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# A BILL FOR AN ACT

RELATING TO HIGH TECHNOLOGY.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The legislature finds that Kajima Urban  
2 Development International and Phase 3 Properties competitively  
3 bid and was selected by Kamehameha Schools Bishop Estate as the  
4 developer of the Asia Pacific International Research Center, a  
5 four hundred thousand square foot class A life sciences research  
6 complex on 4.98 acres located in the Kakaako district of Oahu,  
7 makai of Ala Moana Boulevard and adjacent to the University of  
8 Hawaii John A. Burns school of medicine.

9           Kamehameha Schools and Bishop Estate and Kajima Urban  
10 Development International and Phase 3 Properties are committed  
11 to cultivating the high technology industry in Hawaii and have  
12 the full support of Enterprise Honolulu and the Hawaii Life  
13 Sciences and Technology Council. The Asia Pacific International  
14 Research Center will be positioned as a catalyst spawning new  
15 international life science collaborations in the Pacific Rim for  
16 both the public and private sectors as the only facility with  
17 class A wet laboratory space available to the non-institutional  
18 market.



1 Kamehameha Schools Bishop Estate and Kajima Urban  
2 Development International and Phase 3 Properties are negotiating  
3 with the high technology development corporation, an agency of  
4 the State, to commit to a ten-year lease agreement for  
5 approximately ninety-nine thousand square feet of laboratory and  
6 office space on three floors. The high technology development  
7 corporation will operate a technology incubator and innovation  
8 center, which will support the efforts of the University of  
9 Hawaii's school of medicine, Cancer Research Center of Hawaii,  
10 and many related bioscience research institutions.

11 The statutory purpose and mission of the high technology  
12 development corporation is to grow Hawaii's high tech industry  
13 and this includes its fledging life science industry. To grow  
14 these technology industries, the corporation must be able to  
15 provide quality incubator and innovation facilities to qualified  
16 start-up companies. Kamehameha Schools Bishop Estate, Kajima  
17 Urban Development International, and Phase 3 Properties believe  
18 that there is a significant and exciting opportunity for the  
19 high technology development corporation to participate in the  
20 development of the Asia Pacific International Research Center.

21 Hawaii needs suitable specialty commercial laboratory space  
22 as soon as possible since very little currently exists.



1 Thirteen biotechnology companies did not select Hawaii as a site  
2 in the past three years due to the lack of suitable space. The  
3 total square footage of these companies' needs was twice as much  
4 as the proposed project space and yet additional demand exists.  
5 To build a life sciences sector, the State will need specialty  
6 commercial space.

7 Other states and communities are also very aggressively  
8 recruiting technology companies and start-ups. Many offer  
9 grants, subsidies, and other incentives to attract high  
10 technology companies to develop and grow their businesses. They  
11 know that these companies hire the knowledge and concept workers  
12 that are attracted by high-paying jobs and the opportunity to  
13 collaborate with other scientists and technicians. These other  
14 communities know that the technology and life science industries  
15 produce quality jobs at all levels, from the beginning  
16 technician to the senior researcher, increase the jurisdiction's  
17 tax base and, most importantly, provide the critical mass and  
18 synergy for a sustainable industry. The most successful states  
19 and communities locate their technology companies adjacent to  
20 major research institutions, creating a cluster effect. In  
21 addition to new and meaningful career pathways for Hawaii's



1 youth and residents, an estimated one thousand new living wage  
2 jobs will be created within the facility.

3 Hawaii is well positioned to compete in this market. The  
4 recently completed University of Hawaii school of medicine  
5 complex will soon be joined by the Cancer Research Center of  
6 Hawaii and a Regional Biosafety Laboratory adjacent to the  
7 school of medicine. This Asia Pacific International Research  
8 Center project is intended to be the catalyst for the  
9 development of the life science industry in Hawaii. It is  
10 intended to be a place where the private research sector joins  
11 with the public research sector to create an exciting place for  
12 innovation and entrepreneurship. The facility completely  
13 complements the University of Hawaii Kakaako magnet for research  
14 on medicine, cancer, and infectious diseases. It makes possible  
15 the first level of university and private sector collaboration  
16 in the Kakaako core.

17 The project allows the State to take the initiative in  
18 growing incubation and innovation space without bearing the cost  
19 or burden of construction alone. Many other jurisdictions have  
20 undertaken similar efforts to create a life sciences industry in  
21 their communities such as San Diego, San Francisco, Boston, and  
22 North Carolina. New York uses a \$2,000,000,000 initiative fund



1 to lure top tier biotechnology and pharmaceutical companies.  
2 The Kobe city government has paid for two-thirds of the  
3 development of the Kobe Bio Science Park in Kobe, Japan. The  
4 competition to attract high technology companies is intense and  
5 governments have had to lend financial support to be a contender  
6 in this market. The Asia Pacific International Research Center  
7 can act as a magnet to recruit other world-class research  
8 companies such as the Centers for Disease Control and Novartis,  
9 the global pharmaceutical company.

10 The Kamehameha Schools Bishop Estate and Kajima Urban  
11 Development International and Phase 3 Properties project aims to  
12 build life sciences cluster dynamics by providing a private  
13 sector facility to augment university and research centers.  
14 Through this public-private partnership, Kamehameha Schools  
15 Bishop Estate is making a considerable investment in innovation  
16 infrastructure. Kamehameha Schools Bishop Estate funded the  
17 Hawaii Life Sciences Road Map: Competitive Opportunities in the  
18 Global Economy (July 2005) at a cost of \$1,000,000 and will  
19 commit to the Asia Pacific International Research Center a five-  
20 acre parcel, giving up approximately \$20,000,000 in opportunity  
21 cost from not pursuing highest and best use of that land.



1 Kamehameha Schools Bishop Estate is committed to  
2 redeveloping other buildings in the area to support innovation  
3 industries. Phase 2 of Kamehameha Schools Bishop Estate  
4 development more than doubles innovation space in Kakaako for  
5 future cluster growth, ultimately resulting in a total of four  
6 hundred thousand square feet of laboratory and office space  
7 dedicated to the high technology industry. The ninety-nine  
8 thousand square feet of the Asia Pacific International Research  
9 Center represents less than twenty-five per cent of all of  
10 Kamehameha Schools Bishop Estate's development in Kakaako.

11 The purpose of this Act is to support the operations and  
12 programs of a state-operated technology incubator and innovation  
13 center in the Kakaako district of downtown Honolulu.

14 SECTION 2. The high technology development corporation,  
15 with assistance from the department of business, economic  
16 development, and tourism, shall negotiate with the Kamehameha  
17 Schools Bishop Estate, Kajima Urban Development International  
18 and Phase 3 Properties, on terms acceptable and satisfactory to  
19 the corporation's board of directors and the director of  
20 finance, a lease agreement for a period of ten years for  
21 approximately ninety-nine thousand square feet of laboratory and



1 office space in the Asia Pacific International Research Center  
2 in Kakaako.

3 SECTION 3. The negotiations between the high technology  
4 development corporation and the department of budget and finance  
5 with Kamehameha Schools Bishop Estate and Kajima Urban  
6 Development International and Phase 3 Properties shall consider,  
7 as a means to reducing cost to the State:

8 (1) Using \$80,000,000 or more in private sector  
9 investment;

10 (2) The application, in reasonable amounts, from a  
11 \$28,000,000 federal new market tax credit, to reduce  
12 the State's rental costs;

13 (3) The replacement of incubation and innovation space  
14 when the high technology development corporation land  
15 lease agreement with the University of Hawaii Manoa  
16 Innovation Center expires in ten years to alleviate  
17 the lack of available state capital improvement funds  
18 to construct technology-based economic development  
19 projects;

20 (4) The speed at which the private sector is able to  
21 construct new projects, particularly wet laboratories;



- 1 (5) Monetary contribution in the form of a lease reserve  
2 fund by Kamehameha Schools Bishop Estate and Kajima  
3 Urban Development International and Phase 3 Properties  
4 to reduce the effective cost of the lease agreement to  
5 the State for ten years;
- 6 (6) Commitments by Kamehameha Schools Bishop Estate and  
7 Kajima Urban Development International and Phase 3  
8 Properties to pre-lease two-thirds of the space for  
9 the State;
- 10 (7) Enhancements that accrue or result from this  
11 development; and
- 12 (8) Any and all other appropriate considerations as  
13 determined by the high technology development  
14 corporation and the department of budget and finance.

15 SECTION 4. The high technology development corporation may  
16 enter into contracts to support the planning and development of  
17 a state-operated high technology incubator and innovation center  
18 in the Kakaako district near downtown Honolulu.

19 SECTION 5. There is appropriated out of the general  
20 revenues of the State of Hawaii the sum of \$150,000 or so much  
21 thereof as may be necessary for fiscal year 2007-2008, to carry  
22 out the purposes of this Act.



1           The sum appropriated shall be expended by the high  
2 technology development corporation.

3           SECTION 6. The provisions of this Act are not intended to  
4 and shall not restrict or constrain the lease negotiations of  
5 the high technology development corporation, the department  
6 business, economic development, and tourism, and the department  
7 of budget and finance with the developers and owners of the Asia  
8 Pacific International Research Center.

9           SECTION 7. This Act shall take effect upon its approval;  
10 except that section 5 shall take effect on July 1, 2007.



**Report Title:**

High Technology; Asia Pacific International Research Center

**Description:**

Appropriates \$150,000 in FY 2007-2008 to the high technology development corporation to negotiate a 10-year lease to construct the Asia Pacific International Research Center for high technology in Kakaako. (HB 1083 HD1)

