



HONOLULU AUTHORITY for RAPID TRANSPORTATION

MINUTES

**Board Organizational Meeting
July 1, 2011
Mission Memorial Annex Conference Room
550 South King Street
Honolulu, Hawaii**

PRESENT: William "Buzz" Hong Glenn Okimoto
Don Horner Carrie Okinaga
Keslie Hui Wayne Yoshioka
Damien Kim
Ivan Lui-Kwan

EXCUSED: David Tanoue

ALSO IN
ATTENDANCE: Allison Andrade Kim Ribellia
Jack Hamada Gary Okino
Paul Romaine Gene Park
Phyllis Kurio Jeanne Mariani-Belding
Brian Lee Laura Pennington
Kourtney Wong Nālani Dahl
Doug Chun Toru Hamayasu
Mike Kido Bill Brennan
Kika Bukoski Josh Silva
Al Lardizabal Lisa Hirahara
Wes Mott Faith Miyamoto
Pat Lee Deanna Chang
Frank Doyle Ken Banao
Michael Levine Tim Rivera
Gary Takeuchi Scott Ishikawa
Diane Kawauchi Ron Tober
Kekoa McClellan Andrew Robbins
Zachary DiIanni Maurice Morita

I. Swearing in of Board Members

At 8:02 A.M., Gail Kim of the Office of the City Clerk, City & County of Honolulu, administered the oath of office to the following Board members:

William "Buzz" Hong	Glenn Okimoto
Don Horner	Carrie Okinaga
Keslie Hui	Wayne Yoshioka
Damien Kim	
Ivan Lui-Kwan	

II. Call to Order by Chair Pro Tem

At 8:05 A.M., Board Administrator Tyler Dos Santos-Tam called to order the Board Organizational Meeting in his capacity as Chair Pro Tem.

III. Opening Remarks by Board Members

The Chair Pro Tem deferred opening remarks to the end of the meeting, following Board business items.

IV. Public Testimony

Written testimony in support of the rail project was received from AFL-CIO; HGEA; ILWU; IBEW; Plumbers and Fitters, Local 675; and Susan Bitler. Written testimony is attached hereto as Attachment A of these minutes.

The Board also heard oral testimony from Jack Shigeru Hamada, who indicated that he supported the rail project, but was not satisfied with the way it has been done, especially with the City Council's override of the Mayor's veto of Bills 33 and 34.

V. Items Requiring Board Action

a. Adoption of Board Rules and Operating Procedures

Board Member Lui-Kwan moved that the Board adopt Resolution 2011-1, Relating to the Rules and Operating Procedures for the Board of the Honolulu Authority for Rapid Transportation. The motion was seconded by Board Member Horner.

The motion carried unanimously with eight votes in the affirmative and none in the negative; thus, Resolution 2011-1 was adopted and the Rules and Operating Procedures for the Board of the Honolulu Authority for Rapid Transportation were thereby approved. Resolution 2011-1, and the Rules and Operating Procedures for the Board of Directors of the Honolulu Authority for Rapid Transportation, are attached hereto as Attachment B of these minutes.

b. Election of Board Officers

Board Member Kim moved that Carrie Okinaga be elected Chair of the Board. The motion was seconded by Board Member Lui-Kwan.

The motion carried unanimously. Thus, Carrie Okinaga was elected as Chair of the Board of Directors of the Honolulu Authority for Rapid Transportation.

Chair Okinaga chose to defer opening remarks until after the election of a Vice Chair.

Board Member Hui moved that Ivan Lui-Kwan be elected Vice Chair of the Board. The motion was seconded by Board Member Horner.

The motion carried unanimously. Thus, Ivan Lui-Kwan was elected as Vice Chair of the Board of Directors of the Honolulu Authority for Rapid Transportation.

Vice Chair Lui-Kwan then made brief remarks, indicating that all the Board members were committed to keeping the trust placed upon them by the public, to ensure that the project is designed, built, operated and maintained properly. He noted that Senator Inouye's staff had emphasized to him that having the Board successfully perform this mission was critical to Federal support for the project. He was honored to be Vice Chair and work with Chair Okinaga to meet the public's expectations.

Chair Okinaga thanked Vice Chair Lui-Kwan and the members of the Board for their confidence in her, and stressed that Board's mission is to ensure that taxpayers' monies are invested wisely, and that the project is delivered on time and within budget. She stated that there is lots of work to do, and in that regard, pursuant to her authority under Section 8.2 of the Board Rules and Operating Procedures, she was designating the chairs and vice chairs of the permanent committees established in the rules. Chair Okinaga distributed a list of these committee officers. The list is attached hereto as Attachment C of these minutes.

c. Appointment of Executive Director

i. Selection Process for a Permanent Executive Director

Board Member Horner moved as follows:

“That the Board consider the hiring of a local/national search firm that specializes in rapid transit executive searches; that the Board delegate the power to procure such a search firm to the Human Resources committee, in concert with the staff of the authority; that once candidates are identified, the candidates be considered by the entire Board; and that the Board adopt as a goal the hiring of a permanent Executive Director by the end of the year.”

The motion was seconded by Vice Chair Lui-Kwan.

The motion carried unanimously with eight votes in the affirmative and none in the negative.

ii. Appointment of an Interim Executive Director

Board Member Hong moved as follows:

“That the Board appoint the current General Manager, Toru Hamayasu, Interim Executive Director of HART at his current level of compensation, until the end of the year, by which time a decision is intended to be made by the Board regarding the permanent Executive Director.”

The motion was seconded by Board Member Hui.

Board Member Horner commented that should the Board not be prepared hire a permanent Executive Director by the end of the year, the Board reserves the right to extend the interim Executive Director’s appointment.

Chair Okinaga reiterated that it is the intent of the Board that the selection process of a permanent Executive Director be completed by the end of the year.

The motion carried unanimously with eight votes in the affirmative and none in the negative.

The Board recognized Mr. Hamayasu, and the Chair thanked him for all of his work on the rail project.

d. Adoption of HART Financial Policies

Board Member Yoshioka moved that the Board adopt Resolution 2011-2, Relating to the Financial Policies of the Board of Directors of the Honolulu Authority for Rapid Transportation. The motion was seconded by Board Member Kim.

Board Member Hui suggested that the Resolution, in particular its provision to allow the Executive Director to transfer expense authority among items within the budget, be considered more seriously by the Finance Committee.

Board Member Horner noted that the Finance Committee is scheduled to meet on Thursday, July 7, and indicated his intent for the Finance Committee to review the Financial Policies at that meeting and return to the full Board to present possible amendments to the policies.

Board Member Hui proposed an amendment to the original motion, adding that the resolution be referred to the Finance Committee after adoption by the full Board for further revision as the Finance Committee may find appropriate. Board Member Horner

seconded the motion to amend. The amendment to the motion was passed unanimously with eight votes in the affirmative and none in the negative.

The motion, as amended, carried unanimously with eight votes in the affirmative and none in the negative; thus, Resolution 2011-2 was adopted and the Financial Policies of the Board of Directors of the Honolulu Authority for Rapid Transportation were thereby approved, and simultaneously referred to the Finance Committee for further review. Resolution 2011-2, and the Financial Policies of the Board of Directors of the Honolulu Authority for Rapid Transportation, are attached hereto as Attachment D of these minutes.

i. Initiation of Independent Financial Audit

Board Vice Chair Lui-Kwan moved as follows:

“That the Board immediately refer to the Audit/Legal Matters Committee the procurement of an independent auditor, in accordance with Revised Charter of Honolulu Section 17-111, to audit the accounts and financial status of the project from January 1, 2007 (the date the GET surcharge commenced) to date.”

Board Member Hui seconded the motion.

Board Vice Chair Lui-Kwan provided remarks on the purpose of the motion. He indicated that it was critical for the Board to understand the main financial components of the project, such as the contracts, expenditures to date, and revenue requirements. The Board should have an understanding of the path taken by the project to date, and the path to be taken going forward.

Board Member Horner asked whether the motion would constitute a procurement audit or a financial audit.

Board Vice Chair Lui-Kwan clarified that the audit would be financial in nature.

The motion carried unanimously with eight votes in the affirmative and none in the negative.

e. Adoption of HART Procurement Policy

Board Member Okimoto moved that the Board adopt Resolution 2011-3, Relating to the Procurement Policy of the Board of Directors of the Honolulu Authority for Rapid Transportation. The motion was seconded by Board Member Horner.

The motion carried unanimously with eight votes in the affirmative and none in the negative; thus, Resolution 2011-3 was adopted and the Procurement Policy of the Board of Directors of the Honolulu Authority for Rapid Transportation was thereby approved.

Resolution 2011-3, the Procurement Policy of the Board of Directors of the Honolulu Authority for Rapid Transportation, is attached hereto as Attachment E of these minutes.

f. Adoption of HART Ethics Policy

Board Member Kim moved that the Board adopt Resolution 2011-4, Relating to the Ethics Policy of the Board of Directors of the Honolulu Authority for Rapid Transportation. The motion was seconded by Board Vice Chair Lui-Kwan.

The motion carried unanimously with eight votes in the affirmative and none in the negative; thus, Resolution 2011-4 was adopted and the Ethics Policy of the Board of Directors of the Honolulu Authority for Rapid Transportation was thereby approved. Resolution 2011-4, the Ethics Policy of the Board of Directors of the Honolulu Authority for Rapid Transportation, is attached hereto as Attachment F of these minutes.

g. Adoption of HART Transparency Policy

Board Member Hui moved that the Board adopt Resolution 2011-5, Relating to the Transparency Policy for the Board of Directors of the Honolulu Authority for Rapid Transportation. The motion was seconded by Board Member Kim.

The motion carried unanimously with eight votes in the affirmative and none in the negative; thus, Resolution 2011-5 was adopted and the Transparency Policy for the Board of Directors of the Honolulu Authority for Rapid Transportation was thereby approved. Resolution 2011-5, the Transparency Policy of the Board of Directors of the Honolulu Authority for Rapid Transportation, is attached hereto as Attachment G of these minutes.

h. Adoption of FY2012 Operating and Capital Budgets

At 8:33 A.M., Board Chairwoman Okinaga called for public testimony on the HART budgets. None was offered by the public.

Board Member Horner moved that the Board adopt the Capital and Operating Budgets as presented in Resolution 2011-6, Approving Operating and Capital Budgets for Fiscal Year 2012 Ending June 30, 2012. Board Member Hui seconded the motion.

The motion carried unanimously with eight votes in the affirmative and none in the negative; thus, Resolution 2011-6 was adopted and the Operating and Capital Budgets for Fiscal Year 2012 Ending June 30, 2012 were approved. Resolution 2011-6, the Operating and Capital Budgets of the Honolulu Authority for Rapid Transportation for Fiscal Year 2012 Ending June 30, 2012, is attached hereto as Attachment H of these minutes.

VI. Items for Discussion

a. FY2012 Business Plan – Draft Business Strategy

Board Chair Okinaga introduced the Business Plan as a document which was presented at the June 4, 2011 Orientation Meeting.

Board Member Horner expressed support for the Business Plan as presented, and suggested that the Board actions be governed by the Strategic Plan.

Board Vice Chair Lui-Kwan concurred with Board Member Horner.

Board Chair Okinaga suggested that the Business Plan be referred to the Finance Committee for further review.

Board Member Horner, as Chair of the Finance Committee, accepted the referral.

b. Selection of the 9th Voting Board Member

Board Member Horner expressed that the Board act with urgency on this matter, and suggested that a website be utilized to accept applications until August 5, 2011, from any interested individuals from the State of Hawaii.

Board Member Horner moved that a Permitted Interaction Group (or PIG) of five members, composed of the Chair, Vice Chair, Chair of the Human Resources Committee, Chair of the Project Oversight Committee, and the Chair of the Finance Committee, be established to review the applications and report to the full Board within 60 days with a recommended name for consideration. Board Vice Chair Lui-Kwan seconded the motion.

Board Member Horner suggested that the public be made aware of the application process through a press release, and that the Board consider those with construction management experience.

Board Chair Okinaga suggested that the website require applicants to submit a cover letter explaining interest and qualifications, and a resume.

Board Member Hui expressed support for the creation of a PIG, and suggested that the PIG identify criteria for selection of the 9th Board Member, taking into account the existing strengths of the current members to create a well-rounded Board.

Board Vice Chair Lui-Kwan suggested that the PIG consider the Resolution put forth by City Councilmember Chang as part of establishing criteria for the 9th Board Member.

Board Member Horner restated the motion to clarify that the PIG will consider Councilmember Chang's Resolution on the criteria for the 9th Board Member.

The motion, as clarified, carried unanimously with eight votes in the affirmative and none in the negative.

c. Setting the Board Meeting Schedule

Board Chair Okinaga proposed the following meeting schedule:

- The Board shall meet twice a month on the 1st and 3rd Thursdays of each month from 10:00 A.M. to 12:00 P.M.;
- Committee chairs can set their own schedule, but will try to fit their meetings into the following slots:
 - The 2nd and 4th Thursdays of each month from either 8:00 A.M. to 10:00 A.M. or 10:00 A.M. to 12:00 P.M., or
 - The 1st and 3rd Thursdays of each month from 8:00 A.M. to 10:00 A.M.
- The full Board will endeavor to hold 25% of its meetings at Kapolei Hale or another location in West Oahu.

Board Member Horner reiterated the schedule, as proposed by the Board Chair.

Board Member Yoshioka noted that tow away zones in the Civic Center area are in effect until 8:30 A.M., so the Board might consider meeting after the tow away zone periods expire.

d. Resumption of Opening Remarks

Board Chair Okinaga called for the resumption of Opening Remarks, which were deferred earlier in the meeting.

In lieu of his opening remarks, Board Member Hong invited the Interim Executive Director to provide comments.

The Interim Executive Director, Toru Hamayasu, offered remarks and acknowledged the HART staff members and others who helped in the transition process. The Interim Executive Director presented the Board with copies of the Monthly Progress Report for May 2011.

Board Chair Okinaga thanked the Interim Executive Director for his comments.

There were no other Opening Remarks.

VII. Adjournment

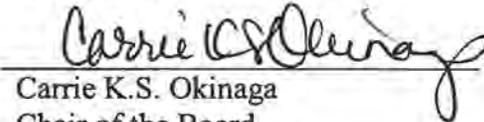
There being no further business, Board Chair Okinaga called for a motion to adjourn at 8:51 A.M. Board Member Hong so moved. The motion carried without objection. Thus, the Board meeting was adjourned until the next Board meeting, scheduled for Thursday, July 21, 2011 at 10:00 A.M.

Respectfully Submitted,



Tyler Dos Santos-Tam
Board Administrator

Approved:



Carrie K.S. Okinaga
Chair of the Board

JUL 21 2011

Date

[ATTACHMENT A]



Randy Perreira
President

HAWAII STATE AFL-CIO

320 Ward Avenue, Suite 209 • Honolulu, Hawaii 96814

Telephone: (808) 597-1441
Fax: (808) 593-2149

Honolulu Authority for Rapid Transportation

Testimony by
Hawaii State AFL-CIO
July 1, 2011

The Hawaii State AFL-CIO strongly supports the development of the Honolulu rail transit project.

The Honolulu rail transit project will provide thousands of jobs desperately needed in today's fragile economy. While the economy has shown signs of improving, rail will add an additional spark, ensuring Hawaii's unemployment rate does not reach an unhealthy level. Hawaii is fortunate to be at a six percent unemployment rate, but as we all know, that number could easily change for the worse. Rail will stimulate our local economy and provide an abundance of jobs for years to come. Furthermore, with transit-oriented development (TOD), the possibilities for job growth, as well as improvements to our community infrastructure are endless.

Thank you for the opportunity to testify.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "RPR", is written over the typed name.

Randy Perreira
President



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION
AFSCME Local 152, AFL-CIO

RANDY PERREIRA
Executive Director
Tel: 808.543.0011
Fax: 808.528.0922

NORA A. NOMURA
Deputy Executive Director
Tel: 808.543.0003
Fax: 808.528.0922

DEREK M. MIZUNO
Deputy Executive Director
Tel: 808.543.0055
Fax: 808.523.6879

Honolulu Authority for Rapid Transportation

**Board of Directors
Organizational Meeting**

**Testimony by
HGEA/AFSCME, Local 152, AFL-CIO
July 1, 2011**

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO strongly supports the Honolulu High-Capacity Transit Corridor Project, which will provide a 20-mile elevated rapid transit system between Kapolei, Honolulu and the University of Manoa, a notoriously high traffic corridor. This project will not only improve the quality of life for many Oahu residents by reducing their commutes, but will also create a multitude of jobs in the construction, engineering and design industries, as well as in transit oriented development projects. The Rapid Transit Project is Hawai'i's largest public works project and will help to stimulate and revitalize our sluggish economy.

Thank you for the opportunity to provide testimony in strong support of the Rail Project.

Respectfully submitted,



Randy Perreira
Executive Director



INTERNATIONAL LONGSHORE & WAREHOUSE UNION

LOCAL OFFICE • 451 ATKINSON DRIVE • HONOLULU, HAWAII 96814 • PHONE 949-4161

HAWAII DIVISION: 100 West Lanikaula Street, Hilo, Hawaii 96720 • OAHU DIVISION: 451 Atkinson Drive, Honolulu, Hawaii 96814
MAUI COUNTY DIVISION: 896 Lower Main Street, Wailuku, Hawaii 96793 • KAUAI DIVISION: 4154 Hardy Street, Lihue, Hawaii 96766

LOCAL 142

June 30, 2011

Board of Directors
Honolulu Authority for Rapid Transportation
Mission Memorial Annex Conference Room
550 South King Street
Honolulu, HI

RE: Rail Transit

Dear Board of Directors:

The ILWU Local 142 strongly supports the rail transit project that the Honolulu Authority for Rapid Transportation is charged with implementing.

The ILWU is a labor union with 20,000 members statewide. Our members work in many industries--from agriculture to tourism to longshore to a host of general trades. Many of our members live on the west side of Oahu and are forced to tackle traffic gridlock on a daily basis. The rail transit project will help them get to work with less stress and cost and in a clean, environmentally friendly mode of transportation.

Furthermore, rail transit will spawn the development of new business and residential opportunities along the rail route. This is good for our economy as a whole. Most of our membership live on the neighbor islands, but we realize that the economic activity generated by rail transit will bring increased revenue to the State, which will, in turn, benefit everyone.

The sooner we can build a rail system, the sooner we can begin to ride it and stimulate our economy. Further delays will only increase the cost. The people have decided that mass transit by rail is what we want and need. We urge the Authority to push ahead and build the rail system as soon as possible.

Thank you for considering our views on this matter.

Sincerely,

Guy K. Fujimura
Secretary-Treasurer

Speaker Registration Form - HART

7/1/11

Electronically submitted forms are processed in the same manner as if registering in person. The Honolulu Authority for Rapid Transportation, however, cannot guarantee that all electronic submittals will be successfully completed.

All fields marked "Required" must be completed in order for this form to be valid.

The online speaker registration function will close at 4:30PM on Thursday, June 30. If you have not registered online before this time, you will be able to register to speak by completing a printed sign-up form at the meeting.

* Required

Meeting Date (Required) *

July 1, 2011 - 8:00AM

Full Name (First & Last Required) *

Susan Bitler

Telephone Number (Required) *

(808) 840-2259

Phone Type (Optional)

Work

Email Address *

To receive a confirmation of your registration, fill in your email address here.

sbitler@hsta.org

Organization:

If you are representing an organization, please fill in its name below:

Subject Matter (Required) *

Please specify agenda item(s) you wish to address in your testimony.

HART

Written Testimony

If you have any written testimony, please submit it here. It may also be emailed to tdossantos@honolulu.gov.

I strongly support the building of the RAIL. I have worked in the Leeward area and know full well what Rail can do to help with the horrid traffic congestion in the morning and afternoon. Although our culture is one where we are accustomed to having our own cars to be independently able to do what we need/want to do after work, I do believe the majority of our citizenry will be able to adjust to their everyday routine and make ample use of the rail once up and running. I say this because reality has set in for most commuters living outside of city limits. The Leeward district continues to grow and is far from reaching its fullest capacity which means more families and cars on the road. Having made use of the rail systems in cities on the Continent I find it to be easy and relaxing. I look forward to not putting any more stress and/or risk to my blood pressure sitting in traffic hoping it will hurry and open up, hoping other drivers will drive with caution so as not to hit my car, be constantly on the alert for that crazy impatient driver who suddenly cuts in front of me, and finally trying to move to the side when I hear a siren coming up behind me but there is no where to move to. Please ease my stress and build the Rail. If not for my sake just realize the number of jobs that can be had with this project and the sustainment of the rail.

Mahalo,
Susan

IMPORTANT:

Our office will send an email confirming your registration shortly after this form is submitted. If you do not receive a confirmation within 24 hours, please call the Board Administrator at 768-6147.

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Speaker Registration Form - HART

7/1/11

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All fields marked "Required" must be completed in order for this form to be valid.

The online speaker registration function will close at 4:30PM on Thursday, June 30. If you have not registered online before this time, you will be able to register to speak by completing a printed sign-up form at the meeting.

* Required

Meeting Date (Required) *

July 1, 2011 - 8:00AM

Full Name (First & Last Required) *

Brian Lee

Telephone Number (Required) *

808-847-5341

Phone Type (Optional)

Work

Email Address *

To receive a confirmation of your registration, fill in your email address here.

brian@ibew1186.org

Organization:

If you are representing an organization, please fill in its name below:

IBEW 1186

Subject Matter (Required) *

Please specify agenda item(s) you wish to address in your testimony.

Honolulu Rail Transit

Written Testimony

If you have any written testimony, please submit it here. It may also be emailed to tdossantos@honolulu.gov.

"Please move forward in building the rail project. It is the best hope for sound community planning and improving the quality of life for Oahu residents and tourists in the next 20 years."

IMPORTANT:

Our office will send an email confirming your registration shortly after this form is submitted. If you do not receive a confirmation within 24 hours, please call the Board Administrator at 768-6147.

Submit

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Speaker Registration Form - HART

7/1/11

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The online speaker registration function will close at 4:30PM on Thursday, June 30. If you have not registered online before this time, you will be able to register to speak by completing a printed sign-up form at the meeting.

* Required

Meeting Date (Required) *

July 1, 2011 - 8:00AM

Full Name (First & Last Required) *

Glenn Ida

Telephone Number (Required) *

808-295-1280

Phone Type (Optional)

Mobile

Email Address *

To receive a confirmation of your registration, fill in your email address here.

glennida@gmail.com

Organization:

If you are representing an organization, please fill in its name below:

Plumbers and Fitters, Lc

Subject Matter (Required) *

Please specify agenda item(s) you wish to address in your testimony.

Rail Transit for Oahu

Written Testimony

If you have any written testimony, please submit it here. It may also be emailed to tdossantos@honolulu.gov.

"The Plumbers and Fitters, Local 675 STRONGLY SUPPORTS the development of the Rail Transit System for Oahu. The Rail Project and coinciding Transit Oriented Development will stimulate the economy by putting unemployed construction workers back to work for years to come. Rail Transit is an important transportation alternative to the Automobile through the major urban corridor.
Thank you for this opportunity to share my comments today.
Mahalo,

IMPORTANT:

Our office will send an email confirming your registration shortly after this form is submitted. If you do not receive a confirmation within 24 hours, please call the Board Administrator at 768-6147.

Submit

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[ATTACHMENT B]

Honolulu Authority for Rapid Transportation

RESOLUTION NO. 2011-1

**RELATING TO THE RULES AND OPERATING PROCEDURES FOR THE
BOARD OF THE HONOLULU AUTHORITY FOR RAPID TRANSPORTATION**

WHEREAS, the Honolulu Authority for Rapid Transportation (HART) has been established pursuant to Article XVII of the Revised Charter of the City & County of Honolulu 1973, as amended (Charter); and

WHEREAS, the Board finds that to carry out its duties it is necessary to adopt rules and operating procedures for the Board;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of HART as follows:

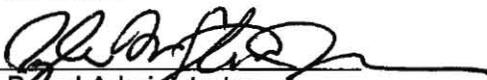
1. That the Rules and Operating Procedures of the Board of Directors of the Honolulu Authority for Rapid Transportation, shown in Exhibit A attached hereto and made a part hereof by reference, be and hereby are adopted as the rules of this Board; and
2. That this Resolution shall take effect immediately upon its adoption.

ADOPTED by the Board of the Honolulu Authority for Rapid Transportation on
JUL - 1 2011.

Exhibit A - RULES AND OPERATING PROCEDURES OF THE BOARD OF
DIRECTORS OF THE HONOLULU AUTHORITY FOR RAPID
TRANSPORTATION


Board Chair

ATTEST:


Board Administrator

Honolulu Authority for Rapid Transportation

STAFF SUMMARY

TITLE: Adopting Board Rules and Operating Procedures			STAFF CONTACT: Gary Takeuchi, COR Ron Tober	DATE: July 1, 2011
Type:	Goal	Focus	Area	
<input checked="" type="checkbox"/> Action/Approval	<input type="checkbox"/> Project Delivery	<input type="checkbox"/> Livability/Land Use		
<input type="checkbox"/> Information	<input type="checkbox"/> Service Delivery	<input type="checkbox"/> Partnerships		
<input type="checkbox"/> Follow-up	<input type="checkbox"/> Resource Stewardship	<input checked="" type="checkbox"/> Agency Admin.		

1. Purpose: By approving this action the Board will adopt a set of rules and operating procedures for how the Board will conduct its activities and carry out its responsibilities under the Charter Amendment creating HART.

2. Background/Justification: As the governing Board for HART, it is important for the Board to establish rules and operating procedures. The proposed Operating Rules and Procedures are shown in Exhibit A hereto. The specific provisions of these Rules and Operating Procedures are based upon what other transit authority boards utilize and upon what other local governmental bodies utilize to guide the activities and actions of there governing boards.

3. Procurement Background: Does not apply.

4. Financial/Budget Impact: There is no direct financial impact from this action.

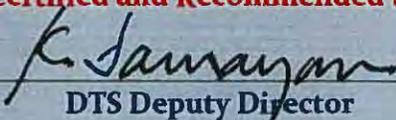
5. Policy Impact: This action will establish new policy for the Authority that is specific to the Board of Directors.

6. Public Involvement: The proposed Rules and Operating Procedures do require that the actions of the Board comply with the Sunshine Law and do establish procedures for the public to provide testimony to the Board during its official business meetings and at public meetings and hearings.

7. Alternatives: The Board could chose to revise any part of the proposed Rules and Operating Procedures.

8. Exhibits:
Exhibit A – Rules and Operating Procedures of the Board of Directors of the Honolulu Authority for Rapid Transportation

Certified and Recommended by:



 DTS Deputy Director

Exhibit A

**RULES AND OPERATING PROCEDURES OF THE BOARD OF DIRECTORS
OF THE HONOLULU AUTHORITY FOR RAPID TRANSPORTATION**

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RULE 1

GENERAL PROVISIONS

Section 1.1. Definitions. For the purposes of these Rules and Operating Procedures the following definitions shall apply:

"Agenda" shall refer to a list and/or summary of proposed items to be considered at the forthcoming meeting of the Board and shall include the date, time, and place of the meeting. In the case of an executive meeting the purpose shall be stated.

"Authority" shall mean the Honolulu Authority for Rapid Transportation created pursuant to Article XVII of the Charter, with the powers, duties, and functions enumerated in RCH Section 17-103.2.

"Board of Directors" or "Board" shall mean the governing board of the Authority with the powers, duties, and functions enumerated in RCH Section 17-103.3.

"Board Administrator" shall mean the clerk and secretary of the Board.

"Board Chair" shall mean the Board Member confirmed by motion of the HART Board to serve as Chairperson of the Board.

"Board Member" or "Member" shall mean the ex-officio Members and the Members appointed to serve on the Board as provided in RCH Section 17-105. Designees or alternates shall not be allowed.

"Charter" or "RCH" shall mean the Revised Charter of the City and County of Honolulu 1973, as amended.

"Committee" shall refer to a permanent Committee of the Authority established by resolution from time to time to advise and assist the Board and the Executive Director of the Authority in the performance of their respective duties. Such Committees shall be composed of Board Members appointed thereto as hereinafter provided in Rule 8.

"Committee chair" shall mean a Board Member appointed by the Board Chair as chairperson of any Committee as hereinafter provided in Rule 8.

"Emergency" shall refer to situations involving the risk or likelihood of injury or damage to persons or property, of financial loss to the Authority or of impairment of public service, and to situations involving legal necessity, wherein the customary or established procedures of the Board reasonably cannot be followed or are not applicable.

"Executive Director" shall mean the Executive Director of the Authority as provided for in RCH Section 17-104.

"HRS" shall mean the Hawai'i Revised Statutes, as amended.

"Vice Chair" shall mean the Board Member confirmed by motion of the Board to serve in an assistant capacity to the chairperson of the Board.

RULE 2

BOARD OF DIRECTORS

Section 2.1 Expectations of the Board of Directors. The Board of Directors shall strive to achieve best practices in governance, policy direction, and oversight. The Board acts as a body in making and announcing its decisions. When speaking on behalf of the Board of Directors, Board Members' statements shall be consistent with official actions taken by the Board of Directors.

Regular attendance by Board Members at Board and Committee meetings is important for full participation in the decision-making process. Regular attendance promotes the commitment to responsible representation and preserves the public trust.

The Board acting as a body is responsible for employment decisions about and direction of its employee – the Executive Director. Only those decisions of the Board acting as a body shall be binding upon the Executive Director consistent with the Charter of the City and County of Honolulu and State law.

Board Members shall keep confidential all written materials and verbal information provided to them during executive sessions, to ensure that the Authority's position is not compromised. Confidentiality also includes information provided to the Board Members outside of executive session when the information is considered to be exempt from disclosure under exemptions as set forth in HRS Section 92F-13.

Newly appointed Board Members are encouraged to take advantage of information opportunities in order to be knowledgeable of the Authority, the Board's rules and operating procedures and significant Board actions.

Section 2.2 Officers and Their Duties.

(a) The officers of the Board shall consist of the Chairperson of the Board (Board Chair) and the Vice Chair. Each shall be elected annually by an affirmative vote of a majority of the entire membership. The officers can be removed from office by affirmative vote of a majority of the entire membership.

(b) **Role of Board Chair.** The Board Chair shall preside at all meetings of the Board and shall be a voting Member. The Board Chair is responsible for the integrity of the Board's processes. The Board Chair is the interface between the Board and the Executive Director and/or Board Administrator.

(c) **Role of Vice Chair.** The Vice Chair shall preside at meetings and otherwise perform the responsibilities of the Board Chair upon motion of the Board or in the event of the absence or inability to act of the Board Chair.

(d) **Duties of the Board Chair.** It shall be the duty of the Board Chair:

- (1) To open all meetings of the Board at the appointed hour by calling the Board to order.
- (2) To maintain order and proper decorum.
- (3) To authenticate by signature all acts of the Board as may be required by law.
- (4) Except as otherwise provided in these rules, to preside at all official executive sessions of the Board.
- (5) To cause preparation of the agenda for meetings of the Board.
- (6) To perform other such duties as may be required by law or such as may properly pertain to such office.

(e) Vacancy. In the event of the absence or inability to act of the Board Chair and the Board Vice Chair, a quorum of the Board shall select one of its Members by an affirmative vote of a majority of the Board Members in attendance to act as Board Chair Pro Tem.

RULE 3

BOARD/EXECUTIVE DIRECTOR RELATIONSHIP

Section 3.1 Board/Executive Director Relationship. The Board is responsible for policy-making and oversight on the planning, construction, operation, maintenance and expansion of the fixed guideway system. The Executive Director serves as the chief executive officer of the Authority and is responsible for running the administrative affairs of the Authority and is accountable to the full Board of Directors for the Authority's overall performance in carrying out the Authority's Mission. Unless the Board has authorized such exercise of authority, decisions or instructions of individual Board Members or committees shall not be binding on the Executive Director. The Board and Board Members will not interfere in the administrative affairs of the Authority and for purpose of inquiry or information gathering, shall work through the Executive Director to advance particular requests to Authority staff.

RULE 4

BOARD MEETINGS

Section 4.1 Regular Meetings. Regular meetings of the Board shall be held monthly unless otherwise designated by the Board Chair upon delivering written notice in accordance with HRS Section 92-7. Regular meetings of the Board shall be held at such location as may be designated by the Board Chair.

A Board Member shall notify the Board Chair or the Board Administrator prior to any regular meeting of the Board if such Board Member will be unable to attend the meeting.

Section 4.2 Special Meetings. Special meetings of the Board may be called at any time by the Board Chair or by a majority of the Board Members; subject, however, to the notice requirements under HRS Chapter 92.

Section 4.3 Public Hearings. The Board Chair shall be authorized to schedule or reschedule the time, date, and/or subject matter of public hearings and to provide notice thereof consistent with the notice requirements under HRS Chapter 92 for meetings of the Board. The Board Chair shall promptly notify all Board Members and the Board Administrator by written memorandum or electronic mail as to the scheduling or rescheduling of public hearings.

Section 4.4 Executive Session.

(a) The Board may hold an executive meeting closed to the public pursuant to HRS Section 92-4 upon an affirmative vote of two-thirds of the Board Members present; provided that the affirmative vote constitutes a majority of the Board Members, that the meeting is for any of the purposes provided for in HRS Section 92-5 and provided that the purpose is stated publicly prior to the executive session

(b) If a Board Member possesses or acquires interests that might reasonably tend to create a conflict with the public interest, the Board Member shall recuse himself/herself from participating in an executive session for the matter(s) creating the conflict of interest.

RULE 5

BOARD RULES OF ORDER

Section 5.1 Order and Decorum.

a. When a Board Member or other person properly before the Board wishes to speak, the speaker shall address the Board Chair, be recognized before proceeding, and shall confine remarks to the question under discussion, avoiding personalities or abusive language.

b. All persons attending Board meetings, including Authority employees, witnesses, members of the media and the general public, are expected to respect the dignity of the Board in the use of decorum and civility.

Section 5.2 Board Rules of Order. *Robert's Rules of Order, Newly Revised, 10th Edition ("Robert's Rules of Order")*, shall guide the conduct of the Board and Committee meetings except where in conflict with the provisions of these Rules and Operating Procedures. No action of the Board or a Committee or a Subcommittee shall be invalid or ineffective by reason of noncompliance with *Robert's Rules of Order*.

Section 5.3 When Rules are Silent. The Board Chair shall rule on any matter not covered by these Rules and Operating Procedures, RCH, or ROH. The Board Chair may consult the rules of parliamentary practice as set forth by *Robert's Rules of Order* prior to making a ruling.

RULE 6

PROCEDURE FOR BOARD OF DIRECTORS ACTIONS

Section 6.1 Quorum and Majority Vote.

- (a) **Quorum.** A majority of the entire membership of the Board shall constitute a quorum.
- (b) **Majority Vote.** An affirmative vote of six (6) Members, which constitutes a majority of the entire membership, shall be necessary to take any action.

Section 6.2 Voting.

(a) A Board Member having a direct personal financial interest in the subject matter of the motion may abstain, but only by performing both the following:

- (a) By responding, "I abstain due to conflict of interest;" and
 - (b) By having filed in accordance with Section 6.3 a written disclosure of interest on the subject matter of the measure. This Section 6.2(a) shall not be construed as imposing a duty or requirement on a Board Member to abstain from voting on a matter on which the Board Member has filed a written disclosure.
- (b). There shall be no voting by proxy.

Section 6.3 Disclosure of Interest.

(a) When a Board Member has made a disclosure in writing, as required by law, of a personal or private interest in any proposal pending before the Board and its Committees, as provided by RCH Section 11-103, such disclosure shall be recorded in the minutes of the meeting of the Board and its Committees and shall be made a matter of public record prior to the taking of any vote on such proposal. Such written disclosures shall be applicable to all subsequent actions relating to the same subject matter.

(b) Prior to any vote by the Board or a Committee on a proposal for which a Board Member has made a written disclosure of a personal or private interest, the Board Member also shall orally disclose the interest to the Board or Committee. When an oral disclosure is required under this subsection, the Board Member shall make the disclosure after each motion and second on the proposal, but before the commencement of debate on the motion or, if there is no debate, before the calling of the question on the motion.

RULE 7

MINUTES OF A BOARD MEETING

Section 7.1 Minutes of Board Meetings. Summary minutes of Board meetings shall be prepared by the Board Administrator or by designated staff of the Authority.

The minutes shall be mailed, delivered, or otherwise distributed to each Board Member following said Board meeting.

The official copy of each Board meeting minutes shall be signed by the Board Chair and by the Board Administrator. The Board Administrator shall make such minutes available to the public pursuant to HRS Section 92-9 and retain the notes or recordings used to prepare the minutes for such period of time as may be required by law or by agency policy.

RULE 8

COMMITTEES AND SUBCOMMITTEES

Section 8.1 Permanent Committees.

(a) The following Committees of the Board are hereby established:

- Finance Committee
- Human Resources Committee
- Project Oversight Committee
- Transit Oriented Development Committee
- Audit/Legal Matters Committee

(b) The Board may establish additional or abolish permanent Committees by resolution if and when it is determined by the Board to be reasonably necessary for the conduct of business or for the development of policy by the Authority.

(c) The Board may also by motion, from time-to-time, appoint subcommittees or task forces, their chairs and members, to serve for a specified period or to study and report on particular tasks or programs as may be deemed helpful to assist the Board and its Committees.

Section 8.2 Committee Chairs, Vice Chairs and Members. The Board Chair shall appoint the chair and vice chair of each Committee. Any Board member may serve on any committee. No Board Member shall serve as a chair of more than one permanent Committee.

Section 8.3 Permitted Interaction Groups. In accordance with state law, the Board may create Permitted Interaction Groups (PIGs) to handle specific tasks.

RULE 9

PUBLIC HEARINGS AND MEETINGS

Section 9.1 Compliance with Sunshine Law. The Board shall ensure that its actions conform at all times with the Sunshine Law, HRS Chapter 92.

Section 9.2 Public Hearings and Meetings. The Board and each Committee may conduct public meetings, hearings or joint meetings and hearings with other public agencies for and on behalf of the Board in order to meet any requirements of federal,

state or local laws or regulations and to enable the Authority to perform its functions. For any such meeting or hearing at least one Board Member must be in attendance.

Section 9.3 Presentation of Testimony at Board and Committee Meetings.

(a) Board Meetings. The Board Chair shall recognize members of the public who wish to present oral testimony on an Agenda item at a meeting. Such oral testimony shall be limited to two (2) minutes. The time allotted shall be specified on the applicable posted Board meeting agenda. The time for the public to speak may be extended at the discretion of the Board Chair. Written testimony may be submitted on agenda item(s) by filing the same with the Board Administrator or designated staff of the Authority.

(b) Committee Meetings. The Committee chair shall recognize members of the public who wish to present oral testimony on an Agenda item at a meeting. The time allotted to members of the public to present oral testimony on an agenda item shall be set by the Committee chair. The time allotted shall be specified on the applicable posted committee meeting agenda. Written testimony may be submitted on agenda item(s) by filing the same with the Board Administrator or designated staff of the Authority.

RULE 10

RULES CHANGES

Section 10.1 Rules Changes. These Rules and Operating Procedures may be supplemented or amended by an affirmative vote of at least seven (7) Members.

RULE 11

RULES SUSPENSION

Section 11.1 Rules Suspension. These Rules and Operating Procedures may be temporarily suspended by an affirmative vote of at least seven (7) Members to facilitate consideration of an action by the Board in the event of emergencies or other special circumstances, provided that no rule and operating procedure required by law shall be suspended.

Section 11.2 Rules in Conflict with Charter. If any rule and operating procedure in these Rules and Operating Procedures is in conflict with the provisions of the Charter or the HRS, such rule and operating procedure shall be deemed invalid. Such invalidity shall not affect other rules contained herein, which can be given effect without the invalid rule, and to this end these Rules and Operating Procedures are severable.

RULE 12

RESPONSIBILITIES OF THE BOARD ADMINISTRATOR

Section 12.1 Responsibilities of the Board Administrator. The Board Administrator is responsible for the integrity of Board documents. The Board Administrator shall be responsible for the certification and filing of acts of the Board; the keeping of the minutes of Board proceedings; the maintenance of Board attendance

records; the verification of a Board Member's appointment to the Board, compliance with the provisions of the Charter, the HRS, these Rules and Operating Procedures and any other responsibilities assigned by the Board.

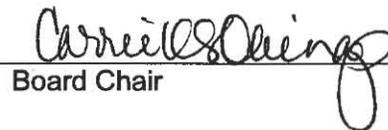
In cooperation with the Board Chair and Committee chairs, the Board Administrator shall prepare meeting Agendas and follow the notice provisions of HRS Chapter 92. The Board Administrator shall keep copies of all Board Agendas on file for public review and inspection. Information packets for Board and Committee meetings will be distributed electronically to Board Members by the Board Administrator except that a Board Member can choose to receive written documents in lieu of or in addition to electronic copies of the documents.

The Board Administrator shall have the authority to accept service of legal process on behalf of any Member of the Board, except that during the absence of the Board Administrator said authority shall be vested in the person designated to serve as the Board Administrator during such time.

ADOPTED by the Board of the Honolulu Authority for Rapid Transportation on the JUL - 1 2011.

ATTEST:


Board Administrator


Board Chair

[ATTACHMENT C]

Committees

Committee Name	Chair	Vice-Chair
Audit/Legal Matters	Ivan Lui-Kwan	Don Horner
Finance Committee	Don Horner	Keslie Hui
Human Resources	Keslie Hui	William Hong
Project Oversight	Damien Kim	William Hong
Transit Oriented Development	William Hong	Ivan Lui-Kwan

[ATTACHMENT D]

Honolulu Authority for Rapid Transportation

RESOLUTION NO. 2011- 2

**RELATING TO THE FINANCIAL POLICIES OF THE BOARD OF
DIRECTORS OF THE HONOLULU AUTHORITY FOR RAPID
TRANSPORTATION**

WHEREAS, the Honolulu Authority for Rapid Transportation (HART) has been established pursuant to Article XVII of the Revised Charter of the City & County of Honolulu 1973, as amended (Charter); and

WHEREAS, it is in the public interest to ensure that the tax dollars and other income that support HART's business activities are utilized as efficiently and effectively as possible in the conduct of the Authority's business activities; and

WHEREAS, the Board desires to maintain compliance with applicable federal and state laws and applicable provisions of the Revised Charter of the City and County of Honolulu and applicable ordinances of the Revised Ordinances of Honolulu, if any; and

WHEREAS, the Board desires to utilize sound business and accounting practices in managing the Authority's financial affairs; and

WHEREAS, the Board desires to ensure accountability and transparency in the conduct of Authority's financial affairs;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of HART as follows:

1. That the Financial Policies, shown in Exhibit A attached hereto and made a part hereof by reference, be and hereby are, adopted as the policy of HART; and
2. That the Executive Director is authorized to implement the policies described in Exhibit A and to ensure that Authority staff and contractors, as appropriate, adhere to these policies
3. That this Resolution shall take effect immediately upon its adoption.

ADOPTED by the Board of the Honolulu Authority for Rapid Transportation on
JUL - 1 2011.

Exhibit A – Financial Policies of the Honolulu Authority for Rapid Transportation


Board Chair

ATTEST:


Board Administrator

Honolulu Authority for Rapid Transportation

STAFF SUMMARY

TITLE: Adopting a Set of Financial Policies for the Authority			STAFF CONTACT: Ron Tober	DATE: July 1, 2011
Type:	Goal	Focus Area	Reference Notes	
<input checked="" type="checkbox"/> Action/Approval	<input type="checkbox"/> Project Delivery	<input type="checkbox"/> Livability/Land Use	Article XVII, Revised Charter of Honolulu	
<input type="checkbox"/> Information	<input type="checkbox"/> Service Delivery	<input type="checkbox"/> Partnerships	Act 247 (2005), State of Hawaii	
<input type="checkbox"/> Follow-up	<input type="checkbox"/> Resource Stewardship	<input checked="" type="checkbox"/> Agency Admin.	FTA grant requirements	

1. **Purpose:** By approving this action the Board will establish a comprehensive set of financial policies designed to provide a framework for the management and oversight of the financial affairs of the Authority.

2. **Background/Justification:** In order for the Authority to carry out its mission to plan, build, operate and maintain a fixed guideway transit system the agency must utilize sound financial and business management practices. The proposed set of Financial Policies shown in Exhibit A hereto are intended to provide direction to Authority management and to help guide decision-making by the Board in this critical area of responsibility. Given the importance of maintaining the integrity of the Authority's financial affairs, it is fitting that one of the first major policy actions of the Board is to adopt a comprehensive set of financial policies.

3. **Procurement Background:** Does not apply.

4. **Financial/Budget Impact:** This action is focused on the financial affairs of the Authority. There is no direct financial impact from the action itself. However, the policies established by the action will have a major impact on how the agency controls expenses and ensures that the tax revenues and other income received are being utilized in a cost effective and efficient manner.

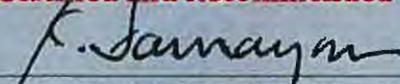
5. **Policy Impact:** This action will establish new policy for the Authority guiding the financial affairs of the agency. It establishes requirements for budgeting and financial planning including the use of a long term Financial Plan and annual Business Plans. It delineates the authority and responsibilities of the Executive Director in managing budgets. It establishes a framework for accounting and funds management and for revenue and other income received by the Authority. It sets forth initial policy on investments, the use of debt and the management of physical assets. Finally, it establishes policy for financial reporting and auditing.

6. **Public Involvement:** One of the policy objectives embedded in the Financial Policies is ensuring transparency in the conduct of the agency's financial affairs. The reporting requirements set forth in the Policies are intended to help achieve this objective.

7. **Alternatives:** The Board could choose to modify specific aspects of the proposed Financial Policies or not adopt a set of Financial Policies.

8. **Exhibits:** None.

Certified and Recommended by:



 DTS Deputy Director

Exhibit A

FINANCIAL POLICIES OF THE HONOLULU AUTHORITY FOR RAPID TRANSPORTATION

I. PURPOSE

The Financial Policies described herein are designed to provide a comprehensive framework for the management and oversight of the financial resources of the Honolulu Authority for Rapid Transportation (HART). The policies provide guidelines for decision-making by the Board of Directors and management staff on how HART's financial resources shall be utilized to fulfill the agency's mission.

A. Policy Objectives

1. Ensure the cost-effective allocation and use of HART's financial resources.
2. Comply with applicable federal and state laws, applicable provisions of the Revised Charter of the City and County of Honolulu, and applicable ordinances of the Revised Ordinances of Honolulu, if any.
3. Utilize sound business and accounting practices in managing HART's financial affairs.
4. Ensure accountability and transparency in the conduct of HART's financial affairs.

B. Legal Authority

1. Article XVII, Revised Charter of Honolulu.
2. Federal Transit Administration grant requirements.
3. Act 247 (2005), State of Hawaii.

II. DEFINITIONS

Appropriation	Approval to incur expenses and obligations for specific purposes
BANs	Bond Anticipation Notes; repaid from the issuance of longer term debt
Baseline Budget	Approved budget benchmark for a capital project; equivalent to the Baseline Cost Estimate (BCE)
BFS	Department of Budget & Fiscal Services, City & County of Honolulu
Board	Board of Directors, the policy-making body of HART
Budget Transfer	A shift of expense authority from one organizational unit to another or from one expense category to another subsequent to adoption of a final budget by the Board
CAFR	Comprehensive Annual Financial Report
Capital Expenses	Items costing \$5,000 or more and having a service life of more than one year that includes non-recurring costs for equipment purchased for HART's use, or that are required to construct a transit facility or system including costs of land acquisition and relocation; planning

	and design services; construction and construction management; equipment; and furnishing the facility or system
Debt Service	Payment of principal and interest on any debt obligation
Director	The Executive Director of HART or his/her designee
Fares	Operating income derived from the passengers using a transit facility or system whether in cash or electronic form
Fiscal Year	July 1st thru June 30th annually
FFGA	Full Funding Grant Agreement between the FTA and a major investment project sponsor
FTA	Federal Transit Administration of the U.S. Dept. of Transportation
FTE	Full Time Equivalent; the fractional equivalent of one full time employee working a forty-hour work week for one calendar year
GANs	Grant Anticipation Notes; to be repaid from FTA grant funding
GET	State of Hawaii General Excise Tax
HHCTCP	Honolulu High-Capacity Transit Corridor Project
Operating Expenses	Recurring costs associated with the day-to-day operation of HART including the costs of agency operations, the delivery of transit service, debt service, administrative overhead expenses, direct reimbursements and non-recurring equipment costs of less than \$5,000.
Operating Income	Revenue from all sources, including farebox revenues, property rentals, advertisements, parking fees and concession revenues
Operating Ratio	Operating Income from all sources divided by Operating Expenses
Reserve	An account used to segregate a portion of revenues for future use
Organizational Unit	Department, division or office responsible for a specific function or activity within the agency

III. BUDGETING AND FINANCIAL PLANNING

A. Financial Plan

In order to ensure the financial integrity and stability of HART, the Director will prepare and periodically update a long range Financial Plan for implementing and eventually operating the HHCTCP. The Financial Plan will include both capital and operating components. The purpose of preparing and updating the Plan is to demonstrate the financial capacity to implement and operate the HHCTCP. The Plan will include updated forecasts of income from the County GET surcharge; federal and state grants; private sources; contributions from other public entities; agency operations; and operating subsidies and General Obligation bond proceeds from the City and County of Honolulu. The Plan will also include updated information on HHCTCP capital costs and projections of future operating costs. Finally, the Plan will project cash flow needs for the agency and the extent and timing of debt financing needed to pay capital expenses.

B. Business Plan

The Director shall prepare an annual Business Plan which will provide information for the upcoming fiscal year on: activities, projects and contracts; key economic and work program assumptions; performance targets and results; staff and organizational plans; and operating and capital financial information. The annual Business Plan will include a projection of key financial and operating information for a two-year period beyond the subject fiscal year. A preliminary annual Business Plan will form the basis for the Operating and Capital Budgets proposed for the fiscal year as described in sections III.C and D below. A final Business Plan for a fiscal year based upon the final Operating and Capital Budgets adopted by the Board will be issued by the Director each July.

C. Operating Budget

The Director shall prepare and submit to the Board by September 15th a proposed Operating Budget for the upcoming fiscal year. The proposed Operating Budget will include all operating expenses and non-capital expenditures listed by organizational unit as well as sources of income to cover these expenses. The proposed Operating Budget will include income and expense information including actual information for the preceding fiscal year; projections for the current year; the proposal for the budget year; and projections for following two years. It will also delineate the number of FTEs proposed for the budget year in comparison to the current approved staffing level. The Board will review this submission, make modifications as it deems appropriate, and approve a proposed Operating Budget by November 1st. If the Board-approved proposed Operating Budget includes revenues from the City and County of Honolulu, the Director shall submit a line-item appropriation request, in the amount of such revenues, for the upcoming fiscal year to the City Council through the office of the Mayor of the City and County of Honolulu by December 1st. The Board will review, and if necessary, revise, the proposed Operating Budget and, following a public hearing, shall adopt a final Operating Budget for the upcoming fiscal year by June 30th.

D. Capital Budget and Six-Year Capital Program

The Director shall prepare and submit to the Board by September 15th a proposed six-year Capital Program and a proposed Capital Budget for the upcoming fiscal year. The proposed Capital Program will include a projection of all capital projects and contractual obligations for the ensuing six year period. The proposed Capital Budget will include all capital expenses and sources of income to cover these expenses in the upcoming fiscal year. The proposed Capital Budget will include at minimum information on the status of the budget for all capital projects being implemented by HART reflecting expenditures to date, contractual obligations outstanding, remaining budget, percent of project completion and schedule information. The Board will review this submission, make modifications as it deems appropriate, and approve a proposed Capital Budget by November 1st. If the Board-approved proposed Capital Budget includes revenues from the City and County of Honolulu, the Director shall submit a line-item appropriation request, in the amount of such revenues, for the upcoming fiscal year to the City Council through the office of the Mayor of the City and County of Honolulu by December 1st. The Board will review, and if necessary, revise, the proposed Capital Budget and, following a public hearing, shall adopt a final Capital Budget for the upcoming fiscal year by June 30th.

E. Budget Control and Amendments

The Director is responsible for ensuring that the Operating and Capital Budgets adopted by the Board are properly managed and adhered to by HART staff and consultants. The Director shall submit to the Board a budget amendment request for any expense or outlay that causes total expenses and outlays to exceed the amounts provided for (1) in either

the annual Operating and Capital Budgets adopted by the Board or (2) in the approved Baseline Budget for the HHCTCP or (3) a capital project included in the Six-Year Capital Program.

Within the Operating Budget adopted by the Board, the Director will have the following authority during the fiscal year:

1. Transfer expense budget authority from one organizational unit to another;
2. Transfer expense budget authority from one expense category to another; and
3. Transfer FTE authority from one organizational unit to another provided the total number of FTEs approved by the Board is not exceeded.

Budget or FTE transfers that would result in the adopted Operating Budget being exceeded must be submitted in the form of a budget amendment to the Board for prior approval. The Director shall report to the Board at least quarterly on any budget or FTE transfers he/she has authorized.

The Director will have the following authority in managing the Capital Budget during the fiscal year:

1. Award contracts in accordance with applicable laws and policy provided that the contract award does not result in the exceedance of the approved Baseline Budget for a capital project;
2. Transfer budget authority from one project element or contract to another provided that the approved annual Capital Budget appropriation and the approved Baseline Budget for the project are not exceeded; and
3. Manage material contract changes in accordance with established procedures for configuration control, change order disposition, risk or contingency management.

IV. ACCOUNTING/FUNDS MANAGEMENT

A. Major Fund Structure

All revenues shall be deposited with the BFS Treasury Division in the Transit Fund which is dedicated for use exclusively by HART, and described in Section 17-114 of the Charter.

There will be four types of subsidiary fund accounts within this Transit Fund as follows:

1. Transit Operating Fund (#290) will pay for operating expenses authorized by the adopted Operating Budget.
2. Transit Capital Fund (#690) will pay for capital expenditures authorized by the adopted Capital Budget.
3. Capital Improvement Bond Fund (#695) will pay for capital expenditures authorized by the adopted Capital Budget.
4. Grants Fund (#693) will pay for capital expenditures authorized by the adopted Capital Budget.

B. Use of City Financial Systems

Until otherwise determined, HART will utilize the financial systems and processes used by the City and County of Honolulu to manage cash receipts, investing, payroll, accounts payable and receivable, and general accounting. The Director will be responsible for exploring the feasibility and advisability of HART obtaining its own financial system in the future to handle these business activities. HART's financial system must interface with the City's accounting system.

C. Cash Management

The Director or his/her designee shall determine the timing of cash flow necessary to pay HART's legal obligations. Excess cash shall be invested by the BFS Treasury Division in interest-bearing securities. The Director or his/her designee will work with BFS representatives to determine the types and timing of investments that will minimize credit risk while maintaining a competitive yield.

V. REVENUE AND OTHER INCOME

A. County GET Surcharge

The County GET Surcharge of 0.5% has been in place since January 1, 2007. It is scheduled to expire on December 31, 2022. The BFS Treasury Division reports quarterly to HART the dollar amounts transferred to the City and County of Honolulu's bank account by the State Department of Taxation.

B. Fare Policy

The Board, following a public hearing, shall fix and adjust the rates and charges for the HHCTCP. Fares are required to generate revenue to cover a portion of HART's operating expenses, such that fares, in conjunction with all other revenues received for the HHCTCP, are sufficient or nearly sufficient as possible to support the HHCTCP and HART. Fare types and levels must be rational, understandable and explainable to achieve customer acceptance. They also must be set to help achieve and maintain an Operating Ratio that is consistent with the Financial Plan. Current plans call for fares charged on the rapid transit line being implemented under the HHCTCP to be the same as fares charged on services provided by The Bus. In addition, transfers between train and bus services will be free. More specific policy in this area will be developed in the future.

C. Fare Revenue Handling

Policy in this area will be developed in the future.

D. Advertising and Concessions

Policy in this area will be developed in the future.

E. Use and Rental of Property

Policy in this area will be developed in the future.

F. Debt Financing

In accordance with section VI.B below and upon approval of the Board, the Director may seek City Council approval to issue debt instruments to provide cash as needed to meet HART's obligations related to the implementation of the HHCTCP.

G. Federal Assistance

HART will seek federal financial assistance in the funding of the HHCTCP, other capital projects and its operations. The City and County of Honolulu will be the designated grant recipient for any funds HART receives from the FTA under an FFGA, by specific appropriation or formula or discretionary grant programs (collectively, "FTA funds"). Until otherwise determined, BFS will process drawdown requests for FTA funds, the proceeds of which will be deposited in the appropriate Transit Fund subsidiary fund account.

H. Contributions from Private Sources or Other Public Entities

HART will pursue opportunities with private and public sector interests that will benefit from the implementation of the HHCTCP and HART's capital projects. Such contributions could take the form of direct cash contributions, donation of rights-of-way, structured payments over time or the actual construction of project elements as examples.

VI. ASSET AND LIABILITY MANAGEMENT

A. Investment Policy

In the event that it is decided that HART will manage its own investments, the agency shall follow the investment policy of the City & County of Honolulu except that the investment maturity shall not exceed three years, and investments in financial derivatives are expressly prohibited.

B. Debt Management Policy

HART will utilize a mixture of long-term general obligation bonds and medium- and short-term debt to help finance construction of the HHCTCP. The medium- and short-term debt will be used to bridge the gap between the timing of capital expenditures and the receipt of revenues. The medium term debt will take the form of BANs or GANs. The short-term debt will be in the form of Tax Exempt Commercial Paper. All debt will be issued by the Treasury Division of BFS. All debt shall be retired by fiscal year 2023. The issuance of Certificates of Participation (COPS) is not available to HART under its current financial structure.

C. Real Property and Structures

All real property acquired by HART and all structures constructed or acquired by HART shall be held in the name of the City and County of Honolulu. HART shall be responsible for the use and condition of the real property acquired for the HHCTCP. Property records shall be kept in accordance with FTA requirements for capital assets.

D. Equipment

All equipment acquired by HART shall be properly maintained and records kept in accordance with FTA requirements. Annual reports to the Board shall include all equipment inventories and their condition. If equipment is lost or stolen, a police report shall be prepared.

E. Lease Financing of Assets

HART will consider the desirability of entering into a lease financing arrangement through private placement with a bank or financial institution for assets it acquires such as the rail vehicles being acquired for the HHCTCP. Such an arrangement must provide clear financial advantages to HART in the form of cash management or leveraging of resources, and must result in HART owning the asset at the end of the lease period.

VII. FINANCIAL REPORTING AND AUDITING

A. Periodic and Annual Reporting

The Director shall present monthly and quarterly financial reports to the Board covering budget versus actual information for both the operating and capital budgets. In addition, the Director will provide monthly procurement reports to the Board covering contract awards, change order activity and capital project contingency usage. An audited annual financial report shall be presented to the Board, the Mayor and the City Council. HART financial statements shall be submitted to BFS for inclusion in the City and County of Honolulu's CAFR. Internal reports will be on a cash basis consistent with the City and County of Honolulu's system until such time as HART acquires its own financial system that would enable reporting on an accrual accounting basis.

B. FTA Reporting

The Director will submit all FTA-required progress reports and quarterly narrative grant reports on a timely basis.

C. External Audit

HART shall engage the services of an independent certified public accountant to conduct an annual financial audit. The independent auditor will prepare the information to be included in the City and County of Honolulu's CAFR. The audit results will be reported to the Board, the City Council and the Mayor.

As designated grant recipient, the City and County of Honolulu's independent auditor will perform the Single Audit in conformance with OMB A-133 requirements.

D. Internal Audit Function

Policy in this area will be developed in the future.

[ATTACHMENT E]

Honolulu Authority for Rapid Transportation

RESOLUTION NO. 2011- 3

**RELATING TO THE PROCUREMENT POLICY OF THE BOARD OF
DIRECTORS OF THE HONOLULU AUTHORITY FOR RAPID
TRANSPORTATION**

WHEREAS, the Honolulu Authority for Rapid Transportation (HART) has been established pursuant to Article XVII of the Revised Charter of the City and County of Honolulu 1973, as amended (Charter); and

WHEREAS, it is in the public interest to ensure that the tax dollars and other income that support HART's business activities are utilized as efficiently and effectively as possible in the procurement of goods, services, facilities and equipment that the agency needs to successfully undertake its mission; and

WHEREAS, procurement processes with open and full competition, pursuant to federal and state procurement law, are in the public's interest; and

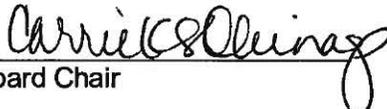
WHEREAS, eligibility for federal funding requires HART to demonstrate its continuing compliance with federal and state procurement law, as applicable;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of HART as follows:

1. HART will comply with applicable procurement law, and conduct all procurement transactions in a manner that provides for full and open competition. Sole source and exemption procurements will be minimized and used only under certain limited circumstances as permitted under applicable procurement law.
2. The HART Executive Director will be responsible and accountable for administration of the agency's procurement processes. In accordance with State of Hawaii Act 131 (2011), the HART Executive Director will serve as HART's Chief Procurement Officer. In this capacity, his/her responsibilities will include but not be limited to:
 - a. ensuring that HART staff is familiar and complies with state procurement law and with the current procurement requirements of the U.S. Department of Transportation, particularly the Federal Transit Administration's third-party contracting requirements and its associated best practices;
 - b. issuing final approvals on contract awards following completion of a competitive procurement process;
 - c. determining if a sole source contract award is justified; and
 - d. executing all contracting actions for the Authority.
3. The Executive Director will report monthly to the Board of Directors on all contract awards, major contract changes and the justifications for any sole source or exemption procurements.

4. This Resolution shall take effect immediately upon its adoption.

ADOPTED by the Board of the Honolulu Authority for Rapid Transportation on
JUL - 1 2011.


Board Chair

ATTEST:

Board Administrator

Honolulu Authority for Rapid Transportation

STAFF SUMMARY

TITLE: Adopting a Procurement Policy for the Authority			STAFF CONTACT: Ron Tober	DATE: July 1, 2011
Type:	Goal	Focus	Area	
<input checked="" type="checkbox"/> Action/Approval	<input checked="" type="checkbox"/> Project Delivery	<input type="checkbox"/> Livability/Land Use	State of Hawaii Act 131 (2011)	
<input type="checkbox"/> Information	<input type="checkbox"/> Service Delivery	<input type="checkbox"/> Partnerships		
<input type="checkbox"/> Follow-up	<input type="checkbox"/> Resource Stewardship	<input checked="" type="checkbox"/> Agency Admin.		

1. Purpose: By approving this action the Board will establish a Procurement Policy for the Authority to guide management actions in procuring goods, services, facilities and equipment.

2. Background/Justification: In order for the Authority to carry out its mission to plan, design, build, operate and maintain a fixed guideway transit system the agency must have an effective and efficient procurement and contract administration function that performs its tasks in a timely manner. The Honolulu High Capacity Transit Corridor Project (HHCTCP) is the largest and most complicated public works project undertaken in state history. It involves sophisticated technologies; a 20 mile long construction zone; and a large number (46) and variety of contracts (DB, DBOM, DBB, supply, professional services). The volume of contract award actions and the potential for subsequent protests, change orders and claims as well as the routine processing of contractual payments and communications will require a procurement and contracting function that will be able to perform its responsibilities accurately and competently in timely manner.

The state law referenced above designates the HART Executive Director as the Chief Procurement Officer for the Authority with the duties and responsibilities associated therewith. This action will provide the Authority with more control over its procurement and contracting activities. It will avoid overloading the City's procurement function which would result in HHCTCP procurement and contracting actions competing for time and resources with the City's Budget and Fiscal Services Department. The Authority will continue to utilize the City's centralized procurement function for the issuance of solicitations; receipt and logging of solicitation responses; and certification of the availability of funds for individual procurements.

As Chief Procurement Officer, the HART Executive Director will be responsible for: procuring or supervising the procurement of all goods and services and construction; making decisions on contract awards and amendments; resolving protests and contract disputes; maintaining procurement records; and adopting operational procedures to assist in the performance of these duties and responsibilities. The Executive Director will be responsible for providing regular reports to the Board of Directors on procurement and contracting activities including awards, sole source procurements, protests, change order experience and other matters that the Board may wish to receive reports on.

3. Procurement Background: The action itself is focused on guiding how the Authority will conduct its procurement and contracting activities. It is important that the agency's procurement and contracting activities and actions be carried out in a timely fashion and utilize the best procurement practices available for public works projects such as the HHCTCP.

4. Financial/Budget Impact: There is no direct financial impact from the action. However, the action is designed to ensure that the Authority's procurement and contracting actions are conducted in a manner that will result in the tax dollars and other income that support HART's business activities being utilized as efficiently and effectively as possible in order to protect the public interest.

5. Policy Impact: This action will establish new policy for the Authority designed to guide procurement and contracting actions undertaken by management. In this regard, it directs that it will be the policy of the Authority to: (1) to conduct all procurement transactions in a manner that provides for full and open competition; to minimize the use of sole source procurements; to ensure compliance with applicable state and federal procurement requirements; and to provide public reports on the status of procurements consistent with state

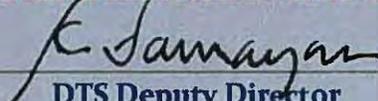
law.

6. Public Involvement: Not applicable.

7. Alternatives: The Board could modify specific aspects of the proposed action or chose to not adopt a Procurement Policy

8. Exhibits: None.

Certified and Recommended by:


DTS Deputy Director

[ATTACHMENT F]

Honolulu Authority for Rapid Transportation

RESOLUTION NO. 2011- 4

**RELATING TO THE ETHICS POLICY FOR THE BOARD OF THE HONOLULU
AUTHORITY FOR RAPID TRANSPORTATION**

WHEREAS, the Honolulu Authority for Rapid Transportation (HART) has been established pursuant to Article XVII of the Revised Charter of the City & County of Honolulu 1973, as amended; and

WHEREAS, the Board finds that it is desirable to adopt a policy of ethical conduct for board members so that the public may be assured that the actions of the Board serve only the public's best interests; and

WHEREAS, the Board further determines that the proper development, operation, maintenance, and expansion of the Honolulu Rail Transit Project require that HART Board members be independent, impartial, and responsible only to the citizens of the City and County of Honolulu;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of HART as follows:

1. The Board of Directors of the Honolulu Authority for Rapid Transportation shall faithfully adhere to the Standards of Conduct set forth in Article XI of the Revised Charter of the City & County of Honolulu 1973, as amended; and
2. The Board adopts as its Declaration of Policy the statement that as members of the Board of HART, they shall demonstrate by example the highest standards of ethical conduct to the end that the public may justifiably have trust and confidence in the integrity of government, and as agents of public purpose, shall hold their positions for the benefit of the public, shall recognize that the public purpose is their primary concern, and shall faithfully discharge the duties of their position regardless of personal considerations; and
3. Board Members shall not solicit or accept any gift under circumstances in which it can reasonably be inferred that the gift is intended to influence the Member's performance of duties as a Member of the Board; and
4. Board Members shall not disclose confidential information gained as a Board Member or use such information for the personal gain or benefit of anyone; and
5. Board Members shall not engage in any business transaction or activity or have a financial interest which is incompatible with the proper discharge of their duties as a Member of the Board; and

6. Board Members shall not receive any compensation for their service as Board Members other than from HART except as may be provided by law; and
7. Board Members shall not represent private interests in any action or proceeding against the interest of HART or appear on behalf of private interests before HART except as otherwise provided by law; and
8. Board Members shall not use their positions to secure or grant special consideration, treatment, advantage, privilege or exemption to themselves or any person beyond that which is available to every other person; and
9. A Board Member who possesses or who acquires a personal or private interest in any proposal pending before the Board shall make a disclosure in writing to the Member's appointing authority and to the City's Ethics Commission at any time such conflict becomes apparent. In accordance with Rule 6.3 of the Rules and Operating Procedures for the Board, the written disclosure shall be recorded in the minutes of the Board and its Committees and shall be made a matter of public record prior to the taking of any vote on such proposal; and
10. That this Resolution shall take effect immediately upon its adoption.

ADOPTED by the Board of the Honolulu Authority for Rapid Transportation on
JUL - 1 2011.

ATTEST:


Board Administrator


Board Chair

[ATTACHMENT G]

Honolulu Authority for Rapid Transportation

RESOLUTION NO. 2011- 5

**RELATING TO THE TRANSPARENCY POLICY FOR THE BOARD OF THE
HONOLULU AUTHORITY FOR RAPID TRANSPORTATION**

WHEREAS, the Honolulu Authority for Rapid Transportation (HART) has been established pursuant to Article XVII of the Revised Charter of the City and County of Honolulu 1973, as amended; and

WHEREAS, openness and transparency are fundamental to promoting efficiency and effectiveness in government and strengthening the democratic process; and

WHEREAS, the Board of Directors recognizes that public input and testimony are vital for the successful execution of the Honolulu Rail Transit Project; and

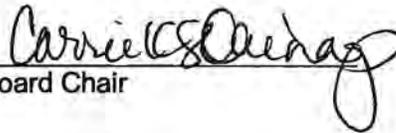
WHEREAS, the proper development, operation, maintenance, and expansion of the Honolulu Rail Transit Project requires that the Board of Directors conduct its business in a spirit of openness and transparency;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of HART as follows:

1. The Board shall adhere to the provisions of the Sunshine Law, codified at Part I of Chapter 92 of the Hawaii Revised Statutes ("HRS"); and
2. The Board shall file with the City Clerk a written public notice of any regular, special, or rescheduled meeting, or any executive meeting when anticipated in advance. The notice shall include an agenda which lists all items to be considered at the forthcoming meeting, the date, time, and place of the meeting, and in the case of an executive meeting the purpose shall be stated; and
3. Every meeting of the Board shall be open to the public and all persons shall be permitted to attend unless closed pursuant to HRS Sections 92-4 and 92-5; and
4. The Board shall afford all interested persons an opportunity to submit data, views, or arguments, in writing or orally, on any agenda item; and
5. The Board shall keep written minutes of all meetings, which shall be public records and be available within thirty days after the meeting, except where such disclosure would be inconsistent with HRS Section 92-5; and
6. The Board shall hold all meetings in public places, and shall endeavor to hold at least 25% of its meetings at Kapolei Hale or other suitable public places in West O'ahu; and

7. That this Resolution shall take effect immediately upon its adoption.

ADOPTED by the Board of the Honolulu Authority for Rapid Transportation on
JUL - 1 2011.


Board Chair

ATTEST:

Board Administrator

[ATTACHMENT H]

Honolulu Authority for Rapid Transportation

RESOLUTION NO. 2011- 6

**APPROVING OPERATING AND CAPITAL BUDGETS
FOR FISCAL YEAR 2012 ENDING JUNE 30, 2012**

WHEREAS, the Honolulu Authority for Rapid Transportation (HART) has been established pursuant to Article XVII of the Revised Charter of the City and County of Honolulu 1973, as amended (Charter); and

WHEREAS, the Charter empowers the Authority to prepare annual operating and capital budgets for the fixed guideway transit project and for the Authority's operations; and

WHEREAS, it is in the public interest that the Authority have spending plans for both operating and capital expenses to ensure that expenditures are properly controlled and accounted for in the fiscal year 2012; and

WHEREAS, the Rapid Transit Division of the Department of Transportation Services of the City and County of Honolulu prepared both operating and capital budgets for fiscal year 2012, the first year of the Authority's existence; and

WHEREAS, the Board has reviewed said operating and capital budgets for the Authority; and

WHEREAS, the said operating and capital budgets are fully funded by the Transit Fund and do not utilize a General Fund appropriation from the City and County of Honolulu; and

WHEREAS, the Board is empowered to review, modify as necessary, and adopt annual operating and capital budgets for the Authority;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of HART as follows:

1. Estimated revenues in the amount of \$20,582,626 from the Transit Fund's Transit Operating Fund (#290) subsidiary fund account are hereby appropriated for the Operating Budget for the fiscal year July 1, 2011 to June 30, 2012 to cover the following expenditures:

\$13,302,491	Personnel
\$ 7,280,135	Current Expenses
\$ 0	Equipment

2. Estimated revenues in the amount of \$354,736,280 from the following Transit Fund subsidiary fund accounts are hereby appropriated for the Capital Improvement Budget for the fiscal year July 1, 2011 to June 30, 2012:

\$200,000,000	Transit Capital Fund (#690)
\$104,736,280	Capital Improvement Bond Fund (#695)
\$ 50,000,000	Federal Grants Fund (#693)

3. The Interim Executive Director is hereby authorized to conduct the administrative affairs of the Authority in accordance with the Authority's Financial Policies utilizing the Operating and Capital Improvement Budgets established herein.
4. In the next sixty (60) days, the Finance Committee of the Board will be responsible for reviewing the line item detail of the Operating and Capital Improvement Budgets established herein and make recommendations, if any, regarding said Budgets and the process for establishing future budgets.
5. This Resolution shall take effect immediately upon its adoption.

ADOPTED by the Board of the Honolulu Authority for Rapid Transportation on
JUL - 1 2011

ATTEST:


Board Administrator


Board Chair

Honolulu Authority for Rapid Transportation

STAFF SUMMARY

TITLE: Adopting Operating and Capital Budgets for FY2012

STAFF CONTACT:

Paul Romaine – Operating
Phyllis Kurio - Capital

DATE:

July 1, 2011

Type:	Goal	Focus	Area	Reference Notes
<input checked="" type="checkbox"/> Action/Approval	<input type="checkbox"/> Project Delivery	<input type="checkbox"/> Livability/Land Use		RCH Article 17
<input type="checkbox"/> Information	<input type="checkbox"/> Service Delivery	<input type="checkbox"/> Partnerships		
<input type="checkbox"/> Follow-up	<input type="checkbox"/> Resource Stewardship	<input checked="" type="checkbox"/> Agency Admin.		

1. Purpose: By approving this action the Board will be establishing the first Operating and Capital Improvement Budgets for the Authority and appropriating funds for FY2012 from July 1, 2011 to June 30, 2012. The action proposed herein reflects direction received from the Board during its orientation period. It is important that the Board take an action to establish spending authority for HART in the new fiscal year to avoid any disruption to the on-going work on the Honolulu High Capacity Transit Corridor Project.

2. Background/Justification: Rapid Transit Division (RTD) staff prepared and submitted preliminary FY2012 Operating and Capital Budgets for the Division in September 2010. Following the public vote creating HART in November 2010, these preliminary budgets were then refined thru discussions with DTS, BFS and City administration leadership to reflect the establishment of HART and the advancing work on the HHCTCP. The Mayor transmitted to the City Council a summary of the proposed budgets. The City Council Budget and Transportation Committees held hearings on the proposed operating and capital budgets involving City Administration representatives and RTD staff. The City Council ultimately adopted Budget Bills 33 and 34 which were based in large part on the operating and capital budget numbers prepared by RTD. The operating and capital budget numbers proposed herein are identical to the numbers that were contained in Budget Bills 33 and 34.

It should be noted that because FY2012 is HART's first year of existence there is no historical data available for the agency to show base expenditure levels or trends over time. The staffing and expenditures levels included in the proposed FY2012 Operating and Capital Improvement Budgets are based upon the Work Program described in the preliminary HART Business Plan for FY2012 previously provided to the Board during its orientation. The work activities and contracting plan described in the Business Plan along with the FTA's requirements for a grantee's technical capacity and capability are what drove the staffing plan for FY2012 in the Operating Budget and the expenditures and contractual obligations amounts shown in the Capital Improvement Budget for FY2012.

3. Procurement Background: Does not apply.

4. Financial/Budget Impact: The proposed FY2012 Operating Budget requested herein is comprised of three major expense categories: Personnel totaling \$13,302,491; Current Expenses totaling \$7,280,135; and Equipment at zero. The Personnel expense category is sufficient to fund the proposed staffing level of 136 positions as delineated in the FY2012 Business Plan. Total operating expenses for FY2012 are budgeted at \$20,582,626 which is the same funding level adopted by the City Council.

The proposed FY2012 Capital Improvement Budget requested herein will cover the expenditures and contractual obligations programmed for the Honolulu High Capacity Transit Corridor Project in FY2012. Supplemental information provided to the Board during orientation broke down the Capital Improvement Budget by contract within major Project component (i.e. Design, Construction, Equipment, Land Acquisition) and includes information on the sources of funding in FY2012 for the Project. Total capital expenditures and contractual obligations for FY2012 are budgeted at \$354,736,280 with the following funding sources: \$200,000,000 thru the Transit Capital Fund using GET Surcharge revenues; \$50,000,000 in Federal grant funding; and \$104,736,280 in bond funding. This is identical to the capital budget numbers adopted by City Council.

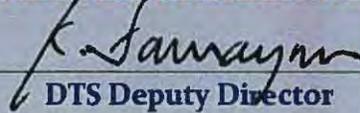
5. Policy Impact: The action proposed herein is consistent with the Financial Policies considered by the Board on the July 1st meeting agenda.

6. **Public Involvement:** A public hearing on the proposed FY2012 Operating and Capital Improvement Budgets will be held in conjunction with the Board's consideration on this action at the July 1st meeting.

7. **Alternatives:** The Board could revise specific elements of the proposed Operating and Capital Improvement Budgets and/or could adopt specific provisos with the Budgets providing direction to staff

8. **Exhibits:** None.

Certified and Recommended by:


DTS Deputy Director