

EMPLOYMENT AGREEMENT

This Employment Agreement (“Employment Agreement”) is entered into this 29th day of October, 2014, by and between Daniel A. Grabauskas, whose address is c/o Alii Place Suite 1700, 1099 Alakea Street, Honolulu, Hawaii 96813 (“Grabauskas”), and the Honolulu Authority for Rapid Transportation, whose address is Alii Place Suite 1700, 1099 Alakea Street, Honolulu, Hawaii 96813 (“HART”), by and through its Board of Directors (“Board”). Grabauskas and HART are collectively referred to hereinafter as the “Parties”.

WITNESSETH THAT:

WHEREAS, HART is a semi-autonomous public transit authority established by Article XVII of the Revised Charter of the City and County of Honolulu (“Charter”) to develop, operate, maintain and expand the City’s fixed guideway rapid transit system; and

WHEREAS, pursuant to Section 17-103.3(c) of the Charter, the Board shall appoint an Executive Director, who shall be the chief executive officer (“CEO”) of HART; and

WHEREAS, pursuant to Section 17-103.3(c) of the Charter, the Board shall establish the qualifications, powers, duties, functions and compensation of the Executive Director/CEO of HART; and

WHEREAS, on March 1, 2012, the Board in a duly noticed and convened public meeting appointed Grabauskas to the position of Executive Director/CEO of HART; and

WHEREAS, pursuant to the Employment Agreement entered into between HART and Grabauskas on March 16, 2012, his appointment as Executive Director/CEO of HART was effective April 9, 2012, for an at-will term of three (3) years; and

WHEREAS, on October 9, 2014, the Board in a duly noticed and convened public meeting reappointed Grabauskas to the position of Executive Director/CEO of HART for a further at-will term of three (3) additional years; and

WHEREAS, the Parties desire to set forth the terms of employment for Grabauskas as Executive Director/CEO of HART for the new term of appointment;

NOW, THEREFORE, in consideration of the foregoing and of the mutual promises hereinafter set forth, the sufficiency and adequacy of which are hereby acknowledged, and intending to be legally bound, the Parties hereby mutually agree as follows:

1. **DUTIES AND RESPONSIBILITIES**: The duties and responsibilities of the Executive Director/CEO position shall be as set forth in the Position Description attached hereto and incorporated herein as Exhibit "A".

2. **TERM**: Grabauskas is reappointed as Executive Director/CEO of HART for an at-will term of three (3) years, to serve at the pleasure of the Board and effective as of April 9, 2015, continuing to April 8, 2018.

3. **ANNUAL COMPENSATION**: Grabauskas' annual compensation shall be TWO HUNDRED NINETY-NINE THOUSAND TWO HUNDRED FIFTY AND NO/100 DOLLARS (\$299,250.00), payable semimonthly in accordance with standard City and County of Honolulu procedures, consisting of the following items:

A. **BASE SALARY**: The base salary shall be TWENTY ONE THOUSAND FOUR HUNDRED THIRTY-SEVEN AND 50/100 DOLLARS (\$21,437.50) per month (TWO HUNDRED FIFTY-SEVEN THOUSAND TWO HUNDRED FIFTY AND NO/100 DOLLARS (\$257,250.00) per year).

B. **HOUSING ALLOWANCE**: There shall be a housing allowance of THREE THOUSAND AND NO/100 DOLLARS (\$3,000.00) per month (\$36,000.00/year).

C. **TRANSPORTATION ALLOWANCE**: There shall be a transportation allowance of FIVE HUNDRED AND NO/100 DOLLARS (\$500.00) per month (\$6,000.00/year).

4. **ANNUAL BONUS AND ADJUSTMENT**: There shall be an Annual Bonus of up to fifteen percent (15%) of the Base Salary amount set forth above in subparagraph 3.A., to be payable upon the successful achievement of annual performance objectives to be mutually agreed upon by Grabauskas and the Board each year. The Board will determine whether or not Grabauskas has successfully achieved the applicable annual performance objectives, and what percentage of the Base Salary amount, up to fifteen percent (15%), shall be paid to Grabauskas as an Annual Bonus, within 30 days of Grabauskas's submittal to the Board of an annual executive report on the one-year period in question. Upon the Board's determination that Grabauskas has successfully achieved the annual performance objectives, the Board shall also consider an upward adjustment of his Base Salary amount of up to three and one half percent (3.5%) for the next year. In the event Grabauskas is terminated from employment for any reason other than for cause, assuming satisfactory performance, the Annual Bonus amount as determined by the Board will be pro-rated on a monthly basis from the start of the then-current year, and a pro-rated amount of the Annual Bonus up to and including the month of termination will be paid for that year. As used in this Employment Agreement, "for cause" shall mean actions involving gross and deliberate malfeasance, gross negligence, repeated or willful failure to perform services satisfactorily hereunder or follow established policies of HART, or final conviction of a felony crime or crime of moral turpitude.

5. **BENEFITS:** Grabauskas shall be entitled to all standard City and County of Honolulu benefits (generally, 21 days per year vacation leave; 21 days per year sick leave; 13 State holidays per year (14 holidays in an election year); Hawaii Employer-Union Health Benefits Trust Fund (EUTF) medical, drug, vision, and dental program options (employee-paid premiums may be deducted from pay before taxes); Hawaii EUTF no cost life insurance coverage (currently \$38,361.00 benefit); deferred compensation program available).

6. **SEVERANCE PAYMENT:** Grabauskas shall be entitled to a severance payment of one year's Base Salary amount (\$257,250.00 for the first year of this Employment Agreement, subject to adjustment as provided for herein), to be payable in the event he is terminated from employment prior to the end of the term of appointment for any reason other than for cause.

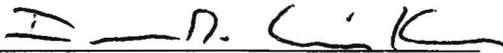
7. **NOTICE OF TERMINATION:** Grabauskas shall give the Board a minimum of sixty (60) days prior written notice in the event he intends to terminate this Employment Agreement. The Board shall give Grabauskas a minimum of sixty (60) days' prior written notice in the event it intends to terminate this Employment Agreement for any reason other than for cause. If the Board intends not to reappoint Grabauskas at the end of the term of this Employment Agreement, the Board shall give Grabauskas a minimum of ninety (90) days' prior written notice.

8. **LEGAL REPRESENTATION:** Pursuant to Section 17-112 of the Charter, the Corporation Counsel of the City and County of Honolulu shall serve as the legal adviser of HART and shall institute and defend, as the Board may require, any and all actions involving matters under the jurisdiction of the Board. Grabauskas shall be entitled to legal representation by the Corporation Counsel (or by Special Counsel when the Corporation Counsel is disqualified) in matters relating to his official powers and duties as Executive Director/CEO of HART.

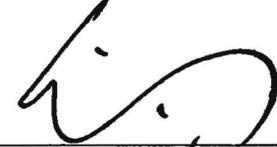
9. **SEVERABILITY:** If any provision(s) of this Employment Agreement is held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

IN WITNESS WHEREOF, Grabauskas and HART have executed this Employment Agreement individually or by their duly authorized representative on the day and year first above written.

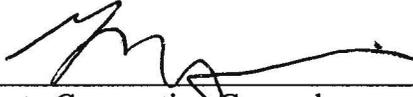
HONOLULU AUTHORITY FOR RAPID
TRANSPORTATION:


Ivan Lui-Kwan, Chair
Board of Directors

DANIEL A. GRABAUSKAS:


Date: 10/20/14

APPROVED AS TO FORM
AND LEGALITY:



Deputy Corporation Counsel

GARY Y. TAKEUCHI

EXHIBIT "A"

POSITION DESCRIPTION

POSITION TITLE: Executive Director/CEO

REPORTING TO: Board of Directors, Honolulu Authority for Rapid Transportation

LOCATION: Honolulu, HI

The Honolulu Authority for Rapid Transportation (HART or the Authority) is a semi-autonomous agency of the City and County of Honolulu, Hawaii, created by voter-approved amendments to the Revised Charter of the City and County of Honolulu (Charter) to develop, operate, maintain and expand a fixed guideway transit system for the City and County of Honolulu. HART is currently developing and designing the Honolulu-High Capacity Transit Corridor Project (HHCTCP). This project is a 20+ mile long fully automated commuter rail system that will have 21 stations, a maintenance and storage facility, three park-and-ride lots and one park-and-ride structure. The HHCTCP has been broken into 4 different sections and will open in three phases between 2015 and 2019.

HART will operate a total fleet of 80 rail cars with 68 cars in operation during peak hours by 2024. Each train will consist of two railcars with a 318 person capacity.

BOARD OF DIRECTORS:

HART is governed by a ten-member Board of Directors, nine of which are voting members and one a non-voting member. The Board is responsible for setting policy for the authority as well as any other duties or functions assigned to it by the Charter. Three of the 10 members are ex-officio members whose terms are not limited in duration. Two are voting members. They are the State Director of Transportation and the City Director of Transportation Services. The third ex-officio member, the Director of the City Department of Planning and Permitting, is a non-voting member. The remaining seven members are appointed, three by the Mayor of Honolulu, three by the City Council and one selected by the voting members in a majority vote.

Of the three members appointed by the Mayor, one serves a five-year term, one serves a four-year term and one serves a three-year term. The same is true for those members appointed by the City Council.

HISTORY:

Honolulu has been planning for a mass transit line to connect Honolulu's urban transit center with the outlying areas for nearly 40 years, with several attempts in the past. In 2005, a local funding mechanism for a rail line was approved and signed into law by the Governor of Hawaii. A month after the law passed, the Honolulu City Council authorized a one-half percent GET increase which provides funds to be set aside specifically for the

construction and operation of a mass transit system.

HHCTCP:

The first section is the West O‘ahu/Farrington Highway section which extends from East Kapolei to Pearl Highlands and will consist of six stations. This section will have an elevated structure to cross the H-1 Freeway. To date the design/build contract has been awarded and limited Notices to Proceed have been issued. Additionally the design/build contract for the maintenance and storage facility has been awarded.

The second section extends from Pearl Highlands to Aloha Stadium along Kamehameha Highway with two stations, a park-and-ride facility and a transit center planned. The Kamehameha Highway Guideway design/build contract has been awarded. This section is scheduled to open in December 2015.

The third section extends from Aloha Stadium to the Middle Street Transit Center Station. There are 4 stations planned in this section. This section is scheduled to open in October 2017. The final section extends from the Middle Street Transit Center to Ala Moana Center with eight stations planned. This section is scheduled to open in March 2019.

SCOPE AND RESPONSIBILITIES:

The Executive Director shall serve as HART’s Chief Executive Officer (CEO) and is responsible for administering all of the affairs of HART and for running the day-to-day operations of the agency. The CEO will receive policy direction from the Board and will make recommendations to the Board on budgets, policies, plans, rules and performance measures. The CEO will plan, direct, and supervise the activities of all HART staff, contractors and consultants through a management structure. The CEO will also serve as the chief procurement officer for the agency in accordance with state law and is responsible for executing all contracts and agreements of the Authority. Additionally, the CEO will represent the Authority to state and federal bodies and to other external stakeholders, organizations and community interests. The CEO will work with the Board Chair to plan Board meeting agendas and make reports to the Board and the community regularly.

The ideal candidate will have a proven track record of successfully managing a complex and diverse organization, preferably in the public arena, that provides the highest quality of service to its customers and stakeholders. Additionally, this individual will have outstanding advocacy skills, business skills as well as strong financial management, communication, strategic planning, public relations, community relations, governmental relations, and interpersonal skills. Candidates should have experience working in diverse community's that have varying political, cultural, social, and economic atmospheres where there is a strong commitment to sustainability and the environment. Additionally, the ideal candidate will have experience working with local, state, federal employees and agencies.

Knowledge of and working experience with the Federal Transit Administration (FTA) and the FTA's New Starts project development process and the associated requirements for project management and grant administration and experience managing capital construction projects will be a plus. Additionally, experience successfully managing a large, complex organization with large capital intensive projects that are governed by relevant local, state and federal laws especially in today's financially strained environment will be a major asset.

The staff and Board of Directors are dedicated to working together to ensure the success of HART as it continues to design, build and prepares to operate one of the world's newest fully automated rail systems. The new CEO will be integral to the continued planning and design of HART's system as it strives to construct a high quality rail system that will serve its customers, including persons from the City and County of Honolulu, residents of the State of Hawaii, visitors and other stakeholders.

Powers, Duties and Functions of the Executive Director:

As defined in the Charter at Section 17-104, the Executive Director shall:

- a) Administer all affairs of the authority, including rules, regulations and standards adopted by the board.
- b) Have at least five years of fixed guideway system experience.
- c) Sign all necessary contracts for the authority, unless otherwise provided by this article.
- d) Recommend to the board the creation or abolishment of positions.
- e) Enforce the collection of fares, tolls, rentals, rates, charges, and other fees.
- f) Prepare payrolls and pension rolls.
- g) Maintain proper accounts in such manner as to show the true and complete financial status of the authority and the results of management and operation thereof.
- h) Prepare annual operating and capital budgets.
- i) Prepare and maintain a six-year capital program.
- j) Prescribe rules and regulations as are necessary for the organization and internal management of the authority.
- k) Recommend rules and regulations for adoption by the board.
- l) Request, and accept appropriations from the city, and request and accept grants, loans and gifts from other persons and entities.
- m) Administer programs promoting appropriate developments near transit stations, including compilation of City incentive programs.
- n) Review development projects having significant impact on the operation of the fixed guideway system.
- o) Plan, administer and coordinate programs and projects of the fixed guideway system that are proposed to be funded, wholly or partially, under federal or state law and required to be transmitted to the Oahu metropolitan planning organization.
- p) Attend all meetings of the Board unless excused.
- q) In addition to the general powers under this section, other general or specific powers

may be conferred upon the executive director by ordinance, so long as the powers are consistent with this article of the Charter.

SKILLS AND ABILITIES:

The ideal candidate will have a demonstrated background and outstanding abilities as grouped in the following areas:

BOARD INTERACTION

- Develop a strong collaborative working relationship with an engaged 10-member Board of Directors; assist the Board in its policy-making duties by providing relevant information; assist the Board in short and long-term planning objectives; furnish information to include options and potential consequences; enable the Board and its Committees to make informed decisions;
- Manage the resources of the Authority consistent with the Board's policies in order to achieve efficient and effective design, development, construction and future operation and maintenance of the system in order to provide clean, courteous, timely, dependable, and cost-effective service;
- Implement Board policy via actionable management plans and provide strategic direction to senior management that will enable the effective execution of these plans; and
- Communicate regularly with the Board of Directors about internal operations, reports and external stakeholder communications and invite and encourage Board member participation in community events and senior staff meetings as appropriate.

EXTERNAL RELATIONSHIPS

- Work effectively and persuasively with elected officials, local, state and federal agencies, the U.S. House of Representatives, the U.S. Senate, U.S. DOT/FTA, Transportation Security Administration (TSA), the governments of City and County of Honolulu and State of Hawaii and the local business community, organized labor, public constituencies, NGOs, the press and other stakeholders;
- Represent and speak on behalf of the Authority to partner organizations and external stakeholders by making presentations and attending meetings, forums and events including meetings of local, state and federal governmental units;
- Interact and communicate regularly with employees, passengers, the public, elected officials, the press and passionate and committed stakeholders to provide transparency and insight into the Authority's implementation of its capital program and policies and the Authority's current and future status and to assure maximum cooperation in building best possible fixed guideway transportation system for the City and County of Honolulu;
- Communicate with local, national and international stakeholders continually to identify their

transportation needs in order to advise the Board on areas for improvement and potential development;

- Maintain on-going communication with the State of Hawaii's Department of Transportation regarding the alignment of the fixed guideway system as it relates to grade crossings and capital intensive construction phases;
- Source, attract, negotiate agreements and work with business enterprises and concessionaires to increase revenue with the addition of services and amenities for customers and staff;
- Continually examine the Authority's performance as it relates to safety and operations so that the design, construction and future operation provides a safe, enjoyable and reliable service to all stakeholders;
- Work with commercial and residential real estate developers and other businesses interested in real estate development and transit oriented development to negotiate agreements that maximize ridership and generate the highest return on investment, as appropriate;
- Maintain an on-going commitment to customer service; and
- Continually examine the Authority's technology needs and capabilities, identifying opportunities for improvement and advancement to provide a high level of customer service to employees, passengers and stakeholders.

INTERNAL RELATIONSHIPS

- Provide strategic vision and guidance to ensure successful succession and employee development plans across all functions of the Authority. This includes identifying current opportunities in succession planning and providing the leadership to establish effective succession plans and employee development plans. Provide leadership, and encourage employees to take initiative and develop within the organization;
- Empower senior management and employees to lead their departments and functions effectively and efficiently; encourage senior management and employees to work together and across all functions of the organization; provide an environment where managers from each department are encouraged to work together and present directly to executive leadership; and
- Coach, train, and motivate staff; manage employee relations; manage the workflow and prioritization of projects and measure the performance of the agency and direct staff and take appropriate corrective action when necessary; review the work of staff and make effective suggestions and recommendation; recommend and implement corrective actions, discipline and termination procedures as appropriate/necessary.

GENERAL MANAGEMENT

- Implement the HART business strategy adopted by its Board and in accordance with HART's mission to achieve the vision for the HHCTCP through the successful accomplishment of HART's goals;
- Manage a capital oriented organization with an emphasis on financial management, safety, security, and public awareness as to the impacts that construction will have on residents, visitors, the environment and other stakeholders;
- Have strong financial management and leadership skills and successfully manage large and complex budgets; identify areas for cost reduction and increased efficiencies and communicate those recommendations and creative solutions effectively to the Board and management, resulting in an organization that is run efficiently and cost effectively;
- Have proven leadership skills which include being:
 - A unifier and team builder,
 - A problem solver and visionary, and
 - A mentor and motivator;
- Responsibly manage the Authority's assets in order to optimize all funding sources allocated to HART;
- Advocate for sustainable development and economic growth for the region and increased revenue for local businesses and government;
- Ensure that effective cost-control measures are in place at all levels of the Authority;
- Manage multiple agendas and interests simultaneously;
- Ensure that processes, policies and practices are interpreted and applied consistently and effectively and that the Authority is accountable and compliant with all current and applicable City, State and Federal and agency policies;
- Attend and/or participate in professional group meetings and maintain awareness of new trends and developments impacting the agency's business activities;
- Develop an understanding, appreciation, sensitivity and commitment to the social, economic, political and environmental needs of HART and the unique region it serves; and
- Oversee and/or develop effective marketing plans, such as plans to promote and attract ridership and increase the business of the Authority and to drive ancillary revenue opportunities.

PERSONAL ATTRIBUTES:

The candidate should possess the attributes as grouped in the following areas:

PERSONAL QUALITIES

- Highly professional, hardworking, mature, honest, even tempered, trusting, confident and personable individual.
- A leader with a high level of intelligence, persuasiveness, creativity, and vision.
- High energy level, with maturity, gravitas, integrity and ethics above reproach.
- Innovative, compassionate, transparent leader who is inclusive in his/her decision making process and willing to delegate responsibility when appropriate.
- Excellent interpersonal communication, presentation and writing skills.
- Professional and executive presence to stand on behalf of the organization as the leader and champion of the Authority.
- Results oriented individual with a dedication to accuracy, efficiency and on-time delivery with quality and an appropriate sense of urgency at the forefront of all decisions.
- An executive who is accountable and adaptable and who provides realistic and strategic solutions to problems and is comfortable mediating difficult situations.
- Strategic leader, open-minded communicator and critical thinker who is unwilling to let challenges prevent success, but rather looks at challenges as opportunities for success.
- Professional judgment including practical approach, appropriate risk taking and political savvy to lead the Authority through its next phase of growth.
- A team player, who is culturally sensitive to the diversity of the community and its social norms and who is committed to safety, diversity, sustainability, reliability, equity, equality, fiscal responsibility and public service.

INTERPERSONAL SKILLS

- Proven ability to effectively build alliances, listen to, communicate, interact and work with the Board of Directors, senior management, employees, contractors, organized labor, business partners, the community, and customers.
- Verifiable track record of developing strong relationships with customers and increasing management and Authority interactions with customers.
- Demonstrated effectiveness at creating strong proactive partnerships between government and business by working with, listening to, communicating, educating and gaining support from elected officials at the local, state and national level to identify, negotiate and solve complex and challenging issues.
- Demonstrated track record of providing vision and leadership to employees, the community and other stakeholders within a growing organization.

- Demonstrated ability to unify teams, communities and people during complicated times.

INTERACTION IN MANAGEMENT SITUATIONS

- Strong mentor and teacher who is approachable, open-minded and treats all employees with respect and dignity
- Executive leader who embraces diversity and inclusion, has the ability to attract talent, promotes an environment of healthy debate and encourages the staff and team to challenge the norm.
- Proactive leader who listens and encourages, mentors and motivates employees and teams to think critically, strategically and creatively while developing solutions to problems that will provide vision and success for the authority.
- Effective manager who listens and encourages employees, teams and stakeholders to challenge ideas in order to develop the most effective solutions.
- Strong manager and leader with team building skills and excellent problem solving and conflict resolution skills.
- Excellent operational skills including creating tools to train and develop staff thereby increasing productivity and the Authority's performance.
- Experience challenging the status quo and the "tenured" nature of the executive team, while creating a sense of teamwork.

CREATIVITY

- Creative approach to problem solving with a proven track record of implementing innovative initiatives in complex organizations similar in size, scope and operations to a capital intensive transportation authority such as HART.
- Executive with proven record of navigating, negotiating, marketing, and implementing large complex capital projects with funding from both public and private partners.
- Experience utilizing a diverse slate of financing options including public and private financing alternatives (tax revenue, bond revenue, loans, grants, etc.) and experience working with relevant financial advisors in order to obtain the necessary funding to complete a significant capital project.
- Proven ability to leverage technology to increase bottom-line results and increase efficiencies and reduce waste.

BUSINESS ACUMEN

- Experience managing a large organization that is undertaking significant capital construction projects.
- Experience managing a large multi-million or multi-billion dollar complex project (construction or expansion) such as fixed guideway transit, bridges, highways/roadways, railways, terminals, etcetera, while working with local, state and national stakeholders and agencies, consultants and related vendors to ensure that phases of the HHCTCP are completed safely, on-time and within budget.
- Success managing and providing executive level guidance to a highly educated, experienced and technical workforce, thereby empowering management to implement and execute their departmental plans effectively.
- Extensive experience planning and implementing new projects and initiatives to build a more effective, sustainable and sound organization.
- Experience developing and implementing metrics used to evaluate individual and company performance, budgets, cost effectiveness, returns on investments to increase the bottom line and operational performance.
- A leader who has a strong financial orientation and who can recognize inefficiencies and areas of potential cost reduction.
- Demonstrated track record of success during varying economic and business cycles.

EXPERIENCE REQUIRED:

The successful candidate will have at least 5 years executive transportation management experience in a multi-modal transportation system or other public or private entity, agency, department or authority of equivalent complexity, with at least five years of fixed guideway system experience. A Bachelor's degree is required and preference will give given to an advanced degree in a relevant discipline.