

THOMAS LEE DIRECT TESTIMONY

PRESENTATION HEARING

Department of Veterans Affairs Multi-Specialty Outpatient Clinic (KAL 21-006)

Q Please state your name, place of employment, and position.

A Thomas Lee, Vice President, Hunt Communities Hawaii, LLC (“Hunt”).

Q What is Hunt’s interest in the Department of Veterans Affairs Multi-Specialty Outpatient Clinic (the “VA Clinic”) development permit application currently before the Hawaii Community Development Authority (“HCDA” or the “Authority”)?

A Hunt is the fee owner/lessee of approximately 540 acres of land, primarily on the northern boundary of Kalaeloa, which includes Hunt Parcel 1, a portion of which will be the site for the VA Clinic (also known as the Advanced Leeward Outpatient Healthcare Access (ALOHA) project).

VA Aloha, LLC (“VA Aloha”), a wholly-owned entity of Hunt, is the developer and the permit applicant for the VA Clinic. After obtaining final subdivision approval of the parcel, Hunt will transfer the fee ownership of the VA Clinic lot to VA Aloha.

Q Please briefly describe Hunt’s history in Hawaii and in Kalaeloa.

A Hunt and its affiliates have been active in Hawaii for over three decades, and have developed over 500,000 square feet of residential and commercial space on O’ahu, Maui, Kauai and the Big Island. Among its many projects in Hawaii, Hunt has a proud history of developing and managing quality housing for military and local families, including numerous affordable workforce housing communities throughout the state.

Since Hunt entered into a ground lease with the U.S. Navy in 2008, Hunt, through its affiliates, has invested tens of millions of dollars in redeveloping and revitalizing Kalaeloa. Hunt’s efforts have attracted over 70 local businesses to the area to date, which provide a variety of community services, family entertainment, and hundreds of jobs. Through its leasing program, Hunt has “turned the lights back on” to many of the vacant, derelict buildings in Kalaeloa. An outstanding example of one of these projects is the \$15 million redevelopment of the former Barbers Point Naval Air Station bachelor officer quarters (“BOQ”) into 100-units of reserved housing, now called the Wakea Garden Apartments.

Beginning in July, 2021, Hunt will begin an approximately \$40 million, two-year infrastructure project in Kalaeloa that marks a major milestone for the district. The project, which follows years of planning and extensive discussions with the DOT, the City and HCDA, involves extensive upgrades to bring critical and reliable infrastructure to a major gateway to Kalaeloa in the area of Franklin D. Roosevelt Avenue, Kamokila

EXHIBIT 4

Boulevard, Copahee Avenue and Boxer Road adjacent to Barbers Point Elementary School.

The project will significantly improve circulation within the district and the water, sewer, and drainage systems. Sidewalks, curbs, gutters and streetlights will be installed, and the project will provide another major upgrade to the Kalaeloa electrical grid, which will be powered by Hawaiian Electric Company. The infrastructure project is designed to support various projects planned by Hunt and its partners in the next several years, including the VA Clinic, and new residential rooftops in the area.

Q Please describe the status of Hunt’s master plan for Kalaeloa and Hunt’s plans for the future of the area.

A HCDA approved its Kalaeloa Master Plan in 2006. The Kalaeloa Master Plan envisioned Kalaeloa as a “Center for Excellence” within the ‘Ewa region of O’ahu, and the plan proposed mixed use, walkable neighborhoods, including a variety of housing, employment opportunities, public facilities and open space, as well as infrastructure improvements to address issues relating to utilities, drainage, roadways, regional connectivity, pedestrian access and traffic issues.

Hunt prepared its Kalaeloa Strategic Implementation Plan in 2013 to complement HCDA’s Kalaeloa Master Plan. Hunt’s strategic plan focused on six principles: 1) create a walkable community; 2) build a strong community identity; 3) celebrate and connect cultural and environmental assets; 4) strengthen gateways and edges; 5) create an economic engine for the area and its residents; and 5) restore and upgrade infrastructure.

As Hunt continues to refine its plan, we intend to dovetail those efforts with HCDA’s ongoing update of its 2006 Kalaeloa Master Plan. Hunt looks forward to partnering with HCDA in updating and developing the master plans for the area so that the vision and potential of Kalaeloa as a livable, sustainable community and a center of excellence for the 21st century can be fully realized.

Most recently, Hunt supported this plan by complementing it with extensive community outreach (over 70 talk story sessions) and aligning it to current market demand to envision a vibrant mixed-use community with up to 3,000 units of moderately- and affordably-priced single and multi-family homes, up to 200,000 square feet of retail, 140 acres of industrial properties, open recreational space, and employment opportunities. The infrastructure project that broke ground at Parcel 1 in May 2021 and the VA Clinic are the first steps in making that vision a reality.

Q Please summarize the background for the VA Clinic and how this development is compliant with, and advances the goals, policies and objectives of the Kalaeloa Master Plan.

A Hunt is very proud to be a part of helping to make the VA Clinic a reality in Kalaeloa. The late U.S. Senator Daniel Akaka, working with local veterans, tirelessly advocated for the funding and construction of a major outpatient clinic for veterans in leeward O‘ahu. In 2014, Senator Mazie Hirono included authorization for the facility in the VA Choice Act, and in April, 2017, the Department of Veterans Affairs (the “VA”) issued a competitive Solicitation for Offers (“SFO”) for the project. Hunt submitted an offer in response to the SFO, which the VA evaluated and eventually accepted through an extensive vetting process.

The VA Clinic has been a key priority for the Hawaii congressional delegation. The U.S. Senate Environment and Public Works Committee approved the VA’s lease award to Hunt in December 2020, and the U.S. House Transportation and Infrastructure Committee followed with its unanimous approval in March, 2021.

The clinic, which will help more than 87,000 veterans on O‘ahu, many of whom live on the leeward side, will be a major multi-specialty facility providing primary care, mental health care, dental, x-ray, laboratory, diagnostic, pharmacy and specialty care for veterans in the area and beyond.

Veterans living in west O‘ahu, including in Kalaeloa and Kapolei, will particularly benefit from reduced wait times for services, increased provider availability and reduced transit times, as the clinic will substantially reduce the need to receive services at the Spark M. Matsunaga Veterans Affairs Medical Center at Tripler Army Medical Center in Moanalua, which is exceeding its capacity. As such, and as noted in a recent resolution passed unanimously by the Makakilo / Kapolei / Honokai Hale Neighborhood Board No. 34, the west O‘ahu community has long advocated for and supported locating a Veterans Affairs clinic in the area, and the community supports the approval of the clinic to meet the VA’s accelerated development timeline.

The VA Clinic is consistent with HCDA’s Kalaeloa Master Plan and advances the goals, policies and objectives of the plan.

The Kalaeloa Master Plan envisions a center of excellence within the ‘Ewa region, where people come together to share knowledge, develop expertise and advance themselves while remaining respectful of the past and place. The VA Clinic, as a major multi-specialty outpatient clinic, complements this overall vision, as the clinic will be a place to heal and improve the quality of life for veterans through the sharing and application of advanced knowledge and expertise in numerous medical fields. The VA Clinic is also respectful of Kalaeloa’s past and place, as the clinic honors Kalaeloa’s historic military and service legacy by supporting the men and women who served our country through military service.

In describing the significant opportunities arising from the redevelopment of Kalaeloa, the Kalaeloa Master Plan focuses, among other core goals and policies, on creating social value; providing new economic development and employment opportunities; balancing development; and addressing regional traffic congestion.

The VA Clinic and the infrastructure improvement project are designed to address the foregoing. As a major regional outpatient medical facility, the VA Clinic will create and maintain substantial social value for residents of Kalaeloa and the greater leeward area. The clinic is designed to nearly double the VA Pacific Islands Health Care System's capacity, and will provide regular and preventive medical care for veterans, thus substantially improving the quality of life for veterans by employing advanced medical technology, knowledge and expertise. The clinic, located at a major gateway into Kalaeloa, will be a significant community amenity and an important and valued part of the social fabric of Kalaeloa and greater west O'ahu for many years to come.

The VA Clinic will also provide new economic development and employment opportunities to Kalaeloa through both the development and construction of the clinic, as well as through its ongoing operations. The clinic will be a significant milestone in the continuing revitalization of the Kalaeloa Community Development District, and construction will commence during a period when economic stimulus will be particularly helpful for Hawaii's economy during the post-pandemic recovery period.

The construction and operation of the clinic, which does not involve or require any state funds or resources, is expected to create approximately 400 construction jobs, and generate over \$100 million in development and construction output. The VA Clinic is expected to employ approximately 200 permanent medical, administrative, and support personnel.

The VA Clinic is also consistent with the Kalaeloa Master Plan's goal and policy of balancing development within the district between residential, commercial and public facilities uses. As a regional medical facility, the VA Clinic will help to provide the balance and mix of uses necessary for a thriving community in Kalaeloa as intended in HCDA's master plan.

As a medical clinic, the VA Clinic is compatible with the planned land use character of the surrounding area and will not have a substantial adverse effect on surrounding planned land uses, because the clinic is permitted by right in the T3 general urban zone of the district, which also permits, among other land uses, residential, public, commercial and industrial uses. As discussed previously, the VA Clinic will be an integral part of Hunt's community, which envisions a combination of uses on Hunt's Parcel 1, including the clinic, and a mix of housing and open space.

All of this would not be possible without reliable, updated and robust infrastructure to support the future development of this area, and the infrastructure improvement project noted previously is designed to support these upcoming projects and to also

help fulfill the Kalaeloa Master Plan's goal of addressing regional traffic congestion through increasing roadway connectivity and improving road infrastructure.

Q You referred to the VA's Solicitation of Offers, or SFO, for the Project. Please describe the SFO in more detail and Hunt's offer in response to the SFO.

A The VA's SFO, issued in April, 2017, described, in detail, the VA's requirements, preferences and specifications for the VA Clinic. The SFO also included conceptual plans as a guideline for offerors to follow in developing their own plans in response to the SFO. The SFO (including the VA's amendments and responses to questions) and the VA's conceptual plans are attached as exhibits to VA Aloha's request for waivers of certain provisions of the KCDD rules, submitted concurrently with VA Aloha's development application.

The SFO included numerous mandatory design requirements for the facility, including minimum requirements for the shape and dimensions of space to accommodate the contiguous interior functional requirements of the clinic, and the minimum number of parking stalls. The SFO (as amended) and the VA's conceptual plans also included numerous design preferences in areas including setbacks, physical security, and clinic access.

The SFO described the VA's process and standards for evaluating offers in response to the SFO. The SFO included evaluation criteria for the VA to select an offeror that most closely met the VA's requirements, preferences, and design specifications. The SFO noted, for example, that the VA would evaluate each offer on numerous technical factors, including the "quality of site development," which, in turn would include an evaluation of an offeror's "site plan composition and elements, ingress and egress, and physical security." The result of this process is that, in making the award selection, the VA prioritized offers that most closely met the requirements, preferences and design specifications in the SFO, and thus those offers that were in the best alignment with the VA's standards and conceptual plans.

Accordingly, in preparing and submitting its offer in response to the SFO, Hunt deliberately chose to adhere as closely as possible to the VA's original requirements, specifications, preferences and conceptual plans so as to ensure that the clinic would best meet the needs of the VA and the veterans that would use the facility. For the same reasons, while the VA amended certain provisions of the SFO during the process, Hunt chose to adhere to the VA's original specifications and conceptual plans as closely as possible, especially in the areas of site security, access and other areas where Hunt believed that adhering to the VA's original, more restrictive standards would best serve the VA and its clients.

Given the VA's acceptance of Hunt's proposed design for the clinic (as confirmed through congressional approval of the lease award), material alterations or conditions on the design of the clinic as proposed in the application could alter the VA's preferred

design for the VA Clinic as selected through the comprehensive SFO process. As noted in the application, with limited exceptions discussed in VA Aloha's petition for waiver of selected provisions of the KCDD Rules, the project complies with all other standards and guidelines of the KCDD Rules.

Q How will VA Aloha fulfill the public facilities dedication requirement for the VA Clinic?

A Pursuant to HAR § 15-215-64, VA Aloha is required to dedicate a minimum of three percent of the total commercial or industrial floor area of the project for public facilities. The required public facilities dedication for the VA Clinic is 3,405 SF (113,500 SF * 3 percent = 3,405 SF). VA Aloha, through Hunt, will substantially exceed this requirement.

As part of the subdivision of Hunt Parcel 1 and the related roadway projects in and around Parcel 1, Hunt will provide 187,393 SF of public facilities, which will be dedicated to the City pursuant to the MOU. Appendix A of the Application illustrates the public facilities dedications, which are: 1) the extension of Kamokila Boulevard with a 108-foot right of way; 2) the widening of Franklin D. Roosevelt Avenue with an 80-foot right-of-way; 3) the widening of Copahee Avenue with a 66-foot right-of-way; and 4) the widening of Boxer Road with a 78-foot right-of-way.

These Public Facilities Dedications will exceed the dedication requirement for the VA Clinic by 183,988 SF, which will serve as a credit for future projects.

Q What is VA Aloha's development timetable for the clinic?

A The development timetable for the VA Clinic is set by VA requirements. Under the lease executed between Hunt and the VA, VA Aloha is required to construct and deliver the completed VA Clinic for occupancy by the late-summer of 2023. This accelerated timetable requires that VA Aloha commence construction of the clinic no later than the fall of this year, 2021.

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