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

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



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

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



1 cluster effect. In addition to new and meaningful career
2 pathways for Hawaii's youth and residents, an estimated one
3 thousand new living wage jobs will be created within the
4 facility.

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

19 The project allows the State to take the initiative in
20 providing incubation and innovation space without bearing the
21 cost or burden of construction alone. Many other jurisdictions
22 have undertaken similar efforts to create a life sciences



1 industry in their communities such as San Diego, San Francisco,
2 Boston, and North Carolina. New York uses a \$2,000,000,000
3 initiative fund to lure top-tier biotechnology and
4 pharmaceutical companies. The Kobe city government has paid for
5 two-thirds of the development of the Kobe Bio Science Park in
6 Kobe, Japan. The competition to attract high technology
7 companies is intense and governments have had to lend financial
8 support to be a contender in this market. The Asia Pacific
9 International Research Center can act as a magnet to recruit
10 other world-class research companies such as the Centers for
11 Disease Control and Novartis, the global pharmaceutical company.

12 The Kamehameha Schools Bishop Estate, Kajima Urban
13 Development International, and Phase 3 Properties project aims
14 to build life sciences cluster dynamics by providing a private
15 sector facility to augment university and research centers.
16 Through this public-private partnership, Kamehameha Schools
17 Bishop Estate is making a considerable investment in innovation
18 infrastructure. Kamehameha Schools Bishop Estate funded the
19 Hawaii Life Sciences Road Map: Competitive Opportunities in the
20 Global Economy (July 2005) at a cost of \$1,000,000 and will
21 commit to the Asia Pacific International Research Center a five-



1 .acre parcel, giving up approximately \$20,000,000 in opportunity
2 cost by not pursuing the highest and best use of that land.

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

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

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



1 approximately ninety-nine thousand square feet of laboratory and
2 office space in the Asia Pacific International Research Center
3 in Kakaako.

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

- 9 (1) Using \$80,000,000 or more in private-sector
10 investment;
- 11 (2) The application, in reasonable amounts, from a
12 \$28,000,000 federal new market tax credit, to reduce
13 the State's rental costs;
- 14 (3) The replacement of incubation and innovation space
15 when the high technology development corporation land
16 lease agreement with the University of Hawaii Manoa
17 innovation center expires in ten years to alleviate
18 the lack of available state capital improvement funds
19 to construct technology-based economic development
20 projects;
- 21 (4) The speed at which the private sector is able to
22 construct new projects, particularly wet laboratories;



1 (5) Monetary contribution in the form of a lease reserve
2 fund by Kamehameha Schools Bishop Estate, Kajima Urban
3 Development International, and Phase 3 Properties to
4 reduce the effective cost of the lease agreement to
5 the State for ten years;

6 (6) Commitments by Kamehameha Schools Bishop Estate,
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 \$ 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 on July 1, 2020;
10 except that section 5 shall take effect on July 1, 2020.



Report Title:

High Technology; Asia Pacific International Research Center

Description:

Appropriates an unspecified amount 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. Effective July 1, 2020. (HB 1083 HD2)

