

## **MINUTES**

meeting presently scheduled for November, stating the large number of items on this agenda requiring committee action within a limited timeframe warranted this postponement. She then inquired, once again, whether there were any corrections to the minutes of the August 1, 2024, committee meeting. Hearing none, the minutes were approved.

### **III. PUBLIC COMMENT PERIOD**

Board Secretary Lau announced the Board Office's receipt of written testimony from numerous individuals regarding the Applied Research Laboratory (ARL) at UH. Additionally, she noted several individuals signed up to provide oral testimony.

Jeff Dixon, Tiare Martin, Matthew Nakamura, Carissa Heyes, Kainoa Azama, Dianne Deauna, Pearl Bachiller, Joshua Baghdady, and Brennan Yamamoto provided oral comments on ARL.

Jill Nunokawa provided verbal comments on both ARL and the UH/MW Group development agreement and

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

[Written Testimony Received](#)

### **IV. AGENDA ITEMS**

#### **A. Semi-Annual Associated Student of the University of Hawai i (ASUH) Stadium Stock Fund Investment Performance through June 30, 2024**

Brandon Reed, ASUH President, reported on the history of, and context under which ASUH acquired, the Stadium Stock Fund; provided a brief summary of the legislative and budgetary approval processes used by ASUH; reviewed budgeted versus actual payouts made from the Stadium Stock Fund over the past five years; pointed out relevant portions of Regents Policy (RP) 8.207 applicable to ASUH's management and oversight of the Stadium Stock Fund; and spoke about the various programs, services, scholarships, awards, and student support activities funded by ASUH through the Stadium Stock Fund.

Regent Wilson arrived at 9:34 a.m.

Chair Akitake questioned whether the Stadium Stock Fund's portfolio was performing in-line with established benchmarks. She also asked if her understanding that actual payouts made from the Stadium Stock Fund were below the amounts available for allocation was correct. ASUH President Reed replied in the affirmative to both questions stating that the Stadium Stock Fund's portfolio is performing in-line with established benchmarks and ASUH leadership is reviewing ways to ensure all of the funds available for dispersal in a given year are appropriately distributed.

#### **B. Recommend Board Approval of UH / MW Group Development Agreement Ground Lease for 550 Makapu u Avenue**

Prior to commencing with this agenda item, Board Chair Lee noted his prior recusal from discussions on this matter when it was previously presented to the committee out of an abundance of caution due to a potential conflict of interest. However, after formally consulting with the Hawai'i State Ethics Commission, it has been determined that no such conflict exists and, as such, he informed regents of his intent to participate in deliberations on this agenda item.

Chair Akitake pointed out prior committee and board meeting dates where the administration's request for authorization to enter into a development agreement and option to lease with MW Group for approximately 2.5 acres of vacant, university-owned land were previously considered and reviewed at length stating that, at its meeting held on May 16, 2024, the board voted to refer the matter back to the Committee on Institutional Success for further consideration. She also thanked VP Young, Michael Shibata, Director of the Office of Strategic Development and Partnership, and principals with MW Group for meeting with regents individually to go over the project in greater detail and expressed her appreciation to MW Group for providing regents with the opportunity to tour one of their facilities during an open house so as to gain a better understanding of their operations.

VP Young summarized information initially provided to the committee during its May 2, 2024, meeting regarding the abovementioned requests

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percentage of this upsurge in funding could primarily be attributed to the receipt of monies to pay for scheduled increases in collective bargaining costs. Expenditures are forecast to increase by \$190.5 million, or 16.8 percent, largely due to elevations in the university's fixed costs.



VP Gouveia reviewed the proposed supplemental CIP expenditure plan for FY 2025 stating the plan correlates with CIP funding appropriated to the university via the State's supplemental budget, which was recently approved by the Legislature and governor. She pointed out data contained within the committee materials packet related to gross square footage of campus facilities, deferred maintenance backlogs, and Fall 2023 headcount enrollment for each of the 10 campuses of the university system; provided a  
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VP Young referenced the FY 2023-2024 fourth quarter financial report provided to the committee in its materials and stated the university concluded the fiscal year in good financial condition, with no significant variances against the budget forecast, and has slightly improved its aggregate reserve balances.

#### **J. Multi-year Financial Forecast, FY 2024-2030**

VP Young explained that, in accordance with RP 8.204, the administration was providing a rolling six-year financial plan (Financial Plan) for the university in conjunction with the university's expenditure plan, which was presented earlier. While multi-year financial plans are valuable tools, he cautioned they should be treated as point-in-time forecasts and dynamic documents that must be fluid and adaptive to changes in economic conditions. Accordingly, the purpose of the Financial Plan is to review and identify areas of fiscal concern that the university may face over the next several years.

Although fiscal deficits of approximately \$25 million per year are being forecasted based upon anticipated revenues and planned expenses, the substantial size of the university's reserve fund balances are sufficient to address these shortfalls. Additionally, it was pointed out that the strength of the university's reserve fund balances will provide investment opportunities for strategic imperatives, future initiatives, and unanticipated requirements, while still maintaining compliance with conditions relating to reserve fund level set forth in RP 8.203.

VP Young spoke about several of the assumptions and factors considered in developing the Financial Plan; highlighted revenue and expenditure projections, as well as forecasted reserve fund and net operating revenue balances, through FY 2030; and stated that, overall, the university will be in a stable financial position over the next few years. He also stressed the Financial Plan will continue to be refined over the course of the next six years as economic conditions change.

Regent Abercrombie requested information on the total amount of money which would be paid to university employees as a result of the negotiated hazard pay settlement agreement discussed earlier during this meeting. VP Young replied that hazard pay for university employees subject to the settlement agreement, which only includes individuals who were members of the Hawai'i Government Employees Association during a specified employment period, amounted to approximately \$43 million in the aggregate, based on salaries, for this fiscal year, with about \$29 million being attributed to GF, \$8 million to TFSF, and the remainder to federal, special, or other similar funds.

Vice-Chair Miyahira shared his thoughts on the Financial Plan stating it is an excellent tool and a great way to look at the potential effect of future decisions on the university's finances.

Regent Abercrombie moved to accept the Financial Plan, seconded by Vice-Chair Miyahira, and noting the excused absence of Regent Paloma, the motion carried with all members present voting in the affirmative.

