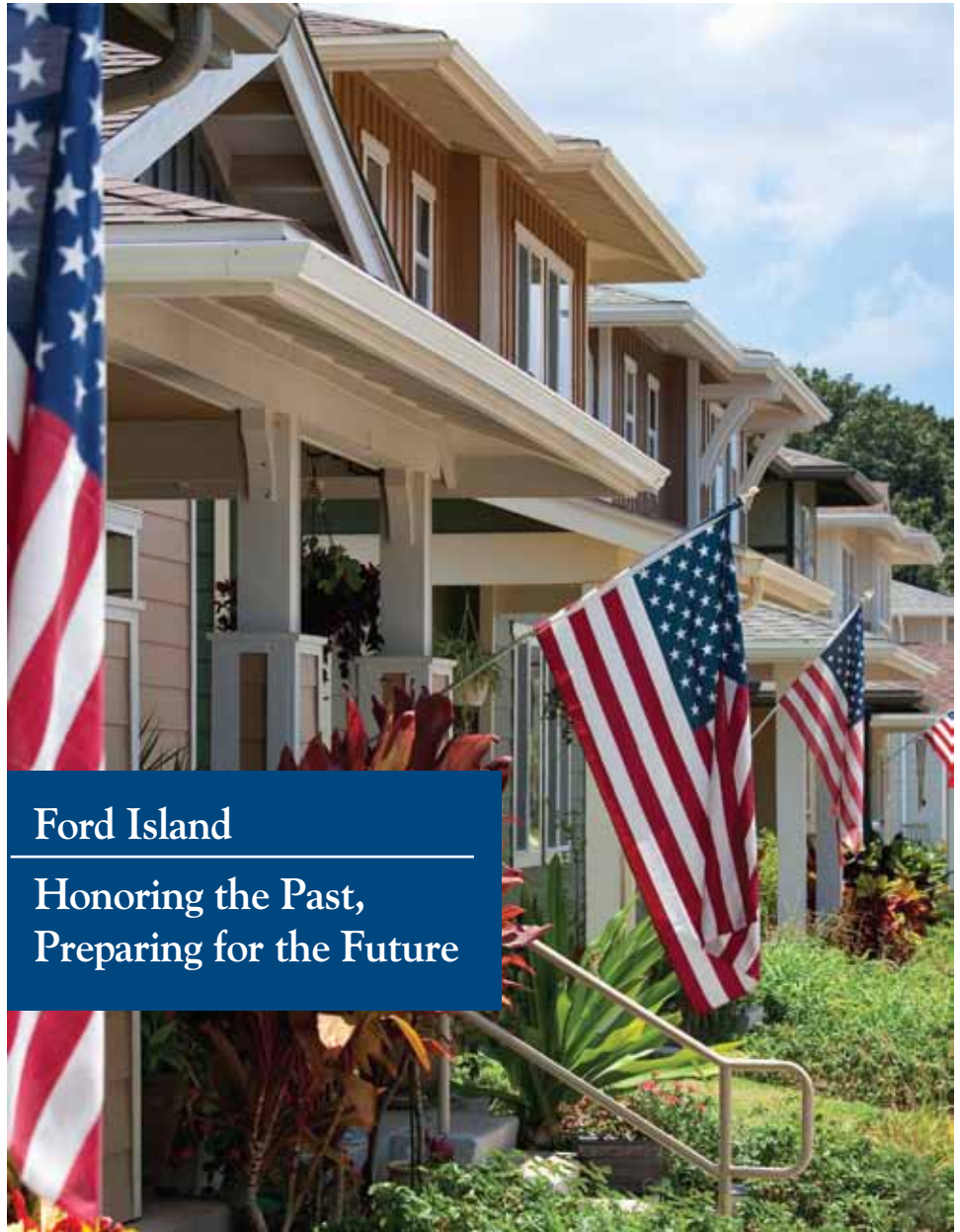




Ford Island
Master Development
Agreement
Pearl Harbor, Hawai'i
Case Study



Ford Island
Honoring the Past,
Preparing for the Future

“The Ford Island Development Project is an excellent example of what can be achieved when the public and private sectors partner together. The project will not only improve the quality of life for our sailors and their families, it will also add jobs and a shot in the arm for our local economy.”

- U.S. Senator Daniel K. Inouye
2003

A unique public-private partnership between the U.S. Navy and Ford Island Properties, LLC (a joint venture between Hawai'i Renaissance Builders, LLC (an affiliate of Hunt Companies, Inc.) and Fluor Federal Services, LLC) has enabled the redevelopment of Ford Island into an efficient living and working environment adjacent to the main Naval Station Pearl Harbor.

Under the Ford Island Master Development Agreement (MDA), the U.S. Navy exchanged 1,600 acres on five parcels of land throughout O'ahu (including 1,988 family housing units) for \$84 million in infrastructure and other improvements on Ford Island. This first-of-its-kind project has been completely funded with revenues generated by the private development of the parcels, resulting in a better quality of life for Navy personnel and immediate infrastructure improvements on Ford Island.

Ford Island History

"As a retired Navy Captain, I'd like to let all the Sailors know how proud we are at Ford Island Properties and the Hunt Development Group to be involved with this project and we look forward to seeing the Navy host some great events over here."

- Steve Colón
President of the Hawai'i
Division of Hunt
Development Group
At the dedication of
Ford Island Building 89
Conference Center
August 2007

"It will be a real shot in the arm for local businesses – both large, medium and small. One hundred eight million dollars...will provide some real opportunities for local companies."

- Jim Tollefson
President of the Chamber of
Commerce of Hawai'i
2003



U.S.S. Missouri and Arizona Memorials

Ford Island is a small island of 335 acres located in Pearl Harbor on the Island of O'ahu. In the 19th and early 20th centuries, it was used as pasture land for animals and later as sugarcane fields. During World War I, the U.S. War Department selected Ford Island as the site for land-based guns to defend the harbor and the island was purchased in 1917.



Aerial photo of Ford Island, 1940

When the Imperial Japanese Navy attacked Pearl Harbor in 1941, they sank and destroyed four U.S. Navy battleships moored at Ford Island (two of which were raised and returned to service later in the war) and aircraft on the ground. As World War II progressed, the Navy built



Attack of Pearl Harbor, 1941

runways, hangars, and auxiliary buildings on the island. After the war, the Navy did not require a large air base near Pearl Harbor and, in 1962 officially deactivated Ford Island as an air base. In 1964 the Secretary of the Interior designated most of Pearl Harbor, including Ford Island, as a National Historic Landmark.

Over the years Ford Island had been the home of Battleship Row, the site of the U.S.S. Arizona Memorial, and in 1998 it became the final home for the battleship

U.S.S. Missouri. Although it had a small airstrip, housing for sailors and their families, and offices for other military activities, Ford Island was accessible only by ferry to the rest of Pearl Harbor. With the completion of the 4,672-foot Admiral Clarey Bridge in 1999, the island became accessible to visitors and enhanced its potential for further development.

U.S. Navy leaders recognized the prospect of developing Ford Island to increase naval activities on the island and provide on-island housing for Navy personnel. The Navy faced the challenge of financing the immediate revitalization of Ford Island through means other than traditional military construction but solved it through the creation of a public-private partnership. With the help of Hawai'i's Congressional delegation, especially Senator Daniel Inouye and Representative Neil Abercrombie, special legislation was passed in Congress in 1999 allowing the Navy to sell or lease off-base properties in the area and use the proceeds to pay for Ford Island infrastructure and other improvements.

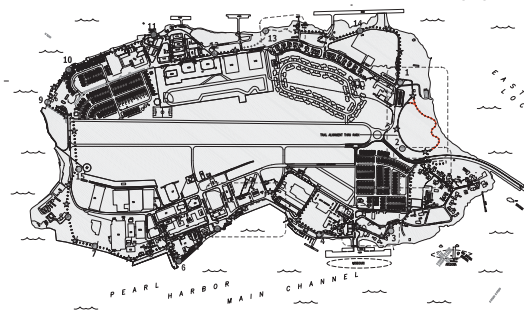
To launch this unique public-private partnership, the Navy began a solicitation in 2001 to exchange five underutilized properties on the island of O'ahu for infrastructure work and development services on Ford Island. The Navy parcels included housing in and around the former Barbers Point Naval Air Station, 40 acres on Ford Island, a parcel adjacent to the U.S.S. Arizona Memorial's visitor's center, a large oceanfront military housing community adjacent to Pearl Harbor, and an ammunition storage facility in Waikale. The following year, Navy entered into exclusive negotiations with Flour Hawai'i LLC. (now called Ford Island Properties, LLC), a joint venture between Hunt Companies, Inc. and Fluor Federal Services, LLC. In July 2003, the Department of the Navy awarded the Ford Island Master Development Agreement to Ford Island Properties to manage the project's overall design and construction.

"This is one of our highest priorities, to keep the tower from further deterioration. Rear Admiral Dixon Smith has been most instrumental in securing the lease between the Navy and Ford Island Ventures/Hunt Development Group, the landlord for this property. We are extremely grateful to him and anxious to get started preserving this important beacon of history."

- Kenneth DeHoff
Executive Director of the
Pacific Aviation Museum
Pearl Harbor
September 2010



Pacific Aviation Museum Control Tower



Ford Island Historic Trail

Widely recognized for its expertise in public-private partnerships, the Hunt Companies, Inc. has decades of experience focusing on the development, acquisition and construction of residential and commercial real estate through traditional Military Construction programs (MILCON), Military Housing Privatization Initiative (MHPI) projects, Enhanced Use Lease (EUL) projects, government build-to-lease programs and other public-private partnerships (PPP). Hunt's extensive experience and success with public-private partnerships is a testament to how well the company understands and complements various federal, state and local private and public entities to create mutual benefits for its partners and their communities.

Hunt's Involvement/Role

Since 2003, Ford Island Properties has managed the following revitalization projects on Ford Island:

- Invested \$83.9 million in infrastructure improvements including upgrades to the electrical, communications, sewage systems and roads on Ford Island, as well as honor the historic setting of the United States' entry into World War II.
- Transformed Building 89 theatre, a movie theater listed on the National Register of Historical Places into a 21,000 square foot, \$14 million state-of-the-art Navy conference center, dedicated in 2007. The result of its refurbishment is a blend of historic architectural and design features with new technology, ADA accessibility and mixed-use features that allow the Navy to hold conferences and events within Naval Station Pearl Harbor.
- Leased three vintage hangars from the Navy and subletted them to the \$50 million, 16-acre Pacific Aviation Museum to house multi-level attractions, flight simulators, and vintage aircraft.
- Leased the iconic 158-foot Ford Island control tower from the Navy, and subletted it to the Pacific Aviation Museum, which is renovating this historical structure through a \$3.8 million grant from the Department of Defense.
- Constructed 231 new homes for military Service Members and their families.
- Designed the Ford Island Historic Trail, a 4.5 mile interpretive trail which will showcase major events that occurred on Ford Island on December 7, 1941. The trail includes a neighborhood park and parking lot for the community.



Building 89 Conference Center



Pacific Aviation Museum



Military Family Housing



Waterfront at Pu'uloa

"What you see here not only benefits the Navy, it benefits the entire O'ahu community. What was once a decrepit old building of low value is now a state-of-the-art, beautifully restored conference facility of great value and historic significance. It will benefit sailors, it will benefit family members and it will benefit all who have any remote use for a facility of this nature. We can bring many different groups in here, provide the support they need and give them a world class venue to conduct their business."

- Commander, Navy Region
Hawai'i, Rear Adm.
Townsend G. Alexander
At dedication of the Ford Island
Building 89 Conference Center
August 2007

"This contract marks a new beginning for Ford Island. For the U.S. Navy, it is the start of a new way of doing business that will greatly benefit the local economy while providing Navy families with the quality of life they deserve."

- Rear Admiral
Barry McCullough
Commander
Naval Region Hawai'i
August 2003

Since 2003, Ford Island Properties has managed the following projects on off-base properties:

- The Waterfront at Pu'uloa (formerly known as Iroquois Point), a highly successful ocean front rental community for civilians and military members located at the mouth of Pearl Harbor. All of the 1,461 homes at The Waterfront have been renovated, and 95% are rented to tenants. The property is situated on 367 acres of land that includes two lagoons, a marina, and a beautiful mile-long beach with views of Diamond Head and Pearl Harbor.
- Renovation of 280 homes at the former Barbers Point Naval Air Station (now called "Kalaeloa"). These as well as 235 other former military homes at Kalaeloa were privatized and now provide affordable housing to military and civilians in West O'ahu.
- The Waikele Naval Ammunitions Depot, a 515 acre former Navy Weapons Station has been converted into a thriving commercial/industrial storage and self-storage park, consisting of over 500,000 square feet of indoor storage and 30,000 square feet of office space. Waikele represents a successful adaptive reuse project for Hunt and the Navy, resulting in a substantial increase of the property's value.
- 548 acres of underutilized land and abandoned buildings at Kalaeloa. This former Barbers Point Naval Air Station is undergoing a dramatic revitalization and repositioning as a mixed-use development with industrial space, commercial development, and mixed-use properties to help meet the short- and long-term needs of the West O'ahu area.
- In 2005 and 2008, Ford Island Properties conveyed back to the U.S. Navy two of the five parcels in exchange for lease enhancements and additional acreage at Kalaeloa.



Waikele Storage Facility



Kalaeloa Properties

Innovation

The partnership between Ford Island Properties and the Navy was unprecedented and was made possible through special legislation passed by Congress in 1999. The land exchange which enabled the Navy to sell five underused properties in exchange for in-kind construction and infrastructure repairs on Ford Island highlights Hunt's partnership approach and ability to respond to changing circumstances to achieve a better outcome for all parties. This unique public-private partnership has since been used as a model across the country.

In 2004, the Ford Island Properties partnership joined with union and non-union labor organizations to sign the Aloha Stabilization Agreement, a first-of-its kind project labor agreement that allowed both union and non-union workers to participate in the work, thus ensuring jobs for local workers to build-out of the project. The Aloha Stabilization Agreement established a level playing field with a uniform set of rules and common ground for dispute resolution.

The Ford Island MDA has resulted in the complete renewal of essential infrastructure on the island. The infrastructure upgrades have enabled the renovation of iconic historical properties on Ford Island as well as increased economic development of the area, including construction of 231 new homes for military personnel and their families and development of National Oceanic and Atmospheric Administration's 310,000 sq ft LEED Platinum facility on its 30 acre campus. Most important, this unique public private partnership provided for the immediate and future development of Ford Island without using taxpayers dollars/Congressional appropriations.

Ford Island In-Kind Project Facts:



Ford Island Landing

PROJECT SIZE:	
Acres	335 acres
KEY FACTS:	
Commenced	August 2003
Scope \$	\$84 million
KEY FEATURES:	<ul style="list-style-type: none"> • Master Developer for Historic Ford Island • Leasing historic hangars from U.S. Navy • Subleasing hangars to Pacific Aviation Museum • Constructed 231 homes • Developed \$84 million of infrastructure for entire island • Developing historic trail around the island

Outleased Parcel Project Facts:



The Waterfront at Pu'uloa

The Waterfront at Pu'uloa Project (Former Iroquois Point Navy Housing Area):

PROJECT SIZE:	
Acres	367 acres
Homes	1,463 units
	635 North, 478 South, 350 Pu'uloa
KEY FACTS:	
Commenced	2004
Scope \$	\$80 million in renovations completed since 2005
Initial Development Period	Renovated 2004 - 2007
KEY FEATURES:	<ul style="list-style-type: none"> • Situated on approximately one mile of oceanfront land on a beautiful white sandy beach, plus 2 lagoons • 95% or greater occupancy since October 2009 • Tenant Mix: 50% Military, 50% Civilian • Amenities include: fitness center, seven playgrounds, sand volleyball courts, marina with ocean access, jogging path, community center, childcare center, mini mart and gas station retail complex, and elementary school.

“The Ford Island Master Development Agreement is a hallmark asset management accomplishment that set expanded framework for all of DoD to pursue facilities and infrastructure projects through enhanced use lease and other public/private venture arrangements. By leveraging a mix of out-leases and fee conveyances of former Navy-utilized property around Pearl Harbor, Ford Island realized more than \$80M in privately financed construction, while allowing Hunt Development Group to successfully develop Waikele Bluff & Gulch, Iroquois Point, and Barbers Point.”

– Joe Calcara, Deputy Assistant Secretary of the Army (Installations, Housing and Partnerships)
2011



Aerial view of Kalaeloa

Kalaeloa Project (Former Barbers Point Naval Air Station):

PROJECT SIZE:	
Acres	548.5 acres, 19 parcels
	495 acres (40 year lease with right to fee simple title) 54 acres (fee simple) with 8 multifamily rental homes
Homes/Units	90+ existing buildings (620,000 SF), 10 multifamily rental homes
KEY FACTS:	
Commenced	February 2009
Scope \$	\$6.6 million invested to date
Initial Development Period	40 year lease (right to fee conversion at no cost at any time during lease)
KEY FEATURES:	<ul style="list-style-type: none"> • Renovation and adaptive reuse of a former Naval Air Station • Land ranges from open space to high intensity mixed-use • Currently 27 tenants • Planning 5.9 MW Solar Field • FBI land sale (10 acres for 155,000 square foot regional FBI office complex) closed February 2011



Waikele Storage Facilities

Waikele Project Facts:

PROJECT SIZE:	
Acres	515 acres 485 acre Gulch (Ground Lease), 30 acre Bluff (Fee Simple)
Homes/Units	131 rental units total 120 Bunkers (4,000 SF) 8 Bunkers (1,000 SF) Helipad, Assembly Building, and Waikele Self Storage Office
KEY FACTS:	
Commenced	2004: Pre-lease renovations and construction 2008: Planning/Entitlement work, clearing 2010: Began architectural and engineering work for 25,000 square foot administrative office on bluff property 2011 - 2012: Commence Construction
KEY FEATURES:	<ul style="list-style-type: none"> • 485 acre property with 128 old Navy artillery bunkers • Bunkers were improved and renovated into storage units • Took from 0% occupancy in 2004 to 99% in 2008.



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