SUBJECT: Authorizing the University of Hawai'i to enter into a sixth amendment to the ground lease with the Adult Student Housing Hawai'i, Inc for the Hale Kāwili Apartments at the University of Hawai'i at Hilo

SPECIFIC ACTIONS REQUESTED:

We request the Board of Regents authorize Administration to enter into a sixth amendment to the ground lease ("**Sixth Amendment**") between the University of Hawai'i ("**UH or University**") and Adult Student Housing Hawai'i, Inc ("**ASH Hawai'i**"), a Hawai'i non-profit corporation, for the property underlying the student housing complex known as the Hale Kāwili Apartments ("**HK Apartments**") at UH Hilo. The only major term changed by this Sixth Amendment is to extend the lease term for a one (1) year period from July 1, 2024, to June 30, 2025, with a one (1) year mutual option to extend.

RECOMMENDED EFFECTIVE DATE:

Upon approval of the Board of Regents.

Board Chair Alapaki Nahale-a
Committee Chair Gabriel Lee
February 8, 2024
Page 2 of 6

ADDITIONAL COST:

The Sixth Amendment to the ASH Lease is not anticipated to result in any additional costs to the University.

BACKGROUND:

In March 1972, the University entered into a ground lease with the State of Hawai'i ("**State**"), by its Board of Land and Natural Resources ("**State Lease**") for approximately 6.5 acres of land on the UH Hilo campus ("**Leased Property**"). In turn, in 1972, the University subleased the Leased Property for 40 years to ASH Hawai'i ("**ASH Lease**") to construct, operate, and manage affordable student housing.

The ASH Lease was amended by Amendment No. 1 (September 14, 1984) and Amendment No. 2 (April 12, 1989), both of which involved ASH obtaining approvals from the State and the University to place and substitute mortgage liens in favor of various mortgagees and pay off and cancel regulatory agreements with the United States. These Amendments did not entail any other revisions or extensions to the original ASH Lease.

In 2012, the University obtained a Governor's Executive Order which granted the University control, jurisdiction, and ownership of large portions of the UH Hilo campus, including the Leased Property. The Executive Order superseded and replaced the State Lease. This effectively made the ASH Lease a direct and primary lease with the University.

With the ASH Lease set to expire on December 12, 2012, the President, with the approval of the Board, executed an 18-month lease term extension, signed on December 11, 2012, during which time UH Hilo was to review alternatives and develop a plan for the HK Apartments. The Third Amendment: (a) extended the term of the ASH Lease to June 30, 2014; and (b) required ASH Hawai'i to perform and implement certain repairs and upgrades to the HK Apartments. All of these repairs were completed by ASH Hawai'i during the 18-month lease term extension.

On February 5, 2014, the President, with the approval of the Board, executed the Fourth Amendment to the ASH Lease. The Fourth Amendment: (a) extended the term of the ASH Lease for an additional five (5) years, from July 1, 2014, to June 30, 2019; and (b) required ASH Hawai'i to perform and implement certain repairs and upgrades to the HK Apartments.

On February 8, 2019, the President, with the approval of the Board, executed the Fifth Amendment to the ASH Lease. The Fifth Amendment: (a) extended the term of the ASH Lease for an additional five (5) years, from July 1, 2019, to June 30, 2024; and

Board Chair Alapaki Nahale-a
 Committee Chair Gabriel Lee
 February 8, 2024
 Page 3 of 6

(b) required ASH Hawai'i to perform and implement certain repairs and upgrades to the HK Apartments.

CURRENT STATUS:

ASH Hawai'i has managed the HK Apartments for over 50 years and is most familiar with the Leased Property. The HK Apartments provide 100 apartment units with approximately 208 beds for UH students and their families. ASH Hawai'i has consistently offered affordable rental rates to students with families throughout the lease term. The HK Apartment's current monthly rental rates (2-bedroom \$865; 3-bedroom \$905) are well below the 2024 U.S. Department of Housing and Urban Development fair market rent for the County of Hawai'i (2-bedroom \$2,010; 3-bedroom \$2,558), and the 2023 County of Hawai'i affordable rental housing program rates (2-bedroom \$1,901; 3-bedroom \$2,446).

ASH Hawai'i has fulfilled most of their lease obligations for the operation, repair, maintenance and improvement of the HK Apartments during this entire period. The limitation on completing the required repair is due to the rate of unit turnover during the period; the proposed extension will allow ASH Hawai'i to complete the remaining required repairs. ASH Hawai'i has a proven track record of responsibly repairing and improving the HK Apartments and ensuring a livable environment.

The Sixth Amendment to the ASH Lease will extend the lease term for a one (1) year period from July 1, 2024, to June 30, 2025, with a one (1) year mutual option to extend. This extension allows ASH Hawai'i to continue to provide affordable housing to UH Hilo students and their families. In accordance with the criteria set forth in RP 10.201, as more fully described below, several alternatives were considered; however, ASH Hawai'i is the only active opportunity that ensures that the student housing inventory is maintained.

The University plans to issue an Invitation to Submit Proposals ("ISP") in March 2024 to identify and select a Developer to enter into a new long-term ground lease for the HK Apartments. The University was awaiting the finalization of background reports, including a market demand study, to include in the ISP solicitation. The Sixth Amendment will allow ASH Hawai'i to continue to operate and manage HK Apartments while the University negotiates and finalizes agreements with the selected Developer from the ISP solicitation.

APPLICABLE REGENTS POLICY:

Under Board of Regents Policy RP 10.201, the Board of Regents' approval is required for this real property transaction because the President has identified it as a lease to present to the Board of Regents for approval. The six decision-making considerations enumerated under Board of Regents Policy RP 10.201.III.A are addressed in turn as follows.

Board Chair Alapaki Nahale-a
 Committee Chair Gabriel Lee
 February 8, 2024
 Page 4 of 6

- a. *Promote and support the mission and goals of the university in education, research, service, and economic development.*

The HK Apartments provide affordable housing accommodations to University students and faculty with families. This essential housing option serves a niche population of the UH Hilo community and promotes and supports UH Hilo's educational mission and goals by increasing access to higher education. By increasing access to a higher education degree and expanding the socioeconomic diversity of UH Hilo graduates, the pool of local business and economic leaders is enriched and broadened, which will contribute to the future of our State's economy.

- b. *Advance principles and practices of sound environmental stewardship and sustainability.*

Constructed in 1972, the HK Apartments do not meet current sustainability standards nor do they conform with current principles of sound environmental stewardship, however, any long-term plans for the HK Apartments, or any subsequent development, will more likely incorporate sustainable building features that support the University's sustainability policy. The current proposal results in extending the useful life of the existing HK Apartments, which aligns with a guiding principle of sustainability that states "The Greenest Building is One that is Already Built."

- c. *Ensure that alternative actions are considered, investigated and analyzed.*

UH Hilo's primary goal is to maintain their current housing inventory, including the HK Apartments. Alternatives were considered including the following:

- 1) Issuing an ISP to identify and select a Developer to assume ownership, management and operations of the HK Apartments, including all financing of capital improvements;
- 2) Transition of the HK Apartments to the County of Hawai'i or a private company, both proposing to access Department of Housing and Urban Development (HUD) funding to invest in updating the HK Apartments. Use of HUD funds in this endeavor would create an open market for the units, and HK Apartments would lose its original intended purpose as being for University students and faculty and their families;
- 3) UH Hilo assuming ownership, operations, and maintenance of the HK Apartments which would require additional financial resources and internal capacity to operate and maintain the HK Apartments. Beyond the capital improvements and employee costs, ongoing repair and maintenance costs would be incurred by UH Hilo; and

4) The closure of HK Apartments after June 30, 2024, which would result in a reduction of the UH Hilo's student housing inventory and displacement of University students and faculty (and their families) currently living at HK Apartments.

After considering the alternatives, the University plans to issue an ISP in March 2024 to select a Developer to assume ownership of the HK Apartments. The Sixth Amendment will allow ASH Hawai'i to continue to operate and manage HK Apartments while the University negotiates and finalizes agreements with the selected Developer.

- d. *Be fairly priced in the context of applicable fair market values and other relevant factors.*

The lease arrangement between the University and ASH Hawai'i is based on a business model whereby the University provides land at nominal value and, in return, ASH Hawai'i provides housing for students with families at affordable rates. ASH Housing has been and continues to be solely responsible for all construction, improvements, repair, maintenance, and operation of the HK Apartments at no cost to the University. This arrangement has tremendously benefited UH Hilo students, while avoiding any financial outlay by the University.

- e. *Generate revenue from real property not critical to long range plans for the university to support the university's core mission.*

The subject real property is critical to UH Hilo's long range plans and supports its core mission, therefore providing housing for University students and faculty is prioritized over the generation of revenues. The availability of affordable student housing increases access to higher education for a broader population and enhances student recruitment and retention efforts which results in increased enrollment. Furthermore, ASH Hawai'i is responsible for all improvements, utilities, and maintenance of the Premises which is advantageous to reduce overall costs to the University.

- f. *Be consistent with and support long range plans that have been approved by the BOR.*

Extending the ASH Lease will maintain the current student housing inventory and is consistent with the long range development plan ("LRDP") for the UH Hilo campus, including its physical development goals and objectives, "to create a fully integrated residential university by providing housing areas in close proximity to educational facilities." The Project is supportive of the Imperatives as set forth in the University's Strategic Plan 2023-2029, including "Develop successful students for a better future". The Project also supported and supports the 21st Century Facilities and High Performing System, which are two of the five policies as set forth in the University's Strategic Direction, 2015-2021.

Board Chair Alapaki Nahale-a
Committee Chair Gabriel Lee
February 8, 2024
Page 6 of 6

The HK Apartments is the sole affordable apartment complex in UH Hilo's student housing inventory capable of accommodating students with families and is an essential component of UH Hilo's overall student housing inventory. Continuation of the only apartment-style housing for this niche population of students is critical to UH Hilo's recruitment and retention efforts. UH Hilo believes that the proposed Sixth Amendment is the best option available to provide uninterrupted alternative housing to students with families while UH Hilo pursues long-term P3 student housing options.

ACTION RECOMMENDED:

We respectfully request that: (1) the Committee on Institutional Success recommend that the Board of Regents approve; and (2) the Board of Regents subsequently approve, the Sixth Amendment to ASH Lease which would extend the lease term for a one (1) year period from July 1, 2024, to June 30, 2025, with a one (1) year mutual option to extend. Once approved, the President, the Vice President for Budget and Finance/Chief Financial Officer will: (1) finalize and execute said Sixth Amendment to the ASH Lease; and (2) take such actions and execute such other ancillary documents as they deem necessary to implement this transaction.

c: Executive Administrator and Secretary to the Board Yvonne Lau



**University of Hawai'i at Hilo
Hale Kāwili Apartments
Lease Extension to Adult Student Housing Hawai'i, Inc.**

Presentation to Committee on Institutional Success

February 15, 2024

UH Hilo Housing

46



Owned, operated and managed by
Adult Student Housing Hawai'i, Inc.
(ASH Hawai'i)

Project Details:

- Housing: 100 units/208 beds
- Apartment-style units:
 - 92 2-bedroom units (\$865/unit/month)
 - 8 3-bedroom units (\$905/unit/month)
- Eligible to UH students and faculty
(with their families)
- Only multi-family facility on campus
- 100% occupied of available units



Timeline

March 1972: 40-year+ Ground Lease (December 31, 2012 expiration)

December 2012: 18-month extension (June 30, 2014 expiration)

February 2014: 5-year extension (June 30, 2019 expiration)

June 2019: 5-year extension (June 30, 2024 expiration)

- *Lease with ASH Hawai'i scheduled to expire: Upon expiration, ASH “will quit and surrender the premises together with all improvements, equipment, appliances, and furniture thereon to [the University], peaceably, quietly and in good order and condition, and title to the same shall then vest in [the University].”*

GOAL: MAINTAIN STUDENT HOUSING INVENTORY WITHOUT ADDITIONAL COST TO UH HILO

Option 1: Issue an Invitation to Submit Proposals to identify and select a Developer to assume ownership, management, and operations of Hale Kāwili, including all financing of capital improvements

- *Rents will need to increase to justify capital improvement costs, labor costs, and ongoing repair and maintenance incurred by a Developer*

Option 2: UH Hilo assumes operation and maintenance of the property

- *Develop internal capacity to operate and manage multi-family housing*
- *UH Hilo will incur additional cost and expense (capital improvements, labor costs, ongoing repair and maintenance, etc.)*

Option 3: UH Hilo does not take over the property at the end of the lease and winds down operations at Hale Kāwili

- *Current UH students and faculty (along with their families) living at Hale Kāwili will be displaced*
- *Reduces the student housing inventory*

GOAL: MAINTAIN STUDENT HOUSING INVENTORY WITHOUT ADDITIONAL COST TO UH HILO

Based on Market Study completed in January 2024, we recommend:

- Option 1: Issue an Invitation to Submit Proposals to identify and select a Developer to assume ownership, management, and operations of Hale Kāwili, including all financing of capital improvements**
- Rents will need to increase to justify capital improvement costs, labor costs, and ongoing repair and maintenance incurred by a Developer*

1. UH issues an Invitation to Submit Proposals to identify and select a Developer to assume ownership, management, and operations of Hale Kāwili, including all financing of capital improvements – **March 2024.**
2. Selection of a Developer – **September 2024**
3. Completion of Negotiations – **Spring 2025**
4. Recommendation to Board of Regents for contract with Developer – **Spring 2025**

THEREFORE:

Current request to extend ASH Hawai'i ground lease for 1-year (through June 30, 2025) with a mutual option to extend for an additional 1-year (through June 30, 2026) if needed.

Timeline

March 1972: 40-year+ Ground Lease (December 31, 2012 expiration)

December 2012: 18-month extension (June 30, 2014 expiration)

February 2014: 5-year extension (June 30, 2019 expiration)

June 2019: 5-year extension (June 30, 2024 expiration)

- *Lease with ASH Hawai'i scheduled to expire: Upon expiration, ASH “will quit and surrender the premises together with all improvements, equipment, appliances, and furniture thereon to [the University], peaceably, quietly and in good order and condition, and title to the same shall then vest in [the University].”*

June 2024: Proposed 1-year extension (June 30, 2025), with 1-year mutual option to extend to June 30, 2026.



UNIVERSITY
of HAWAII*
SYSTEM

UNIVERSITY OF HAWAII
BOARD OF REGENTS

Office of the Vice President for Research and Innovation

'24 FEB -6 A10:30


UH DTS #23895


February 5, 2024

MEMORANDUM

TO: Alapaki Nahale-a
Chairperson, Board of Regents

Gabriel Lee
Chairperson, BOR Committee on Institutional Success

VIA: David Lassner 
President

FROM: Vassilis L. Syrmos 
Vice President for Research and Innovation

SUBJECT: BOR Committee on Institutional Success Agenda Materials for February 2024 Meeting

Please find attached the following materials that will be presented at the February 15, 2024 BOR Committee on Institutional Success meeting:

IV. Agenda Item:

- FY 2024 Extramural Awards Mid-Year Report, Research & Innovation

UNIVERSITY OF HAWAI'I

FY2024 EXTRAMURAL AWARDS

MID-YEAR REPORT

Research & Innovation



UNIVERSITY
of HAWAI'I®
SYSTEM

FEBRUARY 15, 2024

FY24 EXTRAMURAL AWARD HIGHLIGHTS
SYSTEMWIDE



National Science Foundation

Maui Wildfire Impact Projects

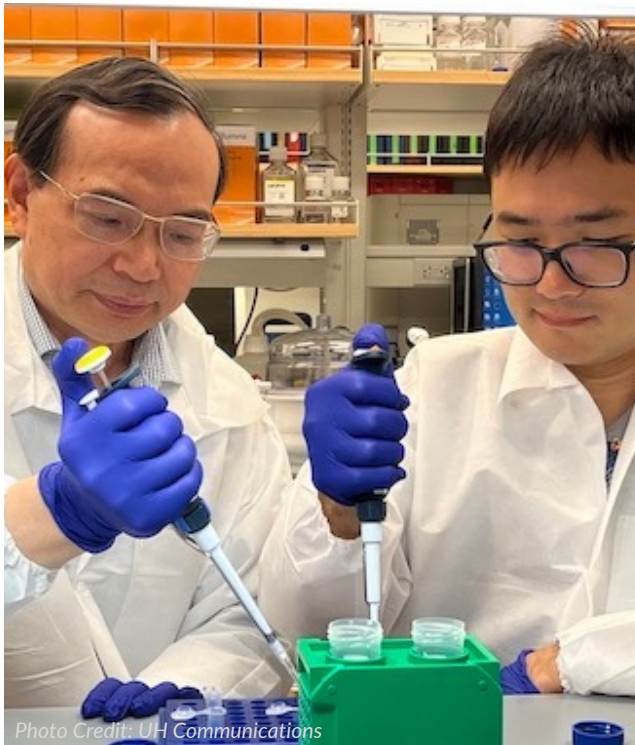
\$1.6M awarded to fund numerous UH Mānoa and System multi-disciplinary projects to study various health and environmental impacts related to the Maui wildfire



Department of Defense

Natural Resource Management

\$5.2M awarded to UH System to support the Army Natural Resources Program on O’ahu by protecting and managing natural resources and threatened/endangered species on its training grounds



National Institutes of Health

UH Pacific Center for Genome Research

\$2.6M of a \$10.9M multi-year grant awarded to UH Cancer Center to improve health equity for minority ethnic groups through state-of-the-art diagnosis and treatment



National Cancer Institute

Specialized Program of Research Excellence

\$1.6M of a \$5.3M multi-year grant awarded UH Cancer Center to enhance translational cancer research aimed at improving health equity among local ethnic groups












Lynker Corporation

Hawai’i Climate Smart Commodities

\$10M sub-award for UH Mānoa’s CTAHR to implement sustainable, climate-smart practices, and establish stronger markets for locally produced, healthy food and forest products

FY24 EXTRAMURAL AWARD HIGHLIGHTS
BY CAMPUS

	MĀNOA <i>Office of Naval Research</i> Climate Resilience Initiative	\$1.0M
	WEST O'AHU <i>State Department of Health</i> Native Hawaiian Cultural Anchoring Trainings for the Hawai'i Opioid Initiative (HOI)	\$977,500
	HILO <i>U.S. Department of Education</i> Aanikoobijigeng, Connecting Generations	\$2.35M
	HONOLULU <i>U.S. Department of Education</i> Ola Niuhelewai Improving Native Hawaiian Success through Wellbeing	\$450,000
	KAPI'OLANI <i>National Science Foundation</i> Louis Stokes B2B Alliance: Strategic Transfer Alliance for Minority Participation (STAMP) Training While Online (TWO)	\$416,942
	LEEWARD <i>State Department of Education</i> 3+1 Bachelors of Science in Special Education Program	\$358,425
	WINDWARD <i>U.S. Department of Education</i> Kumuola "Caregivers of Life"	\$977,500
	KAUA'I <i>U.S. Department of Education</i> Mauo: The Perpetuation of Well-Being	\$640,690
	MAUI <i>State Department of Human Services</i> CWS SHAKA	\$2.18M
	HAWAI'I <i>U.S. Department of Education</i> Manai-a-Maui Transforming Institutions with an Indigenous Framework	\$450,000

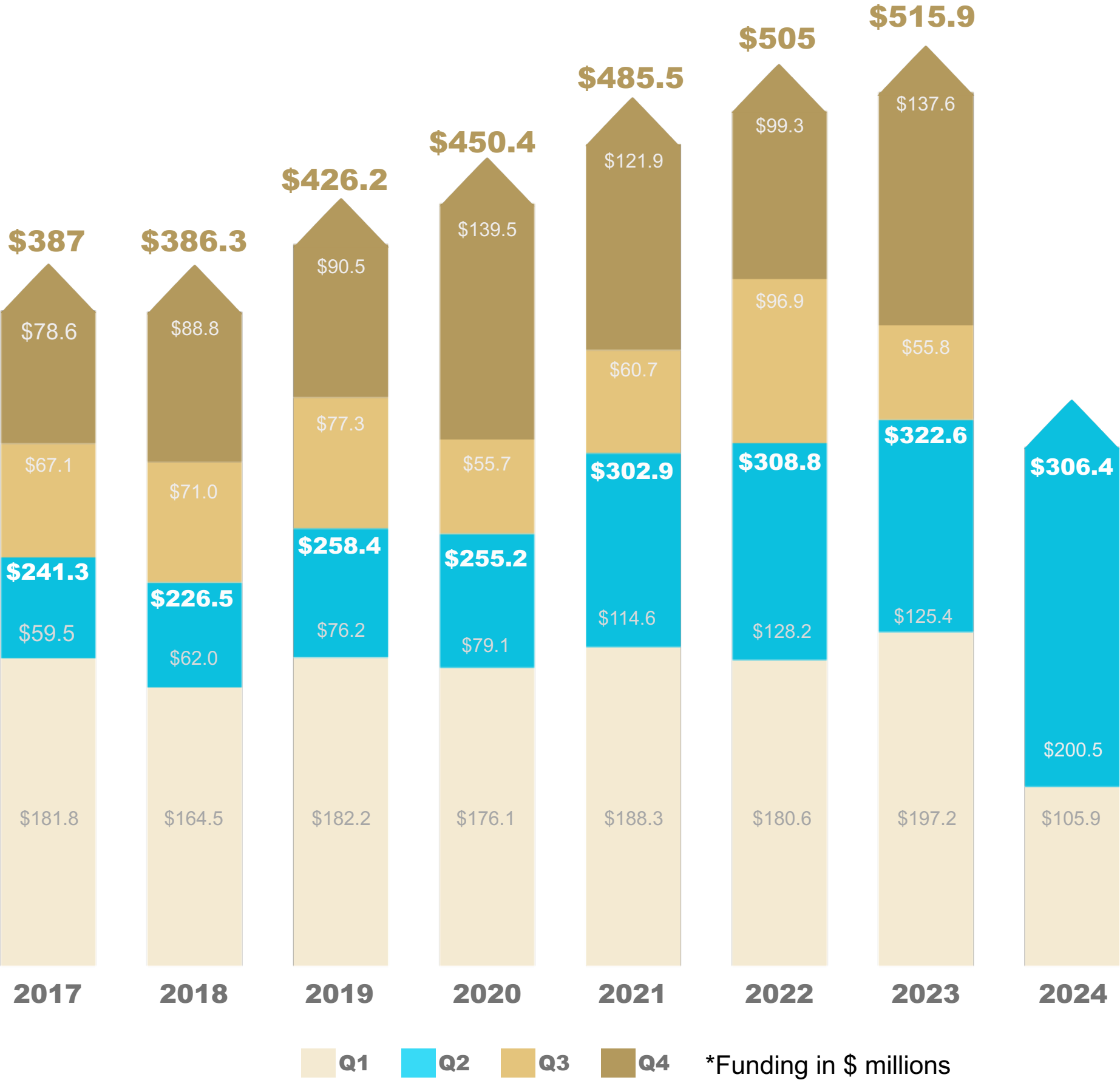
MID-YEAR RECAP
FY2024 EXTRAMURAL AWARDS

\$306.4 MILLION

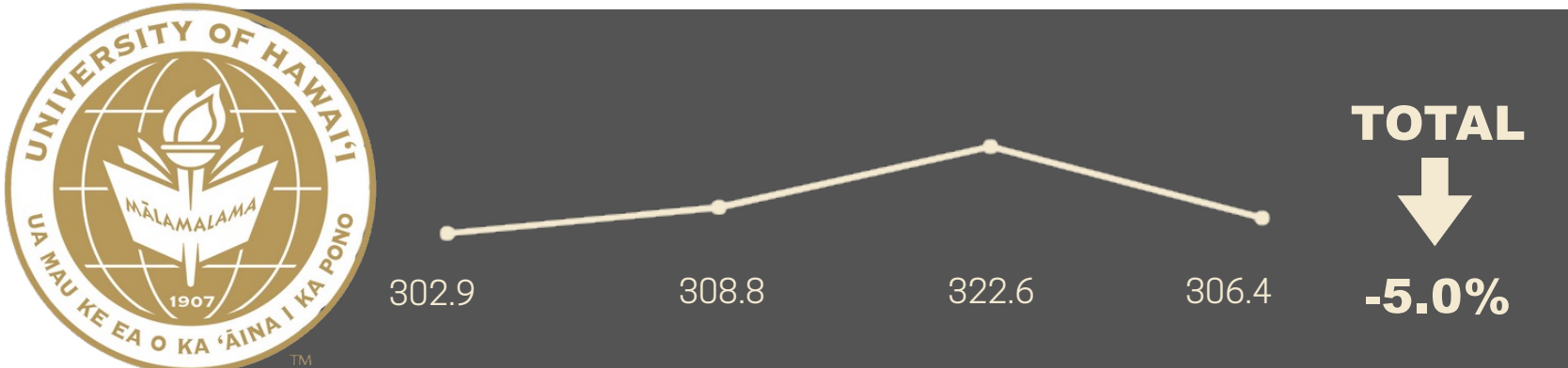
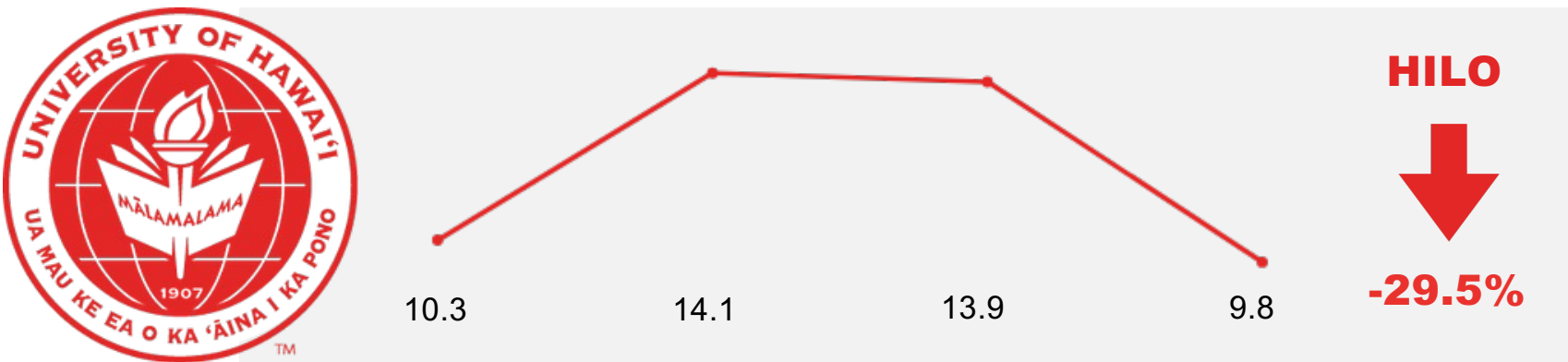
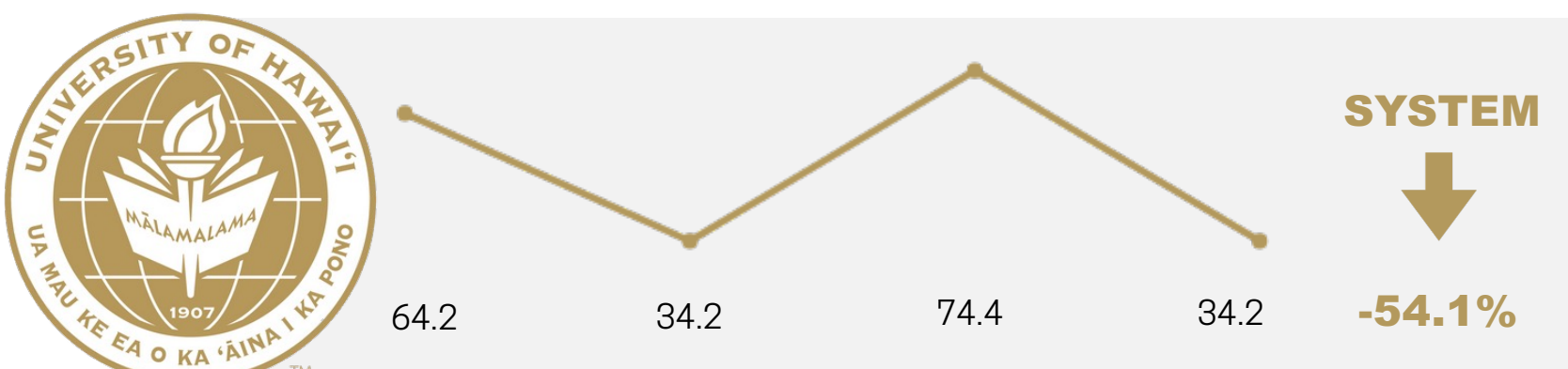
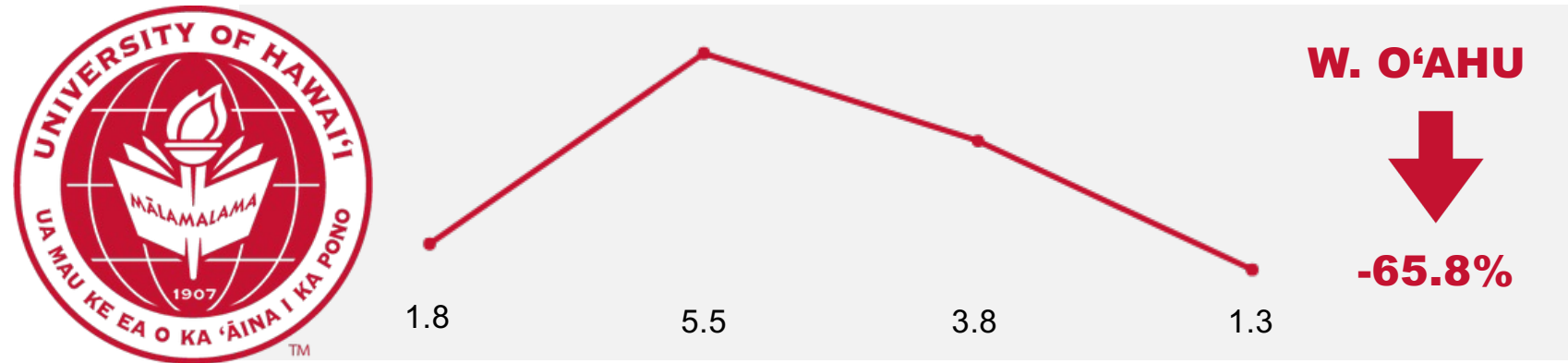
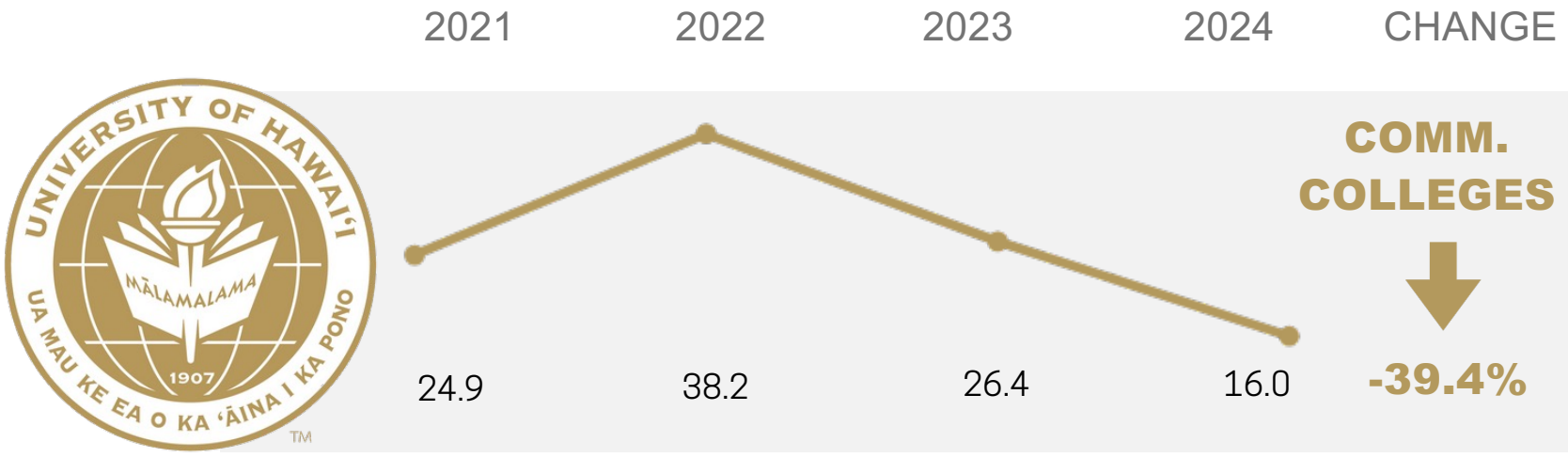
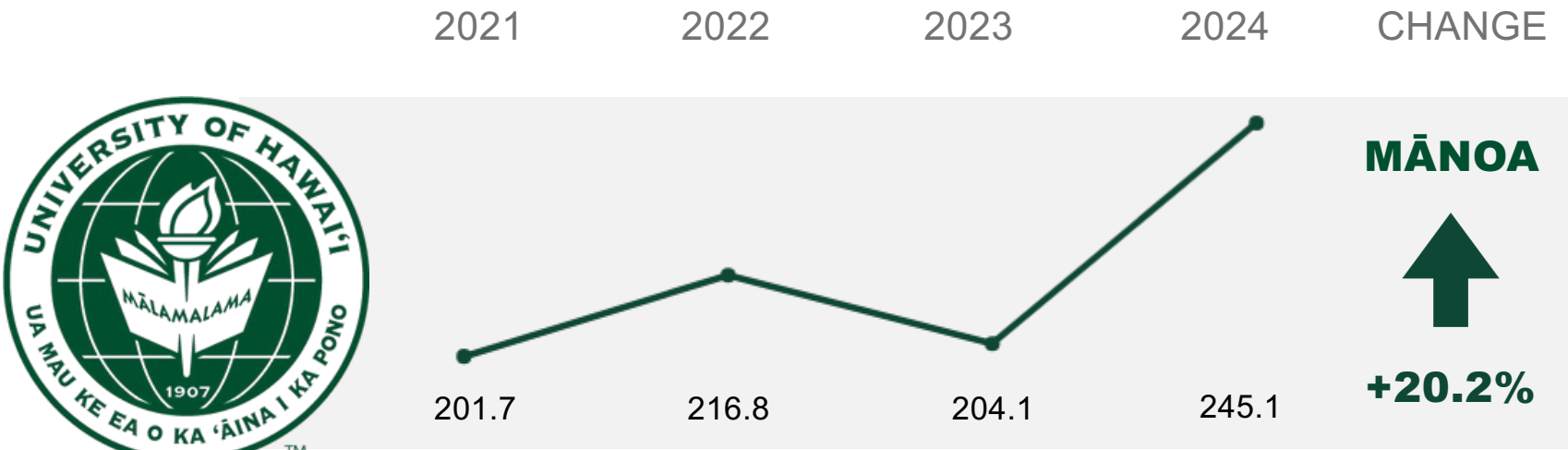
YTD through Dec. 31, 2023

-5.0%

\$16.2 million less than
the same period last year

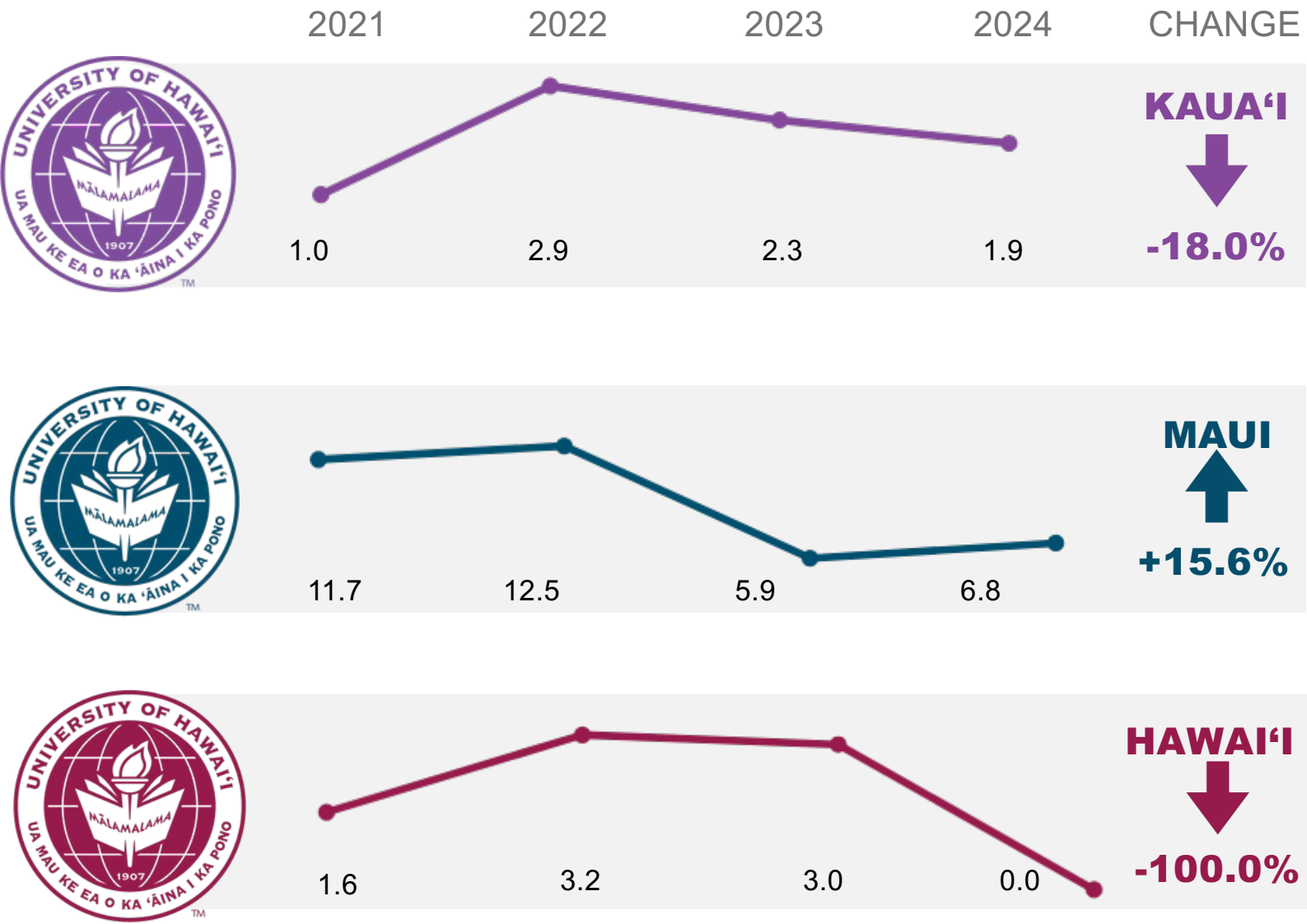
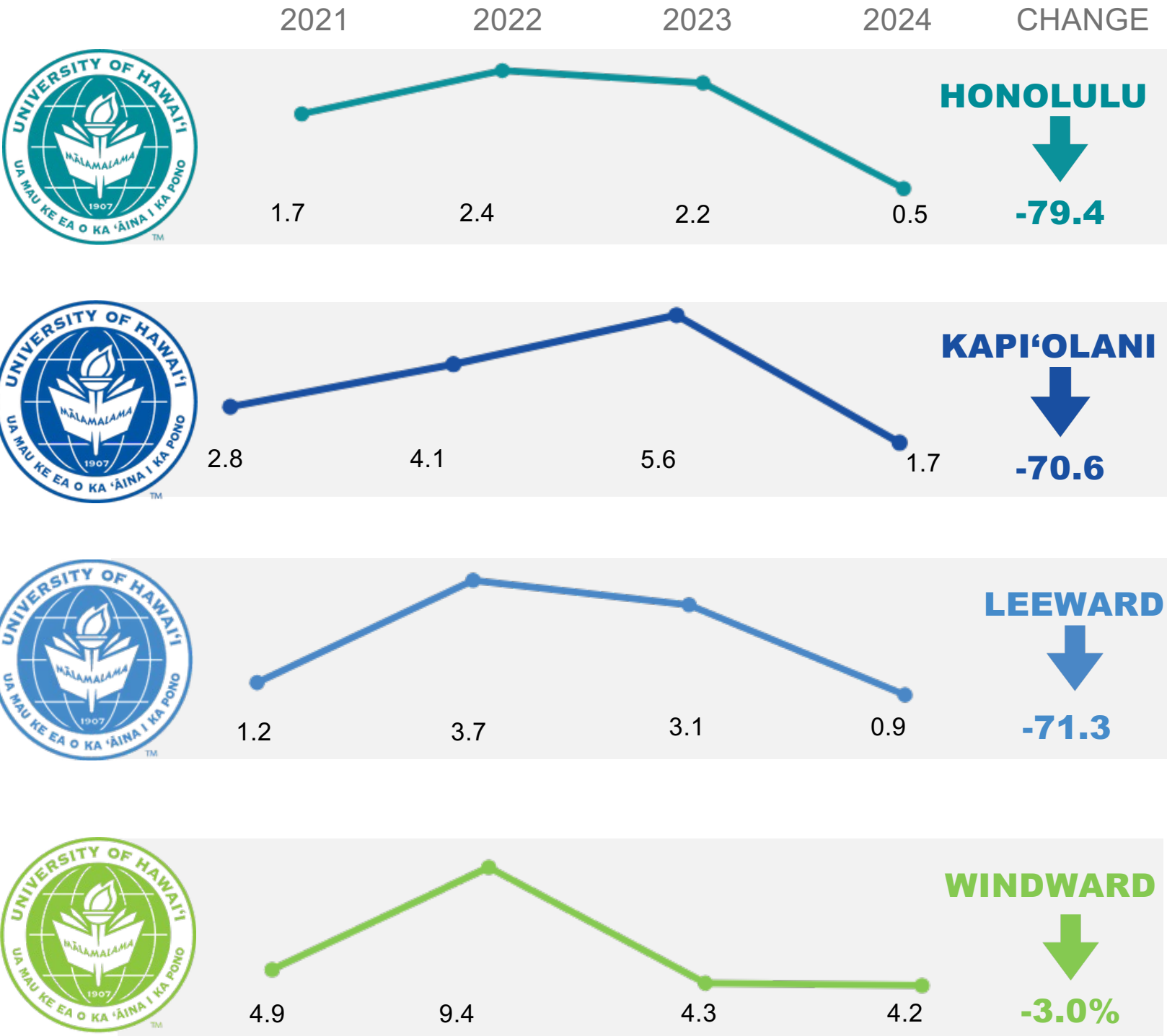


ANNUAL AWARD AMOUNTS *Dec. 31, 2023*
BY CAMPUS: OVERALL



% change between FY23-24 is calculated using actual (not rounded) figures

ANNUAL AWARD AMOUNTS *Dec. 31, 2023*
BY CAMPUS: COMMUNITY COLLEGES



% change between FY23-24 is calculated using actual (not rounded) figures

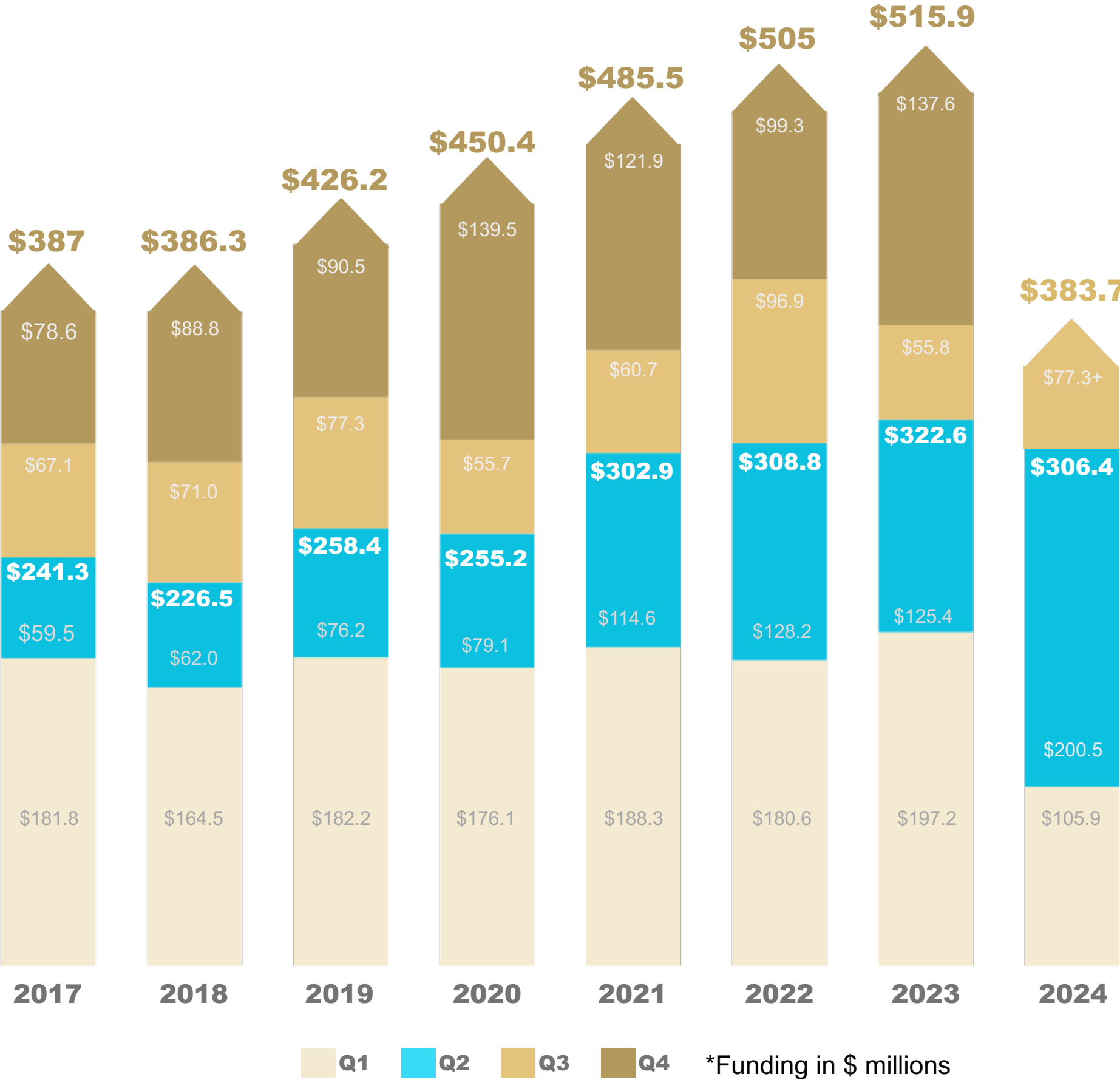
YTD RECAP
FY2024 EXTRAMURAL AWARDS

\$383.7 MILLION

YTD total as of Jan. 31, 2024

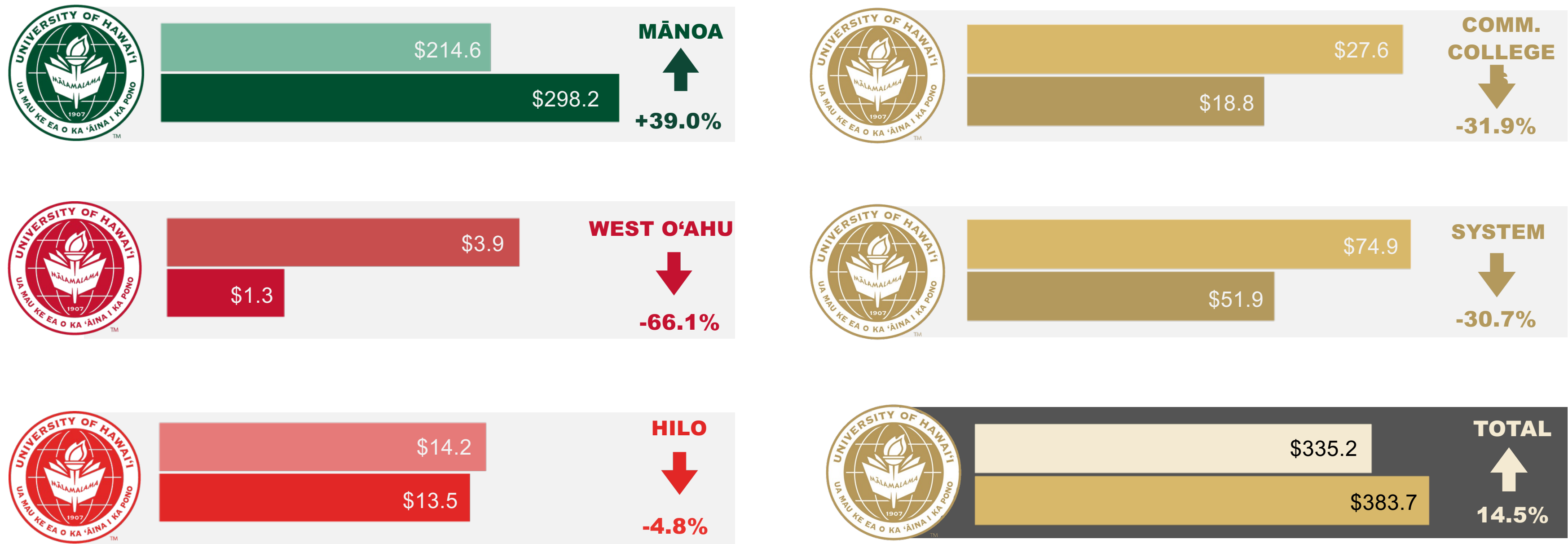
+14.5%

\$48.5 million more than
the same period last year



YTD AWARD AMOUNTS *Jan. 31, 2024*
BY CAMPUS: OVERALL

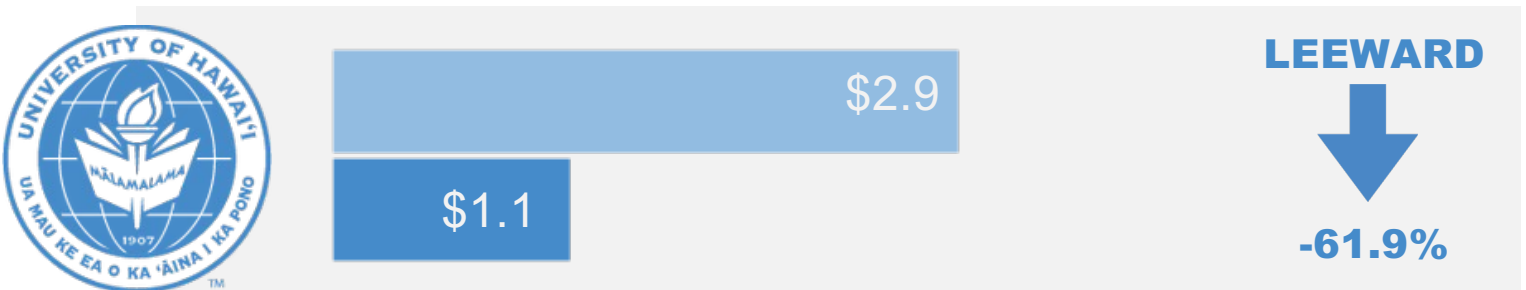
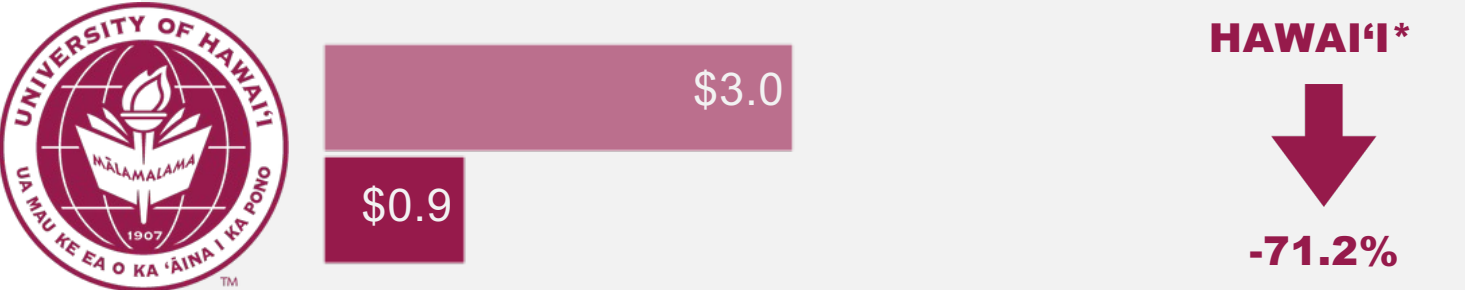
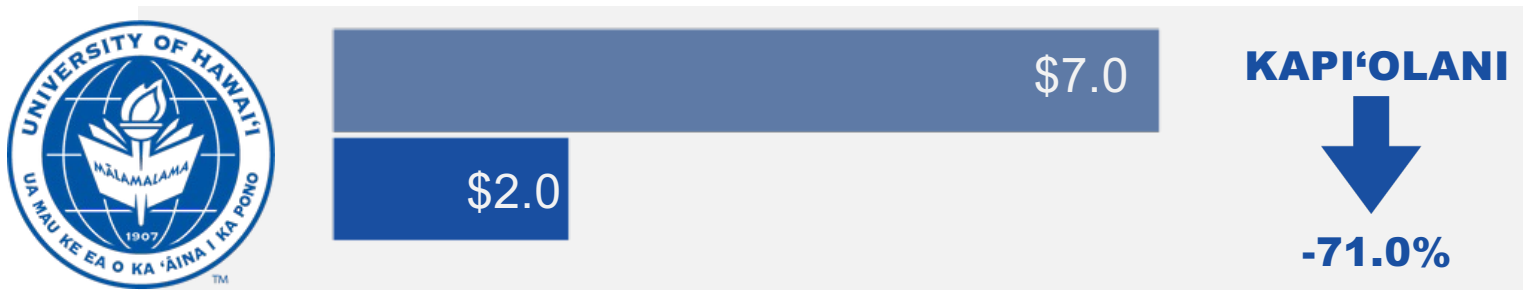
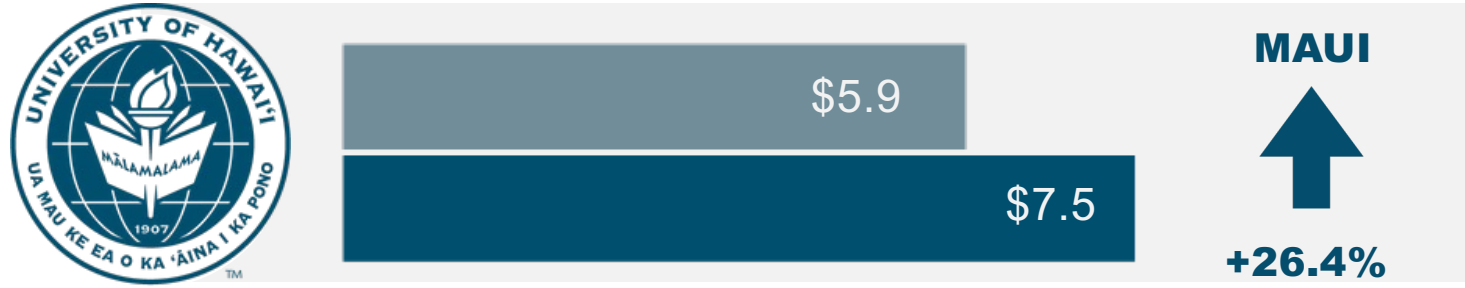
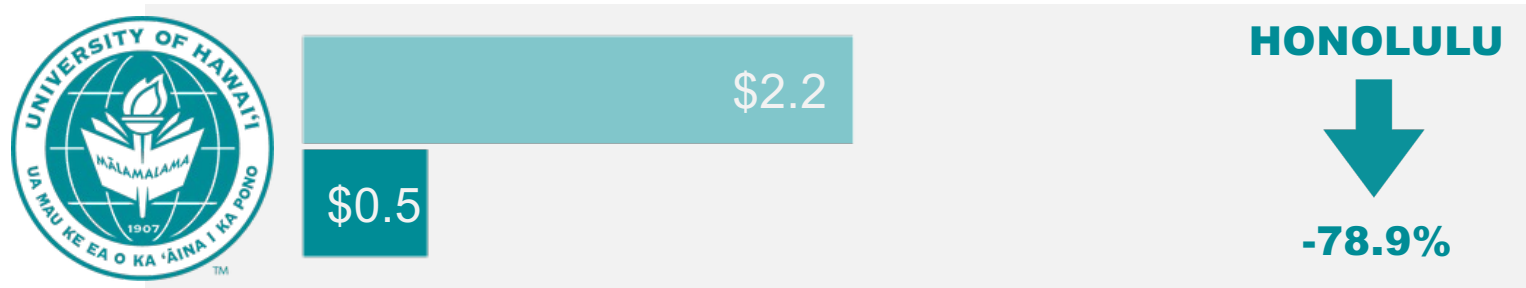
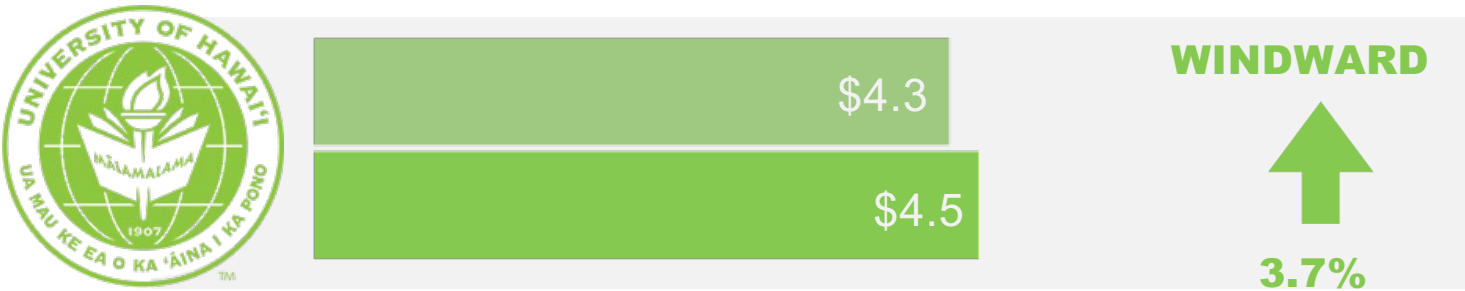
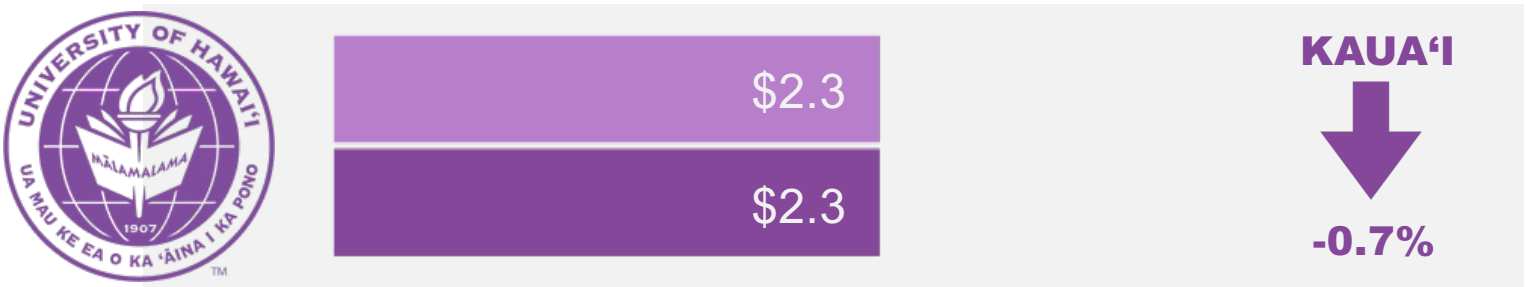
YEAR-TO-DATE 2023 VS. 2024



Funding in millions through Jan. 31, 2023 (top) vs. Jan. 31, 2024 (bottom)

YTD AWARD AMOUNTS *Jan. 31, 2024*
BY CAMPUS: COMMUNITY COLLEGES

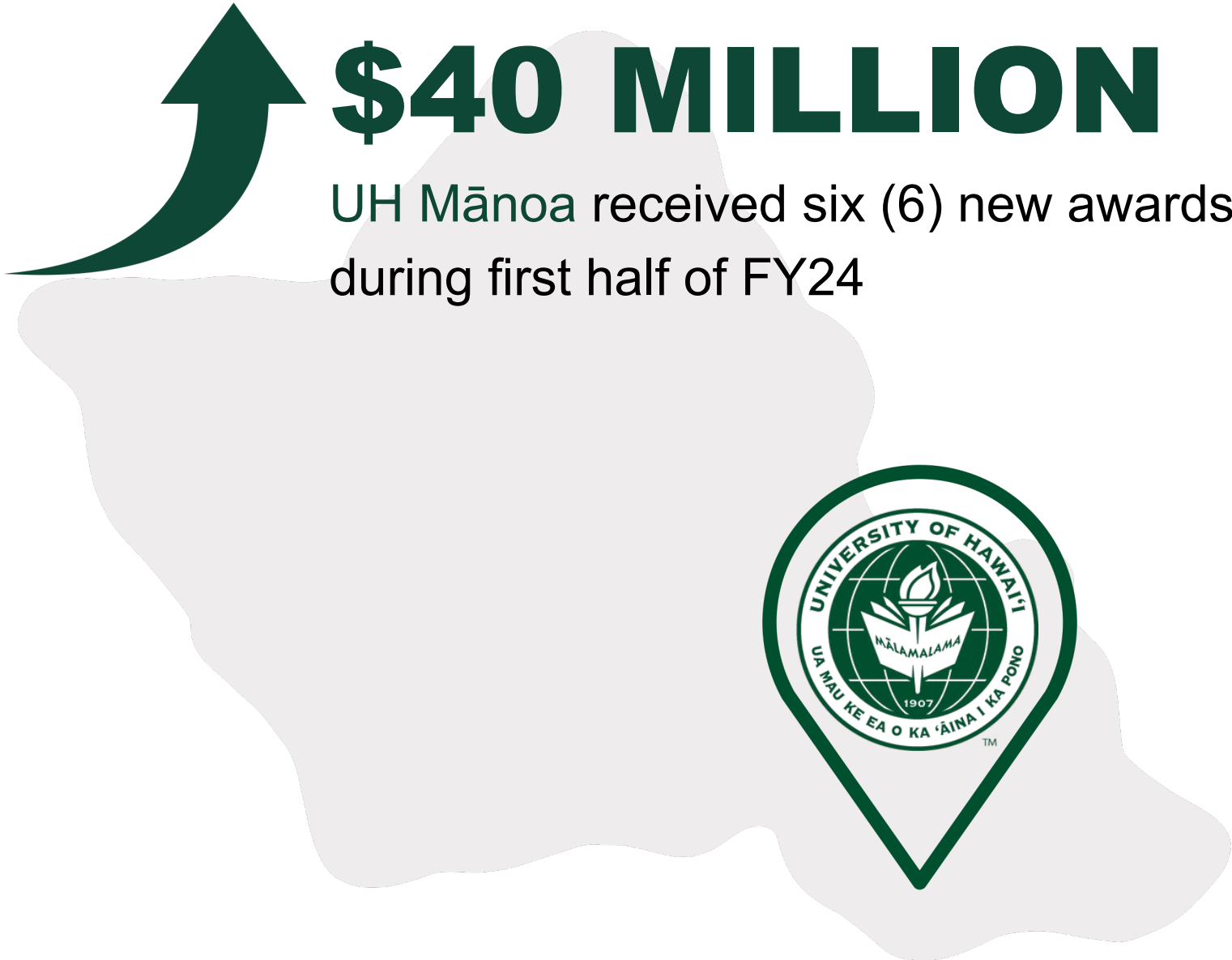
YEAR-TO-DATE 2023 VS. 2024



Funding in millions through Jan. 31, 2023 (top) vs. Jan. 31, 2024 (bottom)

MAJOR CHANGES

BY LOCATION: UH MĀNOA



FY24 NEW AWARD HIGHLIGHTS



\$10.6

Hawai'i Climate Smart Commodities: A Portfolio Approach to Equitably Scaling the Agriculture Sector



\$7.0

Cultivating the Nextgen of Diverse Biosecurity Professionals Through a Pacific-Continental Network



\$6.5

Community Project Funding/Congressionally Directed Spending - Construction



\$3.6

MANGAN 2023 (Manganese nodule exploration)



\$3.0

NRT-AI: Data in Engineering and Society: Converging Applications, Research and Training Enhancements for Students

Awards in millions for first half of FY24

MAJOR CHANGES

BY LOCATION: OTHER CAMPUSES

\$13.4 MILLION

A decrease in U.S. Dept. of Education awards attributed to current decline, which may be due to timing



FY23 U.S. DEPT. OF EDUCATION AWARDS



WEST O'AHU

-\$1.9



HONOLULU

-\$2.3



LEEWARD

-\$1.9



KAPI'OLANI

-\$1.9



HILO

-\$3.5



HAWAI'I

-\$1.9

Awards in millions for FY23 compared to FY24

MAJOR CHANGES
BY LOCATION: UH SYSTEM

\$40 MILLION

A \$16.3 million decrease in new awards and \$23.7 million in potential timing difference



-\$16.3

Resilient Hawai'i: Good Jobs Challenge - No comparable award in FY24



-\$7.9

Natural Resources Management - FY24 funding TBD.



-\$15.8

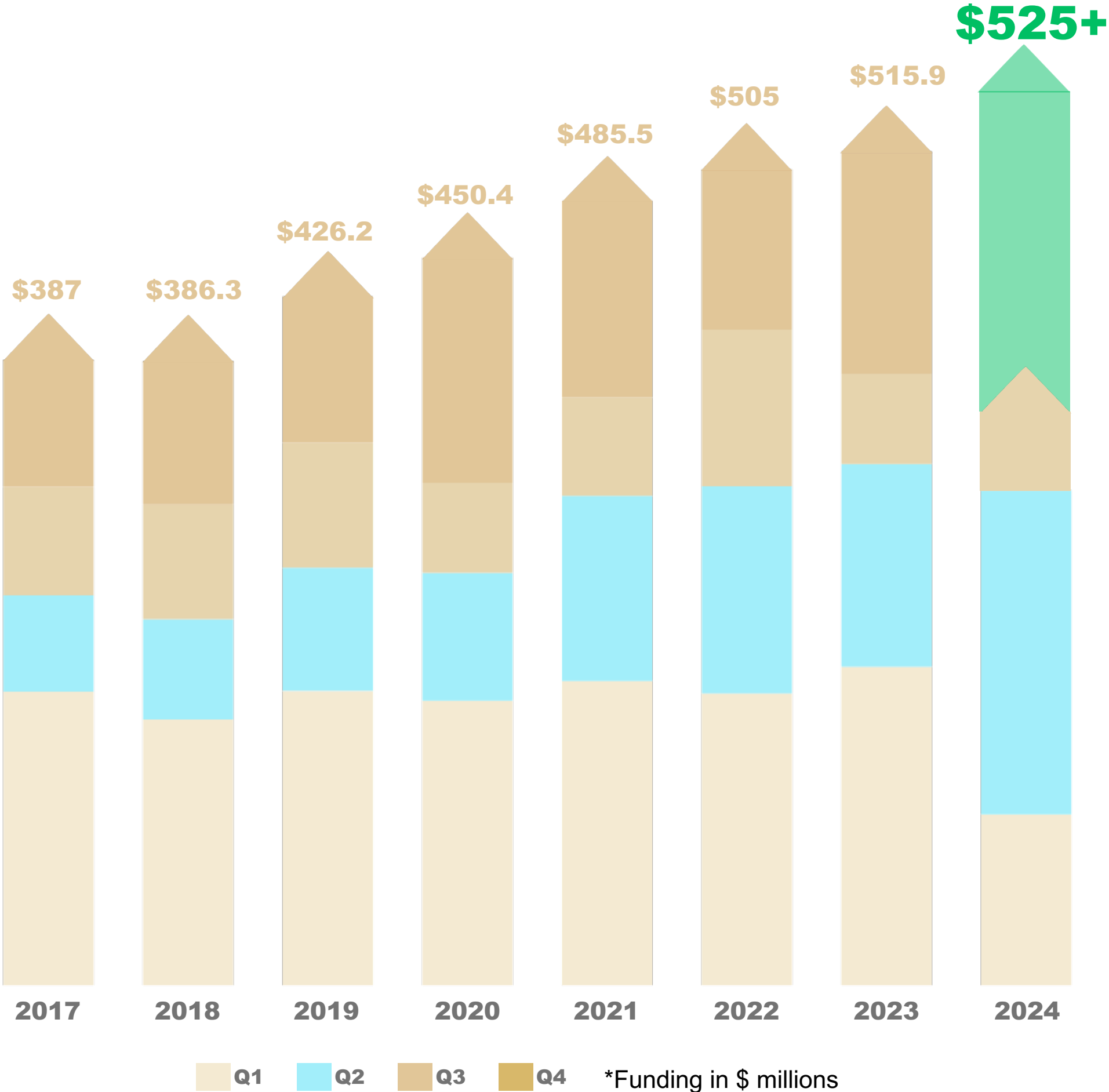
Applied Research Lab - FY24 funding TBD

PROJECTION
FY2024 EXTRAMURAL AWARDS

\$525+ MILLION

+2%

More than 2% year-over-year
increase anticipated for FY24



UH RESEARCH

From distant galaxies to the ocean depths ... and everywhere in between™



UNIVERSITY
of HAWAII

SYSTEM

'Ōnaehana Kulanui o Hawai'i

Kalbert K. Young
Vice President for Budget and Finance/
Chief Financial Officer

UNIVERSITY OF HAWAII
BOARD OF REGENTS DTS 23895

24 FEB -6 A10:23

January 31, 2024

TO: Alapaki Nahale-a
Chair, Board of Regents

Gabriel Lee
Chair, Committee on Institutional Success, Board of Regents

VIA: David Lassner
President

FROM: Kalbert K. Young
Vice President for B&F/CFO

SUBJECT: University of Hawai'i Revenue Bonds Private Use Analysis Update

The Administration hereby submits for the information of the Board of Regents and its Committee on Institutional Success a presentation entitled "University of Hawai'i Revenue Bonds Private Use Analysis Update." Since FY2013, a review has been undertaken annually to monitor a number of post-issuance compliance issues related to outstanding University of Hawai'i (UH) revenue bonds – including, the amount of private activity occurring on or within facilities financed with UH revenue bonds. Of note, the FY2019 private use analysis was not performed due to various factors including budget constraints, expiration of the contract with the third-party contractor, and the active COVID pandemic. This was deemed minimal risk to the UH due to analysis being performed in FY2018 as well as FY2020 and FY2021 with minimal change in the use of bond financed facilities.

This report is to be discussed as an information item at the Committee on Institutional Success meeting on February 15, 2024.

Attachment

Presentation. "University of Hawai'i Revenue Bonds Private Use Analysis Update"

c: University Controller (w/o Attachment)

2444 Dole Street, Bachman Hall
Honolulu, Hawai'i 96822
Telephone: (808) 956-8903
Fax: (808) 956-5286

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UNIVERSITY
of HAWAI'I
SYSTEM

Financial Management Office

University of Hawai'i Revenue Bonds Private Use Analysis Update

University of Hawai'i Board of Regents
Committee on Institutional Success
February 15, 2024

PRIVATE USE ANALYSIS UPDATE

- I. Compliance Requirements
- II. Private Use Analysis Results

COMPLIANCE REQUIREMENTS

Governmental Bond Requirements

- At least 90% of the proceeds of the bond issue must be used for governmental purposes.
- No more than 10% of the proceeds of the bond issue can be used for a “private business use.”
- Private business use is determined over the life of the bond issue.

PRIVATE USE ANALYSIS RESULTS

Series 2015B(R) (Compliant)

- Partial refund of Series 2006A (no new money)
- Series 2006A financed student housing (Frear Hall, Hilo and Mānoa R&R) and the Gateway cafeteria renovation
 - ✓ *2016 Fiscal Year private use percentage: 0.48%*
 - ✓ *2017 Fiscal Year private use percentage: 0.00%*
 - ✓ *2018 Fiscal Year private use percentage: 0.00%*
 - ✓ *2020 Fiscal Year private use percentage: 0.00%*
 - ✓ *2021 Fiscal Year private use percentage: 0.00%*
 - ✓ *2022 Fiscal Year private use percentage: 0.00%*
 - ✓ *2023 Fiscal Year private use percentage: 0.00%*

In Fiscal Year 2023, the private use percentage would be 7.71% if the refunding did not include 25% of taxable bonds.

PRIVATE USE ANALYSIS RESULTS

Series 2015E(R) (Compliant)

- Partial refund of Series 2006A Refunding Bonds (no new money)
- Series 2006A Refunding Bonds refunded Series 2002A (no new money)
- Series 2002A financed JABSOM buildings including a central plant, cooling system, and emergency generators, Cancer Center design and planning, and Biomedical Sciences Building Renovations 1 and 2
 - ✓ *2016 Fiscal Year private use percentage: 1.92%*
 - ✓ *2017 Fiscal Year private use percentage: 0.00%*
 - ✓ *2018 Fiscal Year private use percentage: 0.00%*
 - ✓ *2020 Fiscal Year private use percentage: 0.00%*
 - ✓ *2021 Fiscal Year private use percentage: 0.00%*
 - ✓ *2022 Fiscal Year private use percentage: 0.00%*
 - ✓ *2023 Fiscal Year private use percentage: 0.00%*

In Fiscal Year 2023, the private use percentage would be 4.76% if the refunding did not include 25% of taxable bonds.

PRIVATE USE ANALYSIS RESULTS

Series 2017ADF (Compliant)

- 2017A (new money) financed Sinclair Library basement renovation, Phase 2
 - 2017D - Partial refund of Series 2006A (no new money)
 - Series 2006A financed student housing (Frear Hall and Hilo and Mānoa R&R) and the Gateway cafeteria renovation
 - 2017F - Partial refund of Series 2009A (no new money)
 - Series 2009A financed the following projects: Ching Field, Hawai'i CC Palamanui Campus, Hilo Bookstore Campus Center addition, UH Hilo College of Pharmacy, UH Hilo Student Housing, UH Mānoa Student Housing, UHM Biomedical Sciences Building addition (C-MORE), Waianae Education Center, and UH West O'ahu campus development
- ✓ *2018 Fiscal Year private use percentage: 1.10%*
 - ✓ *2020 Fiscal Year private use percentage: 0.00%*
 - ✓ *2021 Fiscal Year private use percentage: 0.00%*
 - ✓ *2022 Fiscal Year private use percentage: 0.00%*
 - ✓ *2023 Fiscal Year private use percentage: 0.00%*

In Fiscal Year 2023, the private use percentage would be 3.32% if the refunding did not include 25% of taxable bonds.

PRIVATE USE ANALYSIS RESULTS

Series 2017B (Compliant)

- Partial refund of Series 2006A Refunding Bonds (no new money)
- Series 2006A Refunding Bonds refunded Series 2002A (no new money)
- Series 2002A financed JABSOM buildings including a central plant, cooling system, and emergency generators, Cancer Center design and planning, and Biomedical Sciences Building Renovations 1 and 2
 - ✓ *2018 Fiscal Year private use percentage: 0.90%*
 - ✓ *2020 Fiscal Year private use percentage: 0.00%*
 - ✓ *2021 Fiscal Year private use percentage: 0.00%*
 - ✓ *2022 Fiscal Year private use percentage: 0.00%*
 - ✓ *2023 Fiscal Year private use percentage: 0.00%*

In Fiscal Year 2023, the private use percentage would be 4.76% if the refunding did not include 25% of taxable bonds.

PRIVATE USE ANALYSIS RESULTS

Series 2020B (Compliant)

- Refund of Series 2010A-1 (no new money)
- Series 2010A-1 financed construction of the Cancer Center
 - ✓ 2021 Fiscal Year private use percentage: 1.96%
 - ✓ 2022 Fiscal Year private use percentage: 0.00%
 - ✓ 2023 Fiscal Year private use percentage: 0.00%

In Fiscal Year 2023, the private use percentage would be 15.21% if the refunding did not include 50% of taxable bonds.

PRIVATE USE ANALYSIS RESULTS

Series 2020D (Compliant)

- Refund of Series 2010B-1 (no new money)
- Series 2010B-1 financed the following projects: CC Energy Conservation Project, Culinary Institute of the Pacific, ITC building, UH Mānoa Campus Center – Warrior Recreation Center, Pan-STARRS facility, Sinclair Library Basement Renovation, Waianae Education Center, and UH West O'ahu campus development
 - ✓ *2021 Fiscal Year private use percentage: 0.92%*
 - ✓ *2022 Fiscal Year private use percentage: 0.00%*
 - ✓ *2023 Fiscal Year private use percentage: 0.00%*

In Fiscal Year 2023, the private use percentage would be 3.38% if the refunding did not include 25% of taxable bonds.

Thank You