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HART BUDGETS MOVE FORWARD: BOARD RECEIVES UPDATE ON CORE SYSTEMS CONTRACT

The Honolulu Authority for Rapid Transportation's (HART) Finance Committee Thursday approved the agency's proposed operating and capital budgets for fiscal year 2013 and has requested that the budgets be transmitted to the mayor and the City Council for their review.

The committee approved HART's proposed \$22.8 million operating budget along with the \$491.5 million capital budget after a public hearing. No general fund monies are being requested from the city. Prior to adopting fiscal year 2013 budgets, the full HART board will conduct another public hearing.

"We'll be submitting the budgets to both the mayor and the council for their consideration and input," said HART Finance Committee Chairman Don Horner.

The board of directors also received an update on the core systems contract, including a third-party review of Ansaldo Honolulu's bond documents. That review determined the company is in compliance with the payment and performance bonds required to execute the contract.

"The review was conducted on behalf of the City by Kobayashi Sugita & Goda LLP, and followed two months of due diligence and analysis performed by HART and City procurement staff," said HART Board Chairwoman Carrie Okinaga. "As a result of that diligence, Finmeccanica, parent company of one of the two Ansaldo Honolulu JV partners and part owner of the other, assured HART of its intention to ensure contractual performance."

Interim Executive Director Toru Hamayasu confirmed that in light of concerns regarding the financial condition of Finmeccanica – which is not a party to the contract but is a guarantor – he will conduct additional due diligence and seek additional assurances from the JV partners regarding contract compliance.

A joint HART Finance and Project Oversight committee meeting has been scheduled for Nov. 25 to provide updated information on the procurement process to ensure the bidder has the technical and financial capacity to meet all of its obligations under the contract.

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HONOLULU AUTHORITY for RAPID TRANSPORTATION

In other meeting matters, the board approved the recruitment plan and position description for the permanent HART executive director/CEO position. The City selected Krauthamer & Associates Inc. as its search firm for the position. "The search will be international in scope, but our position description makes clear that HART is looking for someone who will embrace the uniqueness of our culture and environment," said Human Resources Committee Chairman Keslie Hui. "The anticipated cost of our search will be slightly over \$152,000, and this will cover all advertising and consultant time."

The firm, which recently assisted the Bay Area Rapid Transit ("BART") board of directors in its successful search for its general manager, will assist the HART board of directors in sourcing and identifying qualified applicants for the position. The board plans to hire a permanent executive director during the first quarter of 2012.

For more information on HART and the Honolulu rail transit project, see our website at www.HonoluluTransit.org.

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