



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
Senate Committees on
Economic Development, Tourism, and Technology
Higher Education
Water and Land
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by
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SB 48 SD1 – RELATING TO TECHNOLOGY

Dear Chairs Wakai, Kahele, and Rhoads, Vice Chairs Taniguchi, Kim, and Gabbard, and members of the committees:

The University of Hawai'i hereby submits testimony in opposition to Senate Bill 48, Senate Draft 1 (SB48 SD1). This bill proposes to transfer title, custody, control, and management authority of fee simple land that are rightfully owned by the University of Hawai'i (UH). This bill is counter-productive to our UH goals and mission of expanding educational programs, and managing and monetizing our assets.

SB48 SD1 seeks to transfer the land at the Mānoa Innovation Center located at 2800 Woodlawn Drive in Honolulu, Hawai'i, O'ahu, to the Hawai'i Technology Development Corporation (HTDC), and proposes a return of the land and facilities back to UH by June 30, 2029. First and foremost, UH holds the fee simple title to the land in question and has been planning for the use of the Mānoa Innovation Center. Wrestling away title of this land from the University would be a major setback and is counter to legislative and administration efforts that encourage the University to be more pro-active in real asset management.

Secondly, this property was acquired by the University in 1968 and had been leased to the Hawai'i Technology Development Corporation (HTDC) since 1990 at no ground rent to the University. The lease arrangement has allowed HTDC to retain all net rental proceeds to support their programs for over 25 years. HTDC's lease of the property expired in April of 2015. The University has allowed HTDC to remain as the lessee on a month-to-month basis for more than 2-1/2 years. The University informed HTDC on January 22nd that the month-to-month arrangement would be terminated and UH assume control and management of the Mānoa Innovation Center facility on July 1, 2018. The University will be using this property to advance its innovation and technology initiatives. The University believes HTDC could still continue to play a role in this effort.

In terminating the lease with HTDC, the University has offered HTDC to remain at Mānoa Innovation Center rent free, paying only applicable common-area maintenance fees. The University has also communicated to tenants that it intends to allow existing tenants to remain at the Mānoa Innovation Center under their existing terms and conditions if they want to stay in place. Our intent is to minimize disruption to HTDC and the MIC tenants as we transition into the property on July 1, 2018.

Furthermore, the Legislature has been increasingly vocal about the University seeking options to monetizing assets to support the UH programs rather than only relying on legislative appropriations of general funds. The Mānoa Innovation Center is University property and the University should be supported to maximize its efforts to utilize resources and assets within its possession to manage its own resources and generate its own revenue.

For these reasons, we respectfully request that the committees defer this matter indefinitely. SB48 SD1 does not serve the best interest of the UH.

Thank you for your time and consideration.