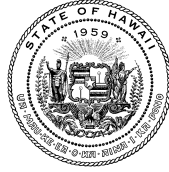


DAVID Y. IGE
GOVERNOR



CURT T. OTAGURO
COMPTROLLER
AUDREY HIDANO
DEPUTY COMPTROLLER

STATE OF HAWAII
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
P.O. BOX 119, HONOLULU, HAWAII 96810-0119

Comptroller's Certification

The Director
Department of Budget and Finance:

We have verified the Honolulu Authority for Rapid Transportation's (HART) compliance with Hawaii Revised Statutes (HRS) §46-16.8(e) for capital costs in invoices submitted to the Comptroller by HART in the accompanying Schedule of Invoices. The management of HART is responsible for HART's compliance with HRS §46-16.8 (e). Our responsibility is to verify that the invoices for capital costs comply with HRS §46-16.8 (e).

As more fully described in Note 2 to the accompanying Schedule of Invoices, our verification procedures involved procedures to obtain evidence about whether the invoices submitted by HART for the capital costs of a locally preferred alternative for a mass transit project comply with HRS §46-16.8 (e). We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our conclusion.

Our verification procedures do not provide a legal determination of HART's compliance with HRS §46-16.8 (e). Further, as the objective of our procedures were limited to verifying that the costs in invoices submitted by HART complied with a specific law, our procedures have not been designed to detect fraud or other illegal activities.

This Comptroller's Certification is being issued to supplement the Comptroller's Certification issued on April 26, 2019 which was limited only to invoices received by the Comptroller prior to March 7, 2019, the date HART was notified that the Comptroller would not verify invoices received after that date until the potential impact from three Federal subpoenas served on HART during February 2019 were assessed by the Comptroller. This supplemental Comptroller's Certification is now being issued for invoices received by the Comptroller after March 7, 2019 as the Comptroller has determined that adjustments to reduce the amount of future reimbursements to HART will be made should prior invoices certified by the Comptroller be determined to be in error due to fraud, illegal activities or other violations of laws and regulations as a result of investigations, audits or judicial proceedings by any other governmental body including from the

results of investigators, auditors or other third parties contracted by such governmental bodies for the purpose of examining HART for possible fraudulent and/or illegal activities. The invoices verified in the accompanying Schedule of Invoices are for invoices received by the Comptroller after March 7, 2019.

Based on the results of our verification procedures performed, the invoices for capital costs in the accompanying Schedule of Invoices comply with HRS §46-16.8 (e).



Curt T. Otaguro
Comptroller
May 9, 2019

HONOLULU AUTHORITY FOR RAPID TRANSPORTATION

Schedule of Invoices

<u>Vendor</u>	<u>Contract No.</u>	<u>Invoice No.</u>	<u>Amount</u>
CH2M Hill, Inc.	SC-1400027	00159	\$ 542,044.92
Hawaiian Dredging Construction Co., Inc.	CT-1500236	00032	1,101,162.56
Lea + Elliott, Inc.	SC-1400049	00107	712,296.09
Nan, Inc.	CT-1600152	00026	2,703,732.47
Nan, Inc.	CT-1600152	00028	2,136,593.37
PGH Wong Engineering, Inc.	SC-1400050	00163	196,930.97
PGH Wong Engineering, Inc.	SC-1400050	00166	171,147.19
PGH Wong Engineering, Inc.	SC-1400050	00184	392,826.32
Schindler Elevator Corporation	CT-1300318	00050	185,272.00
Schindler Elevator Corporation	CT-1300318	00054	<u>332,790.00</u>
			<u>\$8,474,795.89</u>

The accompanying notes are an integral part of the Schedule of Invoices.

HONOLULU AUTHORITY FOR RAPID TRANSPORTATION

Notes to Schedule of Invoices

1. Organization

The Honolulu Authority for Rapid Transportation (HART) is a semi-autonomous government unit of the City and County of Honolulu (City) which came into being pursuant to the Revised Charter of the City and County of Honolulu (RCH). HART is authorized under the RCH to develop, operate, maintain, and expand the City guideway system.

2. Hawaii Revised Statutes §46-16.8 (e) and §40-81.5

Hawaii Revised Statutes (HRS) §46-16.8 (e) provides for the use of surcharge revenues received from the State of Hawaii (State) for capital costs of a locally preferred alternative for a mass transit project provided that revenues derived from the county surcharge of State tax shall not be used:

- 1) To build or repair public roads or highways, bicycle paths, or support public transportation systems already in existence prior to July 12, 2005;
- 2) For operating or maintenance costs of a mass transit project or any purpose not consistent with this subsection; or
- 3) For administrative or operating, marketing, or maintenance costs, including personnel costs, of a rapid transportation authority (Authority) charged with the responsibility for constructing, operating or maintaining the mass transit project.

HRS §40-81.5 requires the Comptroller, upon request for payment by the rapid transportation authority, to verify that the Authority's invoices for capital costs of a locally preferred alternative for a mass transit project comply with HRS §46-16.8 (e). After submission of invoices by the Authority for capital costs of a locally preferred alternative for a mass transit project are verified by the Comptroller as an acceptable use of funds pursuant to a surcharge on State tax authorized pursuant to HRS §46-16.8, the Comptroller shall submit a certification statement, including any appropriate supporting documents, to the State Department of Budget and Finance for allocation of funds, if available. The certification statement shall include, at a minimum, the total amount contained in the invoices for capital costs that are verified as an appropriate use of funds pursuant to HRS §46-16.8 (e).