

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**

Mr. Craig K. Hirai, Director  
Department of Budget and Finance  
State of Hawaii

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.

As more fully described in Note 3 to the accompanying Schedule of Invoices, adjustments may be made to reduce the amount of future reimbursements to HART for prior invoices certified by the Comptroller that are found to be in error due to fraud, illegal activities or other violations of laws and regulations.

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.

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).

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Curt T. Otaguro  
Comptroller

Dated: April 29, 2022

HONOLULU AUTHORITY FOR RAPID TRANSPORTATION

Schedule of Invoices

Vendor	Contract No.	Reference No.	Certified Amount
AON Risk Services, Inc. of Hawaii	SC-HRT-1400008	72318	\$ 52,072.02
AON Risk Services, Inc. of Hawaii	SC-HRT-1400008	72190	82,907.00
AON Risk Services, Inc. of Hawaii	SC-HRT-1400008	72191	52,072.02
AON Risk Services, Inc. of Hawaii	SC-HRT-1400008	72193	112,823.06
AON Risk Services, Inc. of Hawaii	SC-HRT-1400008	72291	41,454.00
AON Risk Services, Inc. of Hawaii	SC-HRT-1400008	72299	57,144.81
AON Risk Services, Inc. of Hawaii	SC-HRT-1400008	73056	1,815,586.67
AON Risk Services, Inc. of Hawaii	SC-HRT-1400008	73061	1,983,202.38
AON Risk Services, Inc. of Hawaii	SC-HRT-1400008	73083	1,448,468.00
AON Risk Services, Inc. of Hawaii	SC-HRT-1400008	73816	183,190.00
AON Risk Services, Inc. of Hawaii	SC-HRT-1400008	73843	146,552.00
AON Risk Services, Inc. of Hawaii	SC-HRT-1400008	73937	245,616.96
AON Risk Services, Inc. of Hawaii	SC-HRT-1400008	76175	279,396.15
CH2M Hill, Inc.	SC-HRT-1400027	00209	298,800.46
CH2M Hill, Inc.	SC-HRT-1400027	00211	351,148.26
CH2M Hill, Inc.	SC-HRT-1400027	00213	(65,672.34)
CH2M Hill, Inc.	SC-HRT-1400027	00214	312,672.73
CH2M Hill, Inc.	SC-HRT-1400027	00218	325,264.36
CH2M Hill, Inc.	SC-HRT-1400027	00220	379,668.55
CH2M Hill, Inc.	SC-HRT-1400027	00222	308,036.92
CH2M Hill, Inc.	SC-HRT-1400027	00224	23,480.08
City & County of Honolulu-Division of Treasury	ICP-HRT-19000675	GOCP N Issue A Nixon Peabody Financing Costs	15,000.00
City & County of Honolulu-Division of Treasury	ICP-HRT-19000819	TECP GOCPN Fin Costs Moody's Investors Svcs Issue A-1, A-2	8,000.00
City & County of Honolulu-Division of Treasury	ICP-HRT-19000828	TECP GOCPN Fin Costs Moody's Investors Svcs Issue A-1	14,000.00
City & County of Honolulu-Division of Treasury	ICP-HRT-19000828	TECP GOCPN Fin Costs Fitch Ratings Issue A-1, A-2	25,000.00
		Carried forward	<u>\$ 8,495,884.09</u>

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

HONOLULU AUTHORITY FOR RAPID TRANSPORTATION

Schedule of Invoices (Continued)

<u>Vendor</u>	<u>Contract No.</u>	<u>Reference No.</u>	<u>Certified Amount</u>
		Carried over	\$ 8,495,884.09
City & County of Honolulu-Division of Treasury	ICP-HRT-19000839	TECP GOCPN Fin Costs US Bank Issue A & B	4,852.00
City & County of Honolulu-Division of Treasury	ICP-HRT-20000914	TECP GOCPN Fin Costs Moody's Investors Svcs	20,000.00
City & County of Honolulu-Division of Treasury	ICP-HRT-20001001	TECP GOCPN Fin Costs Issue A1 BOA Inv OALE75UHSE	73,491.78
City & County of Honolulu-Division of Treasury	ICP-HRT-20001001	TECP GOCPN Fin Costs Issue B Sumitomo Mitsui Bk Crp Inv. LGMISNY85892	288,976.94
City & County of Honolulu-Division of Treasury	ICP-HRT-21000718	Nixon Peabody Issue A Svcs bnk Counsel to BOA, N.A. 2nd Amnd to Reimb Agmt for CCH	7,500.00
City & County of Honolulu-Division of Treasury	ICP-HRT-22000347	GOB 2019A Int Pmt Sep 2021	874,791.67
City & County of Honolulu-Division of Treasury	ICP-HRT-22000347	GOB 2019E Int Pmt Sep 2021	731,437.50
City & County of Honolulu-Division of Treasury	ICP-HRT-22000347	GOB 2020B Int Pmt Sep 2021	1,139,416.67
City & County of Honolulu-Division of Treasury	ICP-HRT-22000359	Commit fee for TECP Issue A, 7/1/21 - 9/30/21, BOA Sec. Inv# 10FEZADNXXE	147,467.46
City & County of Honolulu-Division of Treasury	ICP-HRT-22000359	Commit fee for TECP Issue B, 7/1/21 - 9/30/21, Sumitomo Mitsui Bk Corp dtd 9/11/21	292,752.51
City & County of Honolulu-Division of Treasury	ICP-HRT-22000603	Interest payment for GOB Series 2019A for Nov, due 11/25/21	874,791.67
		Carried forward	<u>\$ 12,951,362.29</u>

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

HONOLULU AUTHORITY FOR RAPID TRANSPORTATION

Schedule of Invoices (Continued)

Vendor	Contract No.	Reference No.	Certified Amount
		Carried over	\$ 12,951,362.29
City & County of Honolulu-Division of Treasury	ICP-HRT-22000603	Interest payment for GOB Series 2020B for Nov, due 11/25/21	1,139,416.67
City & County of Honolulu-Division of Treasury	ICP-HRT-22000603	Interest payment for GOB Series 2021E for Nov, due 11/25/21	1,580,219.79
City & County of Honolulu-Division of Treasury	ICP-HRT-22000604	Interest payment for GOB Series 2019E for Nov, due 11/25/21	731,437.50
City & County of Honolulu-Division of Treasury	ICP-HRT-22000608	Annual surveillance fee for TECP Issue A, 12/1/21 - 11/30/22 Fitch Ratings Inc, Inv# 7119076025	18,000.00
City & County of Honolulu-Division of Treasury	ICP-HRT-22000694	Int Pmt - GOB Series 2019A due 12/25/21	874,791.67
City & County of Honolulu-Division of Treasury	ICP-HRT-22000694	Int Pmt - GOB Series 2020B due 12/25/21	1,139,416.67
City & County of Honolulu-Division of Treasury	ICP-HRT-22000694	Int Pmt - GOB Series 2021E due 12/25/21	1,580,219.79
City & County of Honolulu-Division of Treasury	ICP-HRT-22000695	Int Pmt - GOB Series 2019E due 12/25/21	731,437.50
City & County of Honolulu-Division of Treasury	ICP-HRT-22000778	Int Pmt - GOB Series 2019A due 1/25/22	874,791.66
City & County of Honolulu-Division of Treasury	ICP-HRT-22000778	Int Pmt - GOB Series 2020B due 1/25/22	1,139,416.66
City & County of Honolulu-Division of Treasury	ICP-HRT-22000778	Int Pmt - GOB Series 2021E due 1/25/22	1,580,219.79
City & County of Honolulu-Division of Treasury	ICP-HRT-22000779	Int Pmt - GOB Series 2019E due 1/25/22	731,437.50
City & County of Honolulu-Division of Treasury	ICP-HRT-22000803	Annual CP fee. TECP A, 1/1/22-12/31/22 Moody's # P0395920	20,000.00
		Carried forward	\$ 25,092,167.49

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



HONOLULU AUTHORITY FOR RAPID TRANSPORTATION

Schedule of Invoices (Continued)

Vendor	Contract No.	Reference No.	Certified Amount
		Carried over	\$ 25,092,167.49
City & County of Honolulu-Division of Treasury	ICP-HRT-22000878	Issuing/Paying Agent fee. TECP A 1/22/22-12/31/22 US Bank #6404560	3,000.00
City & County of Honolulu-Division of Treasury	ICP-HRT-22000878	Issuance Redemp. Fee TECP A 1/1/21-12/31/21 US Bank #6404560	112.00
City & County of Honolulu-Division of Treasury	ICP-HRT-22000935	Int Pmt - GOB Series 2019A due 2/25/22	874,791.66
City & County of Honolulu-Division of Treasury	ICP-HRT-22000935	Int Pmt - GOB Series 2020B due 2/25/22	1,139,416.66
City & County of Honolulu-Division of Treasury	ICP-HRT-22000935	Int Pmt - GOB Series 2021E due 2/25/22	1,580,219.80
City & County of Honolulu-Division of Treasury	ICP-HRT-22000936	Int Pmt - GOB Series 2019E due 2/25/22	731,437.50
Hitachi Rail Honolulu JV	CT-1200106	00103	8,946,359.95
Hitachi Rail Honolulu JV	CT-1200106	00109	2,471,870.99
Hitachi Rail Honolulu JV	CT-1200106	00111	9,872,995.65
INIT Innovations in Transportation	DO-1602362	00014	3,654.90
INIT Innovations in Transportation	DO-1602362	00017	36,797.82
Lea + Elliott	SC-1400049	00157	730,417.93
Lea + Elliott	SC-1400049	00162	555,914.98
Nan, Inc. - KHSG	CT-1600152	00050	462,153.00
Royal Contracting Company LTD	CT-1800114	TO 3-3	83,660.17
Shimmick/ Traylor/ Granite JV	CT-1600385	00051	6,984,490.74
Shimmick/ Traylor/ Granite JV	CT-1600385	00052	11,886,605.45
Stantec Consulting Services, Inc.	SC-1600008	00137	669,868.43
		Subtotal	\$ 72,125,935.12

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

HONOLULU AUTHORITY FOR RAPID TRANSPORTATION

Schedule of Invoices (Continued)

Vendor	Contract No.	Reference No.	Certified Amount
(A) Hawaiian Dredging Co.	CT-1500236	00049	\$ 106,442.90
(A) Nan, Inc. - KHSG	CT-1600152	00051	278,364.88
(A) Nan, Inc. - KHSG	CT-1600152	00052	814,080.45
(B) CH2M Hill, Inc.	SC-1400027	00208	405,544.70
(B) CH2M Hill, Inc.	SC-1400027	00216	324,903.33
(B) CH2M Hill, Inc.	SC-1400027	00221	358,734.57
(B) Lea + Elliott	SC-1400049	00159	5,182.65
(B) Stantec Consulting Services, Inc.	SC-1600008	00136	838,673.80
(C) Shimmick/ Traylor/ Granite JV	CT-1600385	00050	15,818,127.57
		Subtotal	\$ 18,950,054.85
		Total	\$ 91,075,989.97

- (A) Adjustments were made for change orders and field change notices which have been deemed not allowable per HRS §46-16.8 (e) to reduce the amount reimbursed to HART. See Note 2 Hawaii Revised Statutes §46-16.8 (e) and §40-81.5.
- (B) Adjustments were made to reverse amounts deemed not allowable per HRS §46-16.8 (e) to reduce the amount reimbursed to HART. See Note 2. Hawaii Revised Statutes §46-16.8 (e) and §40-81.5.
- (C) Adjustment was made for amount that may be reimbursed by City and County of Honolulu Department of Transportation Services (DTS) to reduce the amount reimbursed to HART. See Note 2. Hawaii Revised Statutes §46-16.8 (e) and §40-81.5.

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

## HONOLULU AUTHORITY FOR RAPID TRANSIT

### 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 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 (e), the Comptroller shall submit a certification statement, including any appropriate supporting documents, to the State Department of Budget and Finance for allocation of funds from the Mass Transit Special Fund, 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).



## HONOLULU AUTHORITY FOR RAPID TRANSIT

### Notes to Schedule of Invoices (Continued)

During the quarter ending March 31, 2022, the Comptroller identified three invoices that contained amounts totaling \$324,267.28 for three change orders and four field change notices which have been deemed not allowable per HRS §46-16.8 (e). These invoices were adjusted by the amounts billed for these change orders and field change notices to reduce the amount reimbursed to HART - see items (A).

The Comptroller also identified two invoices that contained amounts totaling \$20,628.09 for items related to certain stipulations found in HART's Programmatic Agreement with the U.S. Department of Transportation Federal Transit Administration, The Hawaii State Historic Preservation Officer, The United States Navy and the Advisory Council on Historic Preservation which have been deemed as not allowable per HRS §46-16.8 (e), and three invoices totaling \$27,096.90 for administrative, operating and maintenance costs that are not allowed per HRS §46-16.8 (e). These unallowable charges are being reversed to reduce the amounts reimbursed to HART - see items (B).

In addition, the Comptroller identified one invoice that contained \$101,753.14 for City Fiber Networks - Traffic Signal System work performed in collaboration with the City and County of Honolulu Department of Transportation Services (DTS) for which DTS may reimburse HART. This cost is not allowed per HRS §46-16.8 (e), and is being reversed to reduce the amounts reimbursed to HART - see item (C).

As of March 31, 2022, the balance in the Mass Transit Special Fund totaled \$91,076,002.85. As disclosed in the accompanying Schedule of Invoices, the total amount certified by the Comptroller as of April 29, 2022, totaled \$91,075,989.97.

### 3. Fraud, Illegal Activities and/or Violations of Laws and Regulations

During February 2019, HART was served with three separate subpoenas by the United States Attorney for the District of Hawaii. As a result of such actions by Federal authorities, DAGS 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 and/or judicial proceedings by any governmental body. The scope of this policy includes the findings and conclusions of investigators, auditors or other third parties contracted by such governmental bodies for the purpose of examining HART for possible fraudulent and illegal activities or other violations of laws and regulations.