

BUILDING BLOCKS

CONSTRUCTION FINANCIAL MANAGEMENT ASSOCIATION

HONOLULU CHAPTER



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- UNIVERSITY OF HAWAII IT CENTER TOUR
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COUPON for a guest pass to the next CFMA event!

PRESIDENT'S MESSAGE

NEILL CHAR



Aloha CFMA members!

Hau'oli Makahiki Hou!
Akemashite Omedetou Gozaimasu!
Gung Hay Fat Choy!
Maligayang Bagong Taon!
Hang- bok-han sae-hae bo-nae-se-sae-yo!
Or quite simply, HAPPY NEW YEAR!

To start off the new year, let's start with some positive news. On the national front, UHERO and DBEDT are forecasting U.S. real GDP growth of 2.3% and 2.8%, respectively in 2014!

Even better, according to Dr. Jack Suyderhoud, Professor of Business Economics at UH-Manoa and Economic Advisor to First Hawaiian Bank, specifically construction in Hawaii is expected to grow by 15% in 2014! Realistically 2014 may not yield the same 30%+ growth that we saw in the equities market in 2013, but the bottom line is that 15% is the shot in the arm that we all need. And while the 2013 figures aren't finalized, construction growth was forecasted at 10% over 2012. So that's 2 good years of steady growth for our industry. In speaking with many of you, while not consistently across the board, the consensus is that business is getting better and that backlogs are building up. People are going back to work, unemployment is going down, and tax revenues are going up. I hope you reaped the benefits in 2013 and are ready for an even better 2014.

With another year gone by, it's also a good time for some reflection and also some introspection. What do I mean? Are you and your companies growing and evolving? This also reminds me of the concept of kaizen, the Japanese word for continuous improvement. I've had the good fortune of working for companies and managers who always pushed the envelope, always caused me to stretch, and of course that leads to corporate change, evolution and yes, GROWTH!

My theme for this newsletter is also best illustrated by James Collins book called, Good to Great. The book talks about how companies can transform themselves from being an "average" company to becoming a "great" company. It's so easy to get complacent. Your business is making money (but not growing) and people are employed. It's all good. Hmmm, what do you think about Blackberry? Blockbuster? Kodak? Sears? Maybe even Apple?

The crux of the question is what are you doing and how much time do you spend focusing on strategic growth -- both for your company and your team? Obsolescence can creep up on us in an instant. If we can always focus on continuous improvement, even with the things that we already do well, then we will have constant evolution, maybe even greatness. This reminds me of the childhood adage, "good, better, best. Never let it rest until the good is better and the better is best!"

Best wishes to all of you. And please take a moment reflecting on how to help your organization go from good to great!

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OAHU COUNTRY CLUB

CFMA LUNCHEON

GUEST SPEAKER DAN GRABAUSKAS

Dan Grabauskas, Executive Director and CEO of the Honolulu Authority for Rapid Transportation (HART), was our featured guest speaker at our October 30, 2013 CFMA Luncheon which was held at the Honolulu Country Club. Also joining us for lunch was Carrie Okinaga, who is a Senior V.P. of First Hawaiian Bank, and the past chair and current member on the HART Board. Did you know that members of the HART Board “volunteer” their time and expertise to this project? After being treated to a delicious prime rib luncheon buffet, thirty seven members and guests heard Dan give us his update on the Honolulu Rail Transit project.



Dan gave us a very engaging presentation. As most of us have had some type of exposure to the scope of the 20 mile, 21 station, basically linear rail project, he did leave us with some new (at least to me) takeaways from his presentation. The first two legs of the project (the 10 mile stretch from west Kapolei to Aloha Stadium) are targeted to be completed by 2017 with the total project being completed by 2019. The Aloha Stadium to Ala Moana Center guide way segment (a 10 mile stretch) is scheduled to come out as one project to be bid in the summer of 2014. Contracts for the various rail stations will also be coming out to bid in group packages (see our CFMA Honolulu website or the HART website for further information on upcoming projects).

Dan mentioned that by the year 2030, they are projecting that the rail will remove about 40,000 vehicles from the road each weekday (e.g., currently, the difference between school time vs. summer time traffic patterns). The rail system is designed to be able to increase carrying capacity by adding in more rail cars, by decreasing the interval times between arrivals, etc., in future years (as long as new homes are allowed to be built on the west side, congestion on the roads will continue to get worse).



As cost has always been a factor in their decisions, one way they have looked at reducing costs (estimated up to \$100M savings) is by making each of the rail stations have the same basic design but being tweaked a bit to blend into the local area of the stop. One way they are looking to make the rail stops a bit more aesthetically pleasing, the columns supporting the guide way near the stations will have a “textured” finish (featuring graphic designs with a local flavor).

Various questions were posed to Dan from our group:

1. Why does the rail not extend outwards into downtown Kapolei on one end and to the University of Hawaii at Manoa campus on the other end?

In one word – cost. The project was conceived to be a 26 mile long project but due to budget constraints, segments had to be left off the table for now. Hopefully, sometime in the future, funds can be secured to do these other segments as well.

2. Why start work on the project from Kapolei working in toward town?

The maintenance shop and main control building for the rail system is being built in Waipahu (near to Leeward Community College). As the first two segments of the rail project will run pass the maintenance shop area (the only segment of the rail in which the rail cars will run at ground level), HART will be able to have an interim opening on Stadium to Kapolei segment in 2017. If they started on the Ala Moana Center to Stadium segment first, they would not be able to open that segment up until the rail is built out to the maintenance shop area.



4. What is the status of the various lawsuits filed against this project?

Of the three major lawsuits brought against the project, HART has been successful in two of the three cases to date. The other case is currently in the hands of the 9th Circuit Court (and they feel confident that they will prevail on this suit as well).

CFMA would like to express our heartfelt “thank you” to Dan Grabauskas for being our guest speaker at our luncheon. We would also like to express our gratitude to Ms. Carrie Okinaga, Senior Vice President, First Hawaiian Bank, as well a past chairman of the HART Board, for being instrumental in accompanying Dan to our luncheon.

Transportation Benefits



- Average weekday ridership of more than 116,300 trips by 2030
- 40,000 fewer vehicles on the road each weekday by 2030

3. What have they done to increase the participation of “local” companies on this project?

The scale of some of the construction projects make it such that only larger construction firms can bid as the General Contractor. However, being that the project is partially funded with Federal dollars, there are requirements for the General Contractor to use small business concerns. HART has already held a “meet and greet” workshop for small businesses so they can introduce their companies and their services to the various General Contractors. As the turnout was quite large the first time they held this event, they are looking at holding another session in the near future.



U. H. INFORMATION TECHNOLOGY CENTER



Jennifer Sakaba, Project Manager of dck pacific, escorted our group on a tour of the University of Hawaii's Information Technology Center building on Wednesday, November 6th. Nine members and one guest braved the threatening weather that afternoon and took advantage of this opportunity to see the interior of this building (of which many of the floors will not be accessible to the general public once the center is completed). The University of Hawaii will consolidate the various IT sections located across the U.H. system into this six story facility.

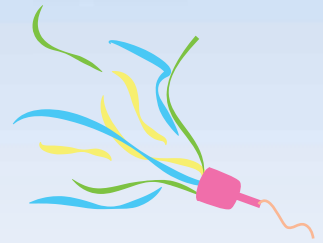
This facility was designed to meet LEED Silver standards. Jennifer pointed out several of the "green" features of the Center. The primary walkways around the building are made of pervious concrete which will allow rain water to drain through the walkways and be retained on site. Sun shades have been installed around the perimeter of the building to help keep out the heating effects of the sun. Interior sun curtains will automatically deploy if excessive sunlight is detected coming into the room. Further, general facility interior room lighting and air conditioning are automatically controlled by sensors (i.e., when you walk into the room, the lights and air conditioning system will automatically activate).



The second floor, which will house the data banks and control center, was designed with a three foot crawl space beneath the floor in order to run the numerous piping, cables, etc., under the floor. The air conditioning system to cool down the data storage area was designed for the cool air to come up through floor vents. There is a possibility in the future that data storage space may be available to rent (to help offset some of the costs to run this facility). The other floors contained large open spaces where modular furniture will be installed. Jennifer explained that since the staff will be located in cubicles set up in this open space (i.e., they will not have separate offices), "white noise" will be piped in to help minimize the distraction that might be caused by people conversing with one another. I think we all came away impressed with the facility and a much better understanding on the difficulties the contractor faced during construction.

CFMA would like to thank Jennifer Sakaba very much for taking us on the tour of this facility and for being so thorough in explaining the facilities many features. We would also like to express our deepest appreciation to Dorene Takeuchi, of Atlas Insurance Company, for opening up her home to us for our after tour recap event.

BASICS OF CONSTRUCTION ACCOUNTING CLASS



On November 15th, 2013, CFMA held The BASICS of CONSTRUCTION ACCOUNTING Workshop presented by Carleton Williams, CPA and Robert Hatanaka, CPA from CW Associates, CPAs.

The course was held at the General Contractors Association and was attended by 15 participants who learned about the construction accounting processes, construction cost management systems, cost reports and financial statement analysis, and what is expected of construction financial managers. Participants also learned about accounting issues in the construction industry and various ways to manage them.

Mahalo to CW Associates, CPA's for presenting an outstanding course on the basics of construction accounting and the General Contractors Association for providing the facilities for the workshop.



WELCOME NEW MEMBERS!

GAYLET M. MURAKI
WASA ELECTRICAL SERVICES

SHANELL N. INGANO
REVOLUSUN LLC

CFMA NATIONAL UPDATE

LISA VANDERGRIF

Update from CFMA Headquarters: What New!

Headquarters is all about improving and growing our Educational programs. We are now offering on line classes such as Contacts 101, which is also presented at the annual conference. The class is offered on line over two days. If you can't attend, not to worry you can sign up and watch it on line when it works well for you and your staff. The best part is that CFMA is sharing the revenue with the chapters. Each chapter member taking any Webinar offered class will receive a 10% revenue share.

Next class offering is:

Day 1: Thursday, January 9th 3:00-5:00 PM EST
Day 2: Thursday, January 16th 3:00-5:00 PM EST

Please contact Brian Summers, CFMA Vice President of Education and Program Content (609-945-2408; bsummers@cfma.org) for more information. Or, sign up today at CFMA.org

Spring Creek Renewal:

For those Chapter Presidents that have attended The Spring Creek Leadership program, you know how powerful and deep the session is. Every 5 years CFMA has a Spring Creek Renewal. This year it will be held May 3 to 6, 2014 in Jackson Hole with Grand Dynamics cilitating. This program is aimed at personal and professional renewal, honing leadership and your focus skills. It is all done in the beautiful outdoors at the foot of the Grand Tetons. This is a fantastic program, very interactive and guaranteed to take you back to your chapter, work pace and family renewed and full of positive habits and energy. The cost is 2100.00 and covers all costs except for airfare. Signups close Feb. 15, 2014. So don't miss out and sign up today. Contact Mike Molaro at 609.452.8000x232 or email mmolaro@cfma.org. I attended the last Renewal in 2007 and will be at this one too. Trust me this is a great program and well worth your time. Oh and did I mention that you will receive 16 CPE credits for attendance too!

Please feel free to contact me, your CFMA National Chapter Connection person anytime I can help you with questions, information, or lending a hand finding your way around the website or in need of answers. I am here for the Honolulu Chapter as your direct link to National.

Have a fantastic, safe and wonderful Holiday Season,



MAHALO TO OUR SPONSORS



Nan Inc



WIN A COUPON WORTH \$40!

Redeemable for
ONE **FREE** GUEST PASS
to the Job Site Visit to Halekauila Place
on Friday, February 7th, 2014

HOW TO WIN?

Answer the following question correctly:

How many party poppers were displayed in this newsletter?



Email your answer to Brad Char at bchar@redhammer.it
Hurry! The number of coupons will be limited to the first 3 correct responses!

HAPPY NEW YEAR!

THE CONSTRUCTION FINANCIAL MANAGEMENT ASSOCIATION, HONOLULU CHAPTER

President: Neill Char, First Hawaiian Bank; Treasurer: Michele Kaneshiro, Carrier Hawaii;
Secretary: Thalia Choy, Thurston Pacific, Inc. Directors: Brad Char, RedHammer LLC; Ray Nii,
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