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IN REPLY PLEASE REFER TO:  
17:CPO/175

June 16, 2017

TO: Interested Parties

FROM: Rick T. Sogawa   
Procurement Officer

SUBJECT: Request for Proposals No. FMO-2017-18, Addendum No. 1  
Financial Review of Asset Management Project 52 – Kuhio Park Terrace  
on Oahu

This Addendum No. 1 is to provide responses to questions that were received at the Pre-Proposal Conference conducted by the Hawaii Public Housing Authority (HPHA) on June 5, 2017, up until June 9, 2017:

Questions:

1. Is there a disagreement between the KPT Towers I, LLC and affiliate, Interstate Realty Management Company and the HPHA?

**Response:** There is no disagreement that the HPHA is aware of between the KPT Towers I, LLC and affiliate, Interstate Realty Management Company and the HPHA.

2. Where are the financial and compliance records located for the project? If there is a disagreement as described in question 1, will the Offeror encounter any difficulty in performing the scope of work described in the RFP?

**Response:** The financial and compliance records are located at the Kuhio Park Terrace management office and can be delivered to the HPHA's Administrative Offices.

3. Does HPHA have a budgeted amount for this work? If so, what is the estimate for this project?

**Response:** The HPHA has budgeted funds for this project but is unable to disclose it at this time.

4. The Scope of Work does not mention the drafting of the financial statements and notes to the financial statements, preparation of work papers, schedule of expenditure of federal awards, and other necessary information required to perform an audit. Who will be preparing this information?

**Response:** The HPHA is gathering the information which will be provided in Addendum No. 2.

5. Page 16 – “The Contract shall be on a reimbursement basis. All costs incurred must be supported by verifiable evidence that payment was made such as payroll records, invoices, receipts.”

Please clarify reimbursement basis. Page 32 states that the cost reimbursement shall include, without limitation, personnel salaries, wages, medical benefits, payroll taxes and other expenses such as liability insurance, etc. Does this mean HPHA is expecting the Contractor to detail the salaries of our personnel, and pay an overhead and profit rate on those amounts? Our personnel’s payroll records are highly confidential, and when billed in this manner to HPHA, it will become public record.

Would an hourly billing rate schedule by skill level be acceptable? For example:

|                                | <b>Hourly Rate</b> |
|--------------------------------|--------------------|
| Principals                     | \$ 330             |
| Senior Managers                | \$ 180             |
| Managers                       | \$ 150             |
| Seniors                        | \$ 120             |
| Associates                     | \$ 100             |
| Clerical and Paraprofessionals | \$ 75              |

**Response:** Yes, an hourly billing rate schedule by skill level will be acceptable and shall include a percentage of work associated for each position.

6. Page 20 – Scope of work – A. Financial Review
  1. The RFP states “Conduct a compliance review of the Regulatory and Operating agreement...”
    - a. Would it be possible to obtain a copy of the Regulatory and Operating Agreement between KPT Towers I, LLC and its affiliate, Interstate Realty Management Company, and the HPHA?

**Response:** A copy of the Regulatory and Operating Agreement between KPT Towers I, LLC and its affiliate, Interstate Realty Management Company, and the HPHA will be provided to the Successful Offeror.

- b. Please define the term “compliance review” in terms of what would the deliverable be for this item. Would this be an Agreed Upon Procedures Engagement?

**Response:** The HPHA is gathering the information which will be provided in Addendum No. 2.

- c. Can HPHA identify all items, within the agreement that the Offeror is being requested to part of this “compliance review”?

**Response:** The HPHA is gathering the information which will be provided in Addendum No. 2.

2. Conduct a detailed review of the financial statements....

- a. Has the KPT Tower’s project been audited by other auditors in any of the years being requested to be audited? If so, why is HPHA requiring a re-audit and can we get copies of this audit?

**Response:** The HPHA is gathering the information which will be provided in Addendum No. 2.

- b. If this project wasn’t audited, why wasn’t this project audited over the past years?

**Response:** The HPHA is gathering the information which will be provided in Addendum No. 2.

- c. When the project was completed, was a cost certification done for the project rehabilitation costs? If so, can we get a copy?

**Response:** The HPHA is gathering the information which will be provided in Addendum No. 2.

- d. What specific program requirements is the 1) federal low income public housing program and the 3) low income tax credit program.

**Response:** The HPHA is gathering the information which will be provided in Addendum No. 2.

3. Conduct a detailed review of the closing documents, contract documents...

- a. What is the deliverable that HPHA is expecting the Offeror to provide in result of this procedure?

**Response:** The HPHA is gathering the information which will be provided in Addendum No. 2.