

RACE RANDLE DIRECT TESTIMONY

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

A Race Randle, Senior Vice President, Development, The Howard Hughes Corporation ("HHC").

Q What is HHC's interest in the Planned Development Permit application that is before the Hawaii Community Development Authority ("Authority")?

A HHC is the parent company of Victoria Ward, Limited ("VWL"), which is the owner and developer of the lands comprising the Project and the entire 60-acre Ward Neighborhood Master Plan area approved by the Authority. HHC's team in Hawaii consists of over one hundred members, some of whom have worked at Ward Village for decades.

Q Please describe the Ward Neighborhood Master Plan.

A On January 14, 2009, the Ward Neighborhood Master Plan (the "Ward MP") was approved by the Authority pursuant to Hawaii Administrative Rules ("HAR") Title 15, Chapter 22 ("Vested Rules") after public hearings, contested case proceedings, and final decision-making. The Ward MP is the largest masterplan in Kakaako and reflects years of stakeholder and community engagement that included charettes, organization briefings, and public outreach. This community engagement informed planning decisions related to connectivity, programming, and public spaces, among other things.

VWL drafted the Ward MP while under the management of General Growth Properties ("GGP"). In November, 2010, VWL became a subsidiary of HHC. We spent the first two years studying the history of the Ward land, reaching out to the community, to our tenants, to the cultural descendants and to other stakeholders for their input. We wanted to ensure that we progressed the master plan properly, listening to the community and considering the important history of the land.

Over the years since, VWL has continued to engage the community and stakeholders in the ongoing refinement and implementation of the master plan. Key improvements to date include a realigned and enlarged Central Plaza (now known as Victoria Ward Park) to provide increased green space in the neighborhood and improve the visual connection of Mauka to Makai.

EXHIBIT "D"

Q Please describe major community benefits of the Ward Neighborhood Master Plan.

A The Ward MP is a primary component of HCDA's larger goal of revitalizing Kakaako and transforming the district into a cohesive community. Commensurate with the original goals of the Authority to "join the strengths of private enterprise, public development and regulation into a new form capable of long-range planning and implementation of improved community development," the Ward MP is well on its way to transforming 60 acres in Kakaako into a vibrant neighborhood offering something for everyone: multi-modal streets, Victoria Ward Park, unique local and national retailers and services, residences, and a revitalized Kewalo Basin harbor. The Ward MP is designed to deliver an improved quality of life for residents, patrons and the general public in the core of Honolulu. Its major community benefits include:

- (1) Development of a range of housing opportunities, including reserved housing, in the urban core, close to the Honolulu business district, the Capitol district, and Waikiki;
- (2) Creation of a pedestrian friendly street network, with canopy trees, re-designed streets as landscaped promenades, and parking structures that are landscaped or activated for street level experiences which are aesthetically pleasing and provide functional interaction with pedestrian traffic;
- (3) Creation of a smart growth community, where residents can live, work, and play, and where the public can enjoy shopping, dining and neighborhood activities all accessible through multiple modes of public transportation;
- (4) Over 5.5 acres of open space and nearly 5.2 acres of public facilities, which have created new open space in the neighborhood for community gatherings and events. Plans for Victoria Ward Park include area-appropriate landscaping and ample public walkways, which will all continue to be secured and maintained without expense to the public;
- (5) An infusion of approximately \$11.8 billion in economic output during development, and the generation of \$701.1 million of State tax revenues while creating of over 4,250 jobs;
- (6) Investment of approximately \$300 million in street, infrastructure, and utilities improvements; and
- (7) The preservation and advancement of culture, community, and the environment in the heart of Honolulu.

Q Can you provide some examples of how the Ward MP has and will continue to revitalize the area?

A Since beginning the redevelopment, each project has not only provided new homes, parks, and commercial spaces – but has also improved the pedestrian environment and has begun “greening” the neighborhood. Over \$24 million was invested to renovate the iconic IBM Building, providing a public information center and multi-functional courtyard space to the community. Under a new lease, Kewalo Basin harbor is receiving over \$20 million of improvements, creating a safer, cleaner, and more accessible waterfront area for all. The Ward MP area is now home to the Hawaii flagship Whole Foods Market, supporting local farmers and a more sustainable future in Hawaii, and providing a much needed grocery store to Kakaako. A Longs Drugs store will also open at Ke Kilohana later this year to further fulfill the needs of the community.

As the neighborhood comes to fruition, there are continued efforts to plan and organize the commercial tenant mix with residential and community use. Special attention is being paid to the mix and proximity of these uses, to ensure a healthy balance between live, work, shop, dine, and play.

Recognized by Architectural Digest as the “Best Planned Community in America” in 2017, and by the National Association of Homebuilders as the “Master Planned Community of the Year” in 2018, Ward Village has been a driving factor in transforming Kakaako into a dynamic, thriving and vibrant urban community in the heart of Honolulu.

Q Please describe the conditions of the Ward MP and whether VWL has fulfilled those conditions.

A The Ward MP approval required VWL to prepare and submit to the Authority various agreements, surveys, assessments, and studies. These submittals were completed prior to the 2013 submission of the first development permit application under the Ward MP and include the following:

- (1) Master Plan Development Agreement for the Ward MP, by and between HCDA and VWL (December 30, 2010);
- (2) Declaratory Order re: Applicability of Condition No. 4 of Nunc Pro Tunc Order re: Hearing Officer’s Proposed Findings of Fact, Conclusions of Law, and Decision and Order for a Master Plan Permit, Issued January 14, 2009 (October 10, 2012), which fulfilled Condition No. 4 of the Master Plan Permit regarding amendments to the existing Mauka Area Plan;
- (3) Historic building inventory (Fung Associates June 2012);
- (4) Cultural impact assessment (Cultural Surveys Hawaii May 2012);
- (5) Predictive archaeological model (Cultural Surveys Hawaii May 2012);

- (6) Archaeological Inventory Survey Plan (Cultural Surveys Hawaii December 2012);
- (7) Regional traffic study (Wilson Okamoto October 2012); and
- (8) Sustainability guidelines (April 2013).

Q Did the historic building inventory prepared by Fung Associates in 2012 identify any buildings on the current Project site eligible for listing on the national register?

A No.

Q To date, what development has occurred under the Ward MP?

A We have received planned development permits (“PDP”) for projects on Land Blocks 1, 2, 3 and 5 of the Ward MP. This includes: (1) PDP No. KAK 13-038 (also known as Ke Kilohana), approved July 17, 2013, and amended on July 22, 2015, for 424 residential units, of which 375 are reserved housing; (2) PDP No. KAK 13-036 (also known as Waiea), approved August 21, 2013, for 177 residential units; (3) PDP No. KAK 13-037 (also known as Anaha), approved August 21, 2013, for 318 residential units; (4) PDP No. 14-066 (also known as Gateway), approved on November 25, 2014 for 236 residential units (which will be withdrawn upon approval of the PDP for Victoria Place); (5) PDP No. 14-074 (also known as Ae’o), approved on February 4, 2015 for 466 residential units; (6) PDP No. 16-075 (also known as A’ali’i), approved January 4, 2017 for 751 residential units, of which 150 will be for reserved housing; and (7) PDP No. 18-038 (also known as Kō’ula), approved August 9, 2018 for 570 residential units.

Since approval, HHC has completed or has made substantial progress toward the design and construction of the projects. Sales have commenced, grading and foundation permits have been obtained and/or are anticipated to be obtained. Four mixed-use projects (Waiea, Anaha, Ae’o and Ke Kilohana) have been completed, and two projects (A’ali’i and Kō’ula) are currently under construction, respectively. In addition, the iconic IBM building has been renovated, Ward Village Shops and Auahi Shops were completed as home to large national tenants and unique local shops, and Victoria Ward Park is now open, which brings an important component of the Ward MP (and a significant community amenity) to fruition. These projects are bringing improved streets, public spaces, and over 2,700 new homes to Kakaako.

Q How is the Ward MP fulfilling its vision of sustainability under the Ward MP?

A In addition to preparing the requisite sustainability guidelines, VWL entered the Ward MP into the US Green Building Council’s program LEED for Neighborhood Development (“LEED-ND”). The LEED-ND criteria awards credits for a neighborhood’s integration and sustainability through pedestrian orientation, efficient land use, and transportation infrastructure. As a result of its many inherently sustainable attributes and commitments made to make future projects sustainable, the Ward MP was awarded a

Platinum pre-certification rating, making it the only project to garner this achievement in Hawaii. This is a significant achievement for the urban core of Honolulu, which will benefit Hawaii statewide and provide a useful example of ways in which Hawaii can encourage “green” development.

You may have noticed a few changes over the years as we focus on sustainability. We restriped Auahi street to create green bike lanes and make it safer for bicyclists, which was followed by our founding sponsorship of Biki and the installation of bike share locations throughout the neighborhood. We also changed out all of the street lights in the neighborhood to LED’s offering reduced energy use for the city and a safer, better lit street at night. We even created our own bike racks – the “WV” and have deployed them throughout the neighborhood. And during redevelopment of each project we have relocated dozens of large, healthy trees throughout Ward Village, Kewalo, and even Kolowalu Park to help improve the urban tree canopy and green the neighborhood.

Each of our development projects pursue individual LEED BD+C certification by implementing a number of sustainability strategies. The mixed-use and urban quality of the area exceeds the community connectivity and public transportation access criteria for sustainable sites. The proposed HART rail station will be within walking distance of all areas of the district and will further enhance public transportation options for district residents and inbound shoppers and visitors. Bicycle storage for residents and visitors will continue to be conveniently located for easy access. Extensive use of indigenous vegetation in open areas provides improved storm water management, reduced local heat island effect and increased opportunities for comfortable recreation and socialization. Drip irrigation system and water efficient plumbing fixtures will continue to substantially reduce water use.

The buildings typically use passive strategies to increase energy efficiency. This includes pursuing highly efficient glass on the façade, high efficiency lighting, operable windows and doors and enhanced commissioning and refrigerant management.

Recycled and renewable materials, use of regional resources, and reduction of on-site waste are all considerations for the selection and specification of materials for building structure and envelope, for exterior and interior finishes, and for the site development. Large windows will provide abundant daylight and views to normally occupied spaces. Material selections will aim to reduce, or to eliminate, volatile organic compounds.

Q Describe the change from the approved Gateway project to Victoria Place.

The changes are significant, most notably the larger, wider open space now available connecting Auahi Street to Ala Moana Boulevard. Instead of two residential communities at Gateway over a site area of approximately 191,000 square feet, Victoria Place will have a single residential community over a site area of approximately 102,000 square feet.

By re-planning this area and the uses within it – retail, townhomes, etc. – we have been able to reduce the podium height at Victoria Place to under 45’ and terrace it down to the park. For the first time in any of our projects, the residential lobby takes on a residential scale and natural appearance, as a one-story element with an outdoor entrance off of Auahi street. On the ‘Ewa side, the podium edge steps down to a lobby structure with a series of single-story amenity spaces, including courtyards and casual meeting spaces that provide a transition of scale with the public park and merges the indoor and outdoor spaces. Victoria Place will have approximately 15,600 square feet of open space on the ground level, which exceeds the open space requirement by 52 percent.

The Gateway project has towers approximately 181’ apart, while Victoria Place’s tower element will be over 300’ to the future tower on Block B.

Based on response from owners and residents, Victoria Place takes the regional design idea of entering through a garden and combines it with regionally-inspired materials to create an inviting experience.

Q How are tenant relocation requirements being fulfilled under the Ward MP?

A While the Project site is currently vacant, relocation assistance has been and will be provided to tenants pursuant to the approved Ward MP. VWL provides support to affected tenants, first by frequently communicating our development plans to our tenants. We then look for relocation opportunities within the Ward area to the extent feasible. If not feasible, VWL works with the commercial brokerage community to assist these businesses in locating to alternative spaces. Ultimately, the redevelopment of the Ward MP area, including the Project site, is intended to benefit existing and future tenants.

Q How are the public facilities requirements being fulfilled under the Ward MP?

A Under the Ward MP and Hawaii Administrative Rules (HAR) § 15-22-73, VWL is required to provide public facilities equal to three percent (3%) of the total commercial and community service floor area and four percent (4%) of the total residential floor area of each development project. Under the Ward MP, this was estimated to be approximately 330,053 square feet of land, based on the most likely mix of residential and commercial development, at full build-out.

The public facilities provided to date under the Ward MP are shown on Table 5-5, page 31, of the Application (which is Exhibit A in this proceeding).

Table 5-5 shows that, with the seven projects that have been approved by the Authority under the Ward MP to date, and inclusive of Victoria Ward Park and pre-Ward MP dedications, VWL has committed to providing approximately 180,570 square feet of public facilities in the form of sidewalks, plazas, driveways and roadways. If this Project

is approved and the PDP for Gateway Towers is withdrawn, the public facilities commitments to date will exceed the amount required under the Vested Rules by approximately 35,506 square feet, which serves as a credit for future projects.

Q How are the reserved housing requirements being fulfilled under the Ward MP?

A Under the Ward MP and HAR §15-22-115, VWL is required to provide reserved housing equal to twenty percent (20%) of the total number of dwelling units in a development. The reserved housing units provided to date under the Ward MP are shown in Table 4-2, page 21, of the Application (which is Exhibit A in this proceeding).

Table 4-2 shows that, with Victoria Place, plus projects approved to date (but excluding Gateway), a total of 3,056 residential units will be built. Ke Kilohana provides 375 reserved housing units, and 'A'ali'i will provide 150 reserved housing units. In order to meet the remaining reserved housing requirements for Kō'ula and Victoria Place, VWL will provide at least 108 new reserved housing units within the Ward MP area, currently planned for Block F.

Q In accordance with HRS § 206E-5.6, please describe the economic impacts anticipated from the Project.

A Similar to the other projects that are part of the Ward MP development, this Project will make a significant positive economic impact to new housing supply, job creation, spending, property tax receipts, retail sales, and ongoing building operations and maintenance activities.

Similar to the economic impact of other projects in the Ward MP, the Project stimulus can be estimated in the range of \$772 million in real gross domestic product; \$253 million in workers' earnings; and \$49 million in State of Hawaii tax revenue. The project will provide approximately 1,609 jobs in year one of the Project's construction, and over 1,500 jobs in year two of construction.

During the Project's operation and maintenance over a 30 year period, the Project is anticipated to generate approximately \$296 million in real gross domestic product; \$94 million in workers' earnings, \$18 million in State of Hawaii tax revenue, and 29 or more permanent jobs.

Q Please describe Victoria Place's compliance with the tower spacing guidelines in HAR § 15-22-143(b)?

A Pursuant to this rule, to "the extent practicable," tower spacing between neighboring towers shall be at least 300 feet between the long parallel sides of the towers and at least 200 feet between the short sides of the towers.

As shown in Exhibit 26 of the Application (Exhibit A in this proceeding), Victoria Place complies with this guideline, and as depicted in Appendix E of the Application, Victoria

Place's orientation and siting also minimizes shadow effects on neighboring buildings, provides Victoria Place homes with direct access to sunlight, and preserves mauka-makai views.

Q Please describe this Project's anticipated impact on transit oriented development, including rail, bus, and other modes of rapid transit.

A Multiple opportunities for public transit will be available from Victoria Place. The project is near multiple public and private bus lines, and Victoria Ward Park (both the mauka and makai areas) will help to provide access to the future HART elevated rail line in Kakaako.

Q Has HHC communicated with HART with respect to the Project and the proposed Kakaako rail stations?

A Yes, for the past several years, we have communicated with, and in earlier projects, engaged in construction de-confliction meetings with, HART representatives. HHC is committed to continuing its communication and negotiations with HART on all of HART's proposed acquisitions and the interface between their existing and proposed real property interests.

Q Do you plan to use local union labor on the Project?

A Yes.

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