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IN THE CIRCUIT COURT OF THE FIRST CIRCUIT

STATE OF HAWAII

LEWERS FALETOGO; et al.,)	CIVIL NO. 08-1-2608-12 SSM
Plaintiffs,	)	(Other Civil Action)
v.)	
STATE OF HAWAII; et al.,	)	PLAINTIFFS' MEMORANDUM IN
Defendants.	)	OPPOSITION TO DEFENDANT
	)	REALTY LAUA'S MOTION FOR
	)	SUMMARY JUDGMENT, FILED
	)	JUNE 18, 2009 ; DECLARATION OF
	)	JASON H. KIM; EXHIBITS "A"- "B";
	)	CERTIFICATE OF SERVICE
)	
STATE OF HAWAII; et al.,	)	DATE: September 1, 2009
Third-Party Plaintiffs,	)	TIME: 9:00 a.m.
	)	JUDGE: Sabrina S. McKenna
v.)	
URBAN MANAGEMENT CORPORATION)	
DBA URBAN REAL ESTATE COMPANY,)	
et al.,)	
Third-Party Defendant.)	

**PLAINTIFFS' MEMORANDUM IN OPPOSITION TO DEFENDANT
REALTY LAUA LLC'S MOTION FOR SUMMARY JUDGMENT,
FILED JUNE 18, 2009**

I. INTRODUCTION

Realty Laua LLC's ("Realty Laua") Motion for Summary Judgment ("Motion") should be denied. The Plaintiffs and the tenants of Kuhio Park Terrace ("KPT") that they represent are intended third-party beneficiaries of the management agreement between Defendant the Hawai'i Public Housing Authority ("HPHA") and Realty Laua for KPT. That agreement, along with the Request for Proposal and Realty Laua's responsive bid incorporated into that agreement, expressly confers direct benefits on KPT's tenants and imposes specific obligations on Realty Laua with respect to the tenants. *See* attached Exhibits "A" and "B." Even if there is any ambiguity in the management agreement about whether the HPHA and Realty Laua intended to directly benefit KPT's tenants, there is at the very least a disputed issue of material fact about this issue.

Furthermore, Hawai'i Revised Statutes § 480-2 applies to residential leases. Through a lease, a tenant obtains a "service" from the landlord – housing. Indeed, the Hawai'i Legislature has expressly determined that HRS § 480-2 applies to residential leases, *see* HRS § 521-74.5 (landlord that attempts to evict a tenant by not providing utilities commits a violation of HRS § 480-2), and that tenants are "consumers," *see* HRS § 521-77 (authorizing office of consumer protection to investigate landlord-tenant disputes). Courts in numerous other states have held that laws prohibiting

unfair trade practices apply to residential leases. *See, e.g., Commonwealth v. Monumental Properties*, 329 A.2d 812, 820 (Pa. 1974). Realty Laua’s argument to the contrary is based on outdated formalisms and makes no sense as a matter of policy.

Finally, Realty Laua’s argument that contractual privity is required for an unfair or deceptive trade practices claim is contrary to controlling Hawai`i law. *See State v. United States Steel Corp.*, 82 Hawai`i 32, 52 (1996) (“no contract ... is necessary to make U.S. Steel liable for unfair and deceptive trade practices”).

II. RELEVANT ALLEGATIONS AND FACTS

A. ALLEGATIONS IN PLAINTIFFS’ COMPLAINT.

The Plaintiffs are low-income persons who have lived in or currently live in KPT. Compl. at ¶ 1. KPT, consisting of two 16 story towers and 614 units, is a public housing project owned, operated, and controlled by the HPHA and managed by Realty Laua. *Id.* KPT is funded in part by the United States Department of Housing and Urban Development (“HUD”) and is the largest state-owned public housing project in Hawai`i. Compl. at ¶ 28.

KPT is characterized by squalid, unsafe, and unsanitary conditions that violate numerous provisions of State and County health and safety regulations, as set forth in detail in the Plaintiffs’ Opposition to Hawai`i and the HPHA’s Motion to Dismiss or, in the Alternative, for Summary Judgment, filed April 29, 2009, and the declarations and exhibits attached to that Opposition.

The HPHA and Realty Laua are parties to a management agreement by which the HPHA has delegated the maintenance and management of KPT to Realty Laua. Under that agreement, Realty Laua is required, among other things, to “maintain the overall physical appearance and condition of the properties, including maintenance and up-keep to the individual units.” Exhibit “1” to Exhibit “B” to Declaration of R. Aaron Creps (“Creps Dec.”) attached to Motion at Scope of Services, p. 2.

The Plaintiffs allege that Realty Laua’s failure to remedy the above-described conditions at KPT is, *inter alia*, a breach of the management agreement and constitutes an unfair trade practice prohibited by HRS § 480-2.

III. ARGUMENT

A. STANDARD FOR MOTION FOR SUMMARY JUDGMENT

A motion for summary judgment under HRCF Rule 56 may only be granted where the movant satisfies its burden of showing that “there is no genuine issue as to any material fact and that the moving party is entitled to judgment as a matter of law.” HRCF Rule 56(c). All evidence and inferences must be construed in favor of the non-moving party. *Hawai`i Cmty. Fed. Credit Union v. Keka*, 94 Hawai`i 213, 221 (2000).

B. DISPUTED ISSUES OF MATERIAL FACT AS TO WHETHER THE MANAGEMENT AGREEMENT WAS INTENDED TO BENEFIT KPT TENANTS PRECLUDES SUMMARY JUDGMENT ON THE PLAINTIFFS’ CLAIM FOR BREACH OF THAT AGREEMENT.

This Court has already considered and rejected the argument that KPT’s tenants are not intended beneficiaries of the management agreement between the HPHA and Realty Laua. The State of Hawai`i and the HPHA

argued, just as Realty Laua does here, that KPT tenants are “incidental” as opposed to “intended” beneficiaries of the management agreement. In response, this Court held that “HPHA is not entitled to summary judgment on this issue.” Order Granting in Part and Denying in Part Defendants’ Motion to Dismiss Complaint for Failure to State Claims Upon Which Relief Can be Granted, or, in the Alternative, for Summary Judgment, entered May 14, 2009 at 11. The basis for this ruling was that the management agreement incorporates by reference the HPHA’s Request for Proposal (“RFP”) and Realty Laua’s responsive bid and these documents were not attached to the previous motion. *Id.* at 10.

Realty Laua has now filed the RFP and its responsive bid. See Exhibits “E” and “F” to Declaration of Robert Faleafine in Support of Defendant Realty Laua LLC’s Motion for Summary Judgment, Filed June 18, 2009, filed on August 24, 2009. These documents confirm that there is – at the very least – a disputed issue of material fact as to whether the tenants are intended third-party beneficiaries of the management contract.

According to the RFP, the purpose of the management contract is to “provide improved services **to the Hawaii families** residing in [the HPHA’s] housing units.” See attached Exhibit “A” at 11¹ (emphasis added). The RFP also describes numerous services Realty Laua is required to provide directly to

¹ For the Court’s convenience, Plaintiffs attach an excerpt of the RFP, Section 2 entitled “Scope of Services,” as Exhibit “A” because it is the most relevant part of the lengthy RFP.

KPT's tenants. The following are a few examples of the many provisions in the RFP that show a clear intent to bestow direct benefits on KPT tenants:

- **Management Requirements:** Realty Laua is responsible for “the maintenance and upkeep of individual units,” as well as “[m]aintaining good communication between the tenant and management,” “[e]ncouraging tenant participation and involvement in Management Unit activities,” and “[s]upporting tenant pride in the Management Unit.” (Ex. “A” at 21)
- **Rules and Regulations:** Realty Laua must “ensure communication with tenants” regarding proposed rule changes and “that rules and regulations are provided to tenants with language barriers upon request.” (*Id.* at 28)
- **Vacates and Move Outs:** Realty Laua is “responsible for ensuring the smooth transition for tenants moving out of public housing.” (*Id.* at 31)
- **Maintenance:** Realty Laua must respond to tenants’ requests for services in their units within certain time frames, depending on whether the requests are for routine or emergency service. (*Id.* at 33)
- **Tenant Relations:** Realty Laua must “promote and maintain good relations with the tenants” and shall perform services for the tenants including “respond[ing] to all resident requests involving concerns about conditions or quality of life” at KPT. (*Id.* at 35)
- **Supportive Services:** Realty Laua must “[a]dvice residents of community services and programs available within the community to meet their needs” and “[p]rovide new residents with an orientation to available community services and programs to ease their transition into government assisted housing.” (*Id.* at 36)
- **24 Hour Management Services:** Realty Laua must “[s]erve as direct liason between management, residents and civil authorities” and “[a]ssist residents in emergency situations.” (*Id.*)

Similarly, in its responsive bid (relevant excerpts attached as

Exhibit “B”), Realty Laua agreed to provide services directly to tenants, including for example:

- **Maintenance:** Realty Laua agrees to complete emergency repairs when “[t]enants ... contact the Project Office during normal hours” and the “Management Assistant Section” after hours and to complete routine repairs and maintenance which “are usually initiated by tenants” within two to three business days. (*Id.* at 21-22)
- **Tenant Relations:** Realty Laua agrees to “investigate all requests involving concerns about conditions or quality of life at” KPT, that “[a]ll valid requests will be resolved immediately,” and that it will “enhance the quality of life for its tenants through the promotion of Tenant Initiatives.” (*Id.* at 25)
- **Support Services:** Realty Laua “will work and coordinate with agencies within and outside the Projects to provide residents with information on community services and programs available to meet their needs.” (*Id.* at 26)
- **24 Hour Management Services:** Realty Laua will “[s]erve as a liason between Managmeent, Tenant and Civil Authorities,” “[p]rocess’s [sic] after hour’s emergency calls for tenants,” and “provide[] assistance to tenants as requested.”

The management agreement is clearly intended to “confer separate and distinct benefits directly on third parties,” *i.e.* KPT tenants, and the tenants may therefore sue to enforce that agreement. *See Hunt v. First Insurance Co.*, 82 Hawai`i 363, 367-68 (Haw. App. Ct. 1996) (injured third party was an intended beneficiary under insurance contract: “if contracting parties intend to confer direct benefits on a third party, that third party will generally have an enforceable contract right”). The numerous references to direct tenant benefits in the RFP and Realty Laua’s responsive bid distinguish this case from *Association of Apartment Owners of Newtown Meadows v.*

Venture 15, Inc., 115 Hawai`i 232, 265 (2007). That case involved construction subcontracts that did not contain “any language ... that makes any reference to the AOA or its members.” *Id.* Here, the management contract – including the RFP and bid incorporated into that contract – contains innumerable references to KPT tenants, imposes specific obligations on Realty Laua with respect to the tenants, and confers benefits on the tenants. Thus, the agreement contains a “virtual express declaration” of the parties’ intent to confer a direct benefit on the tenants sufficient to “overcome the presumption that the parties contracted only for themselves.” *Id.*

Furthermore, the beneficiaries of the federal housing programs funding Realty Laua’s management contract are KPT’s tenants. Tenants are intended third-party beneficiaries of contracts between the government and private parties relating to public housing because the tenants are the primary beneficiaries of the laws that authorize such contracts. *See Holbrook v. Pitt*, 643 F.2d 1261, 1273 (7th Cir. 1981) (tenants could sue under the contract between HUD and the property owner to enforce provisions relating to timely certification for benefits); *McNeill v. New York City Housing Authority*, 719 F. Supp. 233, 249 (S.D.N.Y. 1989) (tenants were intended third-party beneficiaries of the contract between a municipal housing agency and a private landlord under the Section 8 program); *Gonzalez v. St. Margaret’s House Housing Development Corp.*, 620 F. Supp. 806, 810 (D.C.N.Y. 1985) (tenants were intended third-party beneficiaries of housing assistance payment contracts between HUD and a private landlord); *Zigas v. Superior Court*, 174

Cal. Rptr. 806, 835 (Cal. App. Ct. 1981) (tenants were intended third-party beneficiaries of a financing agreement between HUD and a private landlord because the contract arose from federal housing legislation and there is “no doubt that petitioners are members of the class which this legislation was intended to benefit”).

In *Holbrook*, 643 F.2d at 1270-73, the court reasoned that the purpose of the Section 8 program was critical to determining the parties’ intent in entering into a contract authorized by that program. Based on a thorough analysis of the legislative history of the laws creating the Section 8 program and the implementing regulations, the court concluded that the overarching purpose of the laws and regulations is to benefit low-income tenants. *Id.* The tenants were therefore intended third-party beneficiaries with standing to sue under the contract between HUD and the project owner. *Id.* at 1273. As the court stated, “If the tenants are not the primary beneficiaries of a program designed to provide housing assistance payments to low income families, the legitimacy of the ... program is placed in grave doubt.” *Id.* at 1270.

Similarly, if the tenants at KPT are not intended beneficiaries of the contract between the HPHA and Realty Laua, there would be “grave doubt” as to why the HPHA is authorized to pay for that contract with federal housing funds. Although Realty Laua’s performance of the management contract also benefits the HPHA itself by maintaining the HPHA’s property, the HPHA’s only interest in that property is its utility in providing housing to needy Hawaiian families.

For these reasons, Realty Laua has not met its burden on summary judgment. The plain language of the management contract, RFP, and responsive bid demonstrate a clear intent to confer direct benefits on KPT's tenants. At the very least, those documents raise a disputed issue of material fact as to this issue. Furthermore, pursuant to *Holbrooke* and the other cases cited above addressing public housing, the Plaintiffs and other KPT tenants are intended beneficiaries of the government programs that authorize the management agreement and are therefore intended beneficiaries of the agreement itself.

C. A TENANT IS A “CONSUMER” OF HOUSING “SERVICES” AND MAY THEREFORE MAINTAIN A CLAIM FOR UNFAIR AND DECEPTIVE TRADE PRACTICES.

Hawai`i Revised Statutes § 480-2(a) prohibits “unfair or deceptive acts or practices in the conduct of any trade or commerce.” And HRS § 480-2(d) provides that “[n]o person other than a consumer, the attorney general or the director of the office of consumer protection may bring an action based upon unfair or deceptive acts or practices.” A “consumer” is defined as “a natural person who, primarily for personal, family, or household purposes, purchases, attempts to purchase, or is solicited to purchase goods or **services** or who commits money, property, or services in a personal investment.” HRS § 480-1 (emphasis added).

A residential lease is the purchase of a service (or bundle of services) and is therefore subject to Section 480-2. “Functionally viewed, the modern apartment dweller is a consumer of housing **services**.” *See*

Commonwealth v. Monumental Properties, 329 A.2d 812, 820 (Pa. 1974) (holding that Pennsylvania’s Consumer Protection Law applies to residential leases) (emphasis added). *See also 23 Realty Associates v. Teigman*, 624 N.Y.S.2d 155, 157 (N.Y. App. Div. 1995) (holding that a regulation prohibiting “unconscionable trade practice in the sale, lease, rental or loan ... of any consumer goods or services” applied to rental housing because “[a] residential lease is, after all, a purchase of services from the landlord”); *People ex rel. Fahner v. Hedrich*, 438 N.E.2d 924, 928 (Ill. App. Ct. 1982) (defendant’s leasing of lots to mobile home tenants and provision of utilities is a “distribution of services” and therefore within Illinois’ Consumer Fraud and Deceptive Business Practices Act). Leasing a residence involves the tenant “exchanging periodic payments of money (rent)” for a “bundle of goods and services, rights and obligations.” *Monumental Properties*, 329 A.2d at 820.²

Indeed, the Legislature has expressly established that a violation of HRS § 480-2 may arise from a residential lease. Hawai`i’s landlord-tenant code

² Courts in numerous other states have held that their general consumer protection laws apply to residential housing, albeit without expressly finding that residential leases constitute contracts for services. *See, e.g., Burbach v. Investors Management Corp.*, 484 S.E.2d 119, 121 (S.C. App. 1997) (a residential lease was within the definition of “trade or commerce” for purposes of South Carolina’s Unfair Trade Practice Act statute); *Bisson v. Ward*, 628 A.2d 1256, 1260 (Vt. 1993) (Vermont’s Consumer Fraud Act applies to residential leases despite the argument that such application would conflict with the landlord-tenant code); *Love v. Amsler*, 441 N.W.2d 555, 558-59 (Minn. App. Ct. 1989) (Minnesota’s Prevention of Consumer Fraud Act applies to deceptive practices by a landlord); *Commonwealth v. DeCotis*, 316 N.E.2d 748, 752-53 (Mass. 1974) (leasing of lots for mobile homes was the “conduct of trade or commerce” for purposes of Massachusetts’ Consumer Protection Act).

prohibits a landlord from recovering possession of a dwelling unit by interrupting utilities and provides that a landlord who engages in this conduct “shall be deemed to have engaged in an unfair method of competition or unfair and deceptive acts or practices in the conduct of any trade or commerce within the meaning of section 480-2.” HRS § 521-74.5. This provision would make no sense if a residential lease were outside the scope of Section 480-2’s prohibition on unfair trade practices.

Similarly, HRS § 521-77 provides that “[t]he office of consumer protection may receive, investigate and attempt to resolve any dispute arising under” the landlord-tenant code. As its name implies, the office of consumer protection was established to “coordinate the services offered to **consumers** by various state and county agencies ... and to aid in the development of preventative and remedial programs affecting the interest of the **consumer** public.” HRS § 487-1 (emphasis added). By authorizing the office of consumer protection to investigate landlord-tenant disputes, the Legislature has recognized that a tenant is a “consumer” for purposes of Hawai`i’s consumer protection laws.

In *Cieri v. Leticia Query Realty, Inc.*, 80 Hawai`i 54 (1995), the Hawai`i Supreme Court considered two aspects of Chapter 480’s definition of “consumer” – whether real estate was a “good” and whether purchase of real estate is a “personal investment.” The Supreme Court in no way, however, addressed the third aspect – what constitutes a “service.”

Realty Laua mistakenly argues that a residential lease cannot be a

contract for a “service” because “[a] lease is a transfer of a possessory right, not an arrangement for services.” Memo. in Supp. of Motion at p. 7. Realty Laua’s argument is based on an antiquated formalistic view of residential leases that has been rejected by the Hawai`i Supreme Court and Legislature. In *Lemle v. Breeden*, 51 Haw. 426, 433 (1969), the Hawai`i Supreme Court set aside “[l]egal fictions” and “wooden rules of property law” to hold that an implied warranty of habitability is implied in all residential leases because a lease is “a contractual relationship” as well as the “transfer of an estate in land.” Similarly, one of the purposes of Hawai`i’s landlord tenant code is to “[r]evise the law of residential landlord and tenant by changing the relationship from one based on the law of conveyance to a relationship that is primarily contractual in nature.” HRS § 521-2. A lease is both a conveyance of a property interest and a contract for the provision of housing services. See *Monumental Properties*, 329 A.2d at 820. As such, a tenant is a consumer within the meaning of HRS § 480-1 and may bring a claim under HRS § 480-2.

Furthermore, Realty Laua’s interpretation of Chapter 480 to exclude residential leases makes no sense from a policy perspective. Chapter 480 was “constructed in **broad** language in order to constitute a **flexible** tool to stop and prevent fraudulent, unfair or deceptive business practices.” *Ai v. Frank Huff Agency Ltd.*, 61 Haw. 607, 616 (1980) (emphasis added). Renting a dwelling is typically the renter’s most significant financial transaction for “personal, family, or household purposes.” HRS § 480-1. And the relationship between a landlord (especially an institutional one like HPHA /

Realty Laua) and tenant (especially low-income tenants like the Plaintiffs) is characterized by the kind of disparity of bargaining power and information between the parties that makes consumer protection laws necessary.

Monumental Properties, 329 A.2d at 824-25. Especially in light of *Cieri's* holding that a Chapter 480 claim may be brought based on a ***purchase*** of real property, it makes no sense for a ***lease*** of real property to be completely outside Chapter 480. See *Love v. Amsler*, 441 N.W.2d 555, 559 (Minn. App. 1989) (“That the legislature intended to protect only purchases of real estate and not leases of the same properties – especially in light of the unequal bargaining positions of those who are forced economically to rent – does not appear reasonable.”)

Finally, citing no supporting authority, Realty Laua claims that the Plaintiffs must prove contractual privity with Realty Laua before they are entitled to bring a claim based on HRS § 480-2. Memo. in Supp. of Motion at p. 8. Realty Laua’s argument is contrary to *State v. United States Steel Corp.*, 82 Hawai`i 32, 52 (1996). In that case, the Hawai`i Supreme Court agreed with the State that its proposed instruction (which the Court ultimately found to be superfluous) – “no contract between U.S. Steel and the State of Hawaii is necessary to make U.S. Steel liable for unfair and deceptive trade practices” – “correctly stated the law.” If Realty Laua commits an unfair trade practice, the only nexus that needs to be shown between the Plaintiffs and Realty Laua is that the Plaintiffs were “injured in [their] business or property by reason of anything forbidden or declared unlawful by this chapter.” HRS § 480-13(a).

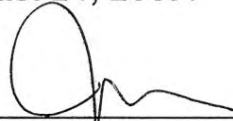
See also Wellborn v. Sears, Roebuck & Co., 970 F.2d 1420, 1426 (5th Cir. 1992) (Texas' Deceptive Trade Practices act does not require contractual privity because "[s]tanding as a consumer is established in terms of the individual's relationship to the transaction, not by a contractual relationship with the defendant").

The Plaintiffs are "consumers" of "services" within the meaning of HRS § 480-2 and do not need to establish contractual privity with Realty Laua to bring their unfair trade practices claim. The Motion should therefore be denied with respect to the Plaintiffs' HRS § 480-2 claim against Realty Laua.

IV. CONCLUSION

For the reasons set forth above, Realty Laua's Motion for Summary Judgment should be denied.

DATED: Honolulu, Hawai'i, August 24, 2009.



PAUL ALSTON
JASON H. KIM
Attorneys for Plaintiffs

IN THE CIRCUIT COURT OF THE FIRST CIRCUIT

STATE OF HAWAII

LEWERS FALETOGO; et al.,) CIVIL NO. 08-1-2608-12 SSM
) (Other Civil Action)
 Plaintiffs,)
)
 v.) **DECLARATION OF JASON H. KIM**
)
 STATE OF HAWAII; et al.,)
)
 Defendants.)
 _____)
 STATE OF HAWAII; et al.,)
)
 Third-Party Plaintiffs,)
)
 v.)
)
 URBAN MANAGEMENT CORPORATION)
 DBA URBAN REAL ESTATE COMPANY,)
 et al.,)
)
 Third-Party Defendant.)
 _____)

DECLARATION OF JASON H. KIM

I, Jason H. Kim, do hereby declare and state under penalty of perjury that the following facts are true and correct:

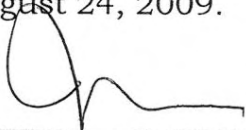
1. I am an attorney with the law firm of Alston Hunt Floyd & Ing, counsel for Plaintiffs in this matter. I make this declaration based on my personal knowledge and am competent to testify as to the matters set forth herein.

2. Attached as Exhibit "A" is a true and correct excerpt of the Request for Proposal for Property Management Services for Federal Public

Housing and Commercial Property, Management Unit 40 on the Island of Oahu, issued by the Hawai'i Public Housing Authority on April 17, 2007. Defendant Realty Laua produced this document to me on August 24, 2009.

3. Attached as Exhibit "B" is a true and correct excerpt of R&L Property Management LLC's bid in response to the above-referenced Request for Proposal dated June 12, 2007. Defendant Realty Laua produced this document to me on August 24, 2009.

Executed in Honolulu, Hawai'i on August 24, 2009.



JASON H. KIM

Section 2
Scope of Work & Specifications

EXHIBIT A

K000003114

Section 2 Scope of Services

I. Introduction

A. Purpose or need

The purpose of this RFP is to procure property management services to manage, operate and maintain the low income public housing properties and commercial property within the HPHA's Management Unit 40. This solicitation is designed to capture industry best practices and establish an owner-property manager relationship that more closely approximates similar arrangements common in the private sector. The HPHA expects this relationship will help streamline its operations, reduce costs, and provide improved services to the Hawaii families residing in its housing units.

The HPHA intends to focus on performance results through measurements including but not limited to, occupancy rate, amount and percentage of rent collection, and customer satisfaction. The HPHA expects the property manager to fully execute its business practices consistent with quality standards and will judge performance on the basis of outcome.

B. Area of Service

The Successful Offeror shall be required to provide property management and maintenance services on the Island of Oahu.

Below is a list of the federally-funded public housing projects under Management Unit 40 that will be served under this solicitation:

- | | | |
|-----------------------|-------------|----------------------------------|
| 1. Kuhio Park Terrace | (614 units) | 1475 Linapuni St., Hon, HI 96819 |
| 2. Kuhio Homes | (134 units) | Ahonui St., Hon, HI 96819 |

Note: Kuhio Park Terrace and Kuhio Homes are classified as family projects and are located on one contiguous property.

Commercial Property to be operated with project revenues:

- | | | |
|-------------------------|-------------|----------------------------------|
| 3. Ka Hale Kameha'ikana | 52,790 s.f. | 1485 Linapuni St., Hon, HI 96819 |
| Resource Center | | |

Attached are descriptions and a site map of the properties (see Attachments 1 and 2).

Management Unit 40 includes the three (3) facilities listed above and is inclusive of all common areas and open space (e.g., playground, baseball field, hallways,

service/recreational facilities, etc.)

C. Funding source and period of availability

Funds are subject to appropriation by the State's Director of Finance and/or U.S. Congress and allocation by the Governor, State Legislature and/or the U.S. Department of Housing and Urban Development (HUD). Funding and period of availability may change upon notice by the HPHA.

It is understood that the contract shall not be binding unless the HPHA can document that there is available an unexpended appropriation or balance of an appropriation over and above all outstanding contracts sufficient to cover the amount required by the contract. Any contract entered into as a result of this RFP is binding only to the extent that funds are certified as available and that the availability of funds in excess of the amount certified as available shall be contingent upon future appropriations or special fund revenues.

It has been determined that there are sufficient funds to pay for the initial term of the Contract and the funds necessary for the remaining terms of the Contract are likely to be available from HUD. Pursuant to §103D-315, HRS, the HPHA reserves the right to cancel the contract when funds are not appropriate or otherwise made available to support continuation of performance in subsequent periods. Nothing in this RFP shall be interpreted to mean that the State shall be liable to pay for services at the federal public housing sites with State funds.

II. General Requirements

A. Qualifying Requirements

1. The Successful Offeror shall comply with the Chapter 103D, HRS Cost Principles for Purchase of Goods and Services. The applicant shall also comply with applicable HUD rules at Handbook no. 2210.18.
2. The Successful Offeror must have no outstanding balances owing to the HPHA (exceptions may be granted by the Executive Director of the HPHA for debts recently acquired and for debts which have a repayment plan approved by the Executive Director of the HPHA).
3. Interested offerors are advised that if awarded a contract, the Successful Offeror must furnish proof of compliance with the requirements of §3-122-112, HAR:
 - Chapter 237, HRS, tax clearance;
 - Chapter 383, HRS, unemployment insurance;
 - Chapter 386, HRS, workers' compensation;
 - Chapter 392, HRS, temporary disability insurance;
 - Chapter 393, HRS, prepaid health care; and

One of the following:

- i. Be registered and incorporated or organized under the laws of the State of Hawaii (hereinafter referred to as a "Hawaii business").

Hawaii business. A business entity referred to as a "Hawaii business" is registered and incorporated or organized under the laws of the State of Hawaii. As evidence of compliance, successful Offeror shall submit a **CERTIFICATE OF GOOD STANDING** issued by the Department of Commerce and Consumer Affairs Business Registration Division (BREG). A Hawaii business that is a sole proprietorship, however, is not required to register with the BREG, and therefore not required to submit the certificate. A successful offeror's status as sole proprietor or other business entity and its business street address indicated on the successful offeror's form page 1 will be used to confirm that the successful offeror is a Hawaii business.

- ii. Be registered to do business in the State of Hawaii (hereinafter referred to as a "compliant non-Hawaii business").

Compliant non-Hawaii business. A business entity referred to as a "compliant non-Hawaii business," is not incorporated or organized under the laws of the State of Hawaii but is registered to do business in the State. As evidence of compliance, successful offeror shall submit a **CERTIFICATE OF GOOD STANDING**.

The above certificates should be applied for and submitted to the purchasing agency as soon as possible. If a valid certificate is not submitted on a timely basis for award of a contract, a proposal otherwise responsive and responsible may not receive the award. The certificate shall be submitted with the interested offeror's proposal.

4. **Business Office**

The Successful Offeror shall have a permanent office on the island of Oahu from where he/she conducts business and where he will be accessible to telephone calls for complaints or requests that need immediate attention. An answering service is not acceptable. A permanent office location and phone number shall be stated in the interested offeror's proposal.

5. **Certifications of Eligibility**

Prior to award of contract, the Successful Offeror is required to submit the following documents to the HPHA to demonstrate compliance with State laws:

1. Tax Clearance, Form A-6;
2. Department of Labor and Industrial Relations, Application for Certificate of Compliance, Form LIR #27; and
3. Certificate of Good Standing issued by the Department of Commerce and Consumer Affairs Business Registration Division (BREG)

Alternately, instead of separately applying for these (paper) certificates at the various state/federal agencies, the applicant may choose to use the Hawaii Compliance Express (HCE), which allows business to register online through a simple wizard interface at:

<http://vendors.ehawaii.gov/hce/splash/welcome.html>

The HCE provides the applicant with a "Certificate of Vendor Compliance" with current compliance status as of the issuance date, accepted for both contracting purposes and final payment. Vendors that elect to use the new HCE services will be required to pay any annual fee of \$15.00 to the Hawaii Information Consortium, LLC (HIC).

6. Insurance Requirements

Within fifteen days after award of this contract and prior to the execution of a Contract, the Successful Offeror shall furnish to the Contracting Officer certificate(s) of insurance as evidence of the existence of the following insurance coverage in amounts not less than the amounts specified. This insurance must be maintained during the entire performance period.

The Successful Offeror shall defend, indemnify, and hold harmless the HPHA and its officers and employees from and against all liability, loss, damage, cost, and expense, including all attorneys' fees, and all claims, suits, and demands therefore, arising out of or resulting from the acts or omissions of the Successful Offeror or the Successful Offeror's officers, employees, agents or subcontractors.

i. Workers' Compensation

The Successful Offeror shall carry Workers' Compensation insurance in such form and amount to satisfy the applicable the State Workers' Compensation Law. Workers' Compensation must be issued by an admitted carrier authorized to do business in the State of Hawaii. Workers' Compensation insurance premium expense for Management Unit personnel will be reimbursed by the HPHA, up to the amounts submitted as part of the proposal.

ii. Fidelity Bond

The Successful Offeror shall obtain and maintain, during the entire duration of this contract, a fidelity bond at a minimum of \$500,000.00, or the minimum amount required by the applicable program, which shall cover all officers, employees, servants, volunteers and students (if any) of the Successful Offeror and which shall protect the Successful Offeror against loss by reason of, including but not limited to, fraud, dishonesty, forgery, theft, larceny, embezzlement, wrongful abstraction or misappropriation or any other dishonest criminal or fraudulent act, wherever committed and whether committed directly or in connivance with others. The Successful Offeror shall furnish, at no cost or expense to the HPHA, a certificate of such coverage, within thirty days from the award of the contract.

iii. Errors and Omissions

The Successful Offeror shall obtain and maintain errors and omissions (professional liability) coverage at its own expense at a minimum of \$1,000,000.00 per occurrence and \$2,000,000.00 annual aggregate.

iv. Liability Insurance

The Successful Offeror shall maintain the following minimum insurance limits and coverage:

<u>Coverages</u>	<u>Limits</u>
Commercial General Liability	\$2,000,000 single limits per occurrence for bodily injury and personal property damage
Personal Injury Liability	\$1,000,000.00 single limits per occurrence. \$2,000,000.00 for general aggregate
Automobile Insurance	Bodily injury liability limits of \$1,000,000.00 each person and \$1,000,000.00 per accident and property damage liability limits of \$1,000,000.00 per accident or \$1,000,000.00 combined single limit

A certificate of insurance evidencing such insurance is required prior to commencement of services. The State of Hawaii, HPHA, shall be named as additional insured. The insurance policy required by this contract shall contain the following clauses:

- (a) "This insurance shall not be cancelled, limited in scope of coverage or non-renewed until after 30 days written notice has been given to the State of Hawaii, Hawaii Public Housing Authority (HPHA), Private Management Contracts Section, 1002 N. School Street, Bldg G, Honolulu, Hawaii 96817."
- (b) "The State of Hawaii, the HPHA, its elected and appointed officials, officers, employees, and volunteers are added as additional insured with respect to operations performed for the State of Hawaii and HPHA."
- (c) "It is agreed that any insurance maintained by the State of Hawaii will apply in excess of, and not contribute with, insurance provided by this policy."

The minimum insurance required shall be in full compliance with the Hawaii Insurance Code throughout the entire term of the Contract, including all supplemental Contracts.

Upon execution of the Contract, the Successful Offeror agrees to deposit with the HPHA, certificate(s) of insurance necessary to satisfy the HPHA that the insurance provisions of this Contract have been complied with and to keep such insurance in effect and the certificate(s) therefore on deposit with the HPHA during the entire term of this Contract. Upon request of the HPHA, the Successful Offeror shall be responsible for furnishing a copy of the policy or policies.

Failure of the Successful Offeror to provide and keep in force such insurance shall be regarded as material default under this Contract, entitling the HPHA to exercise any or all of the remedies provided in this Contract for default of the Successful Offeror.

The procuring of such required insurance shall not be construed to limit the Successful Offeror's liability hereunder nor to fulfill the indemnification provisions and requirements of this Contract. Notwithstanding said policy or policies of insurance, the Successful Offeror shall be obligated for the full and total amount of any damage, injury, or loss caused by negligence or neglect connected with this Contract.

v. Other Additional Insurance

The Successful Offeror may, at its own expense, place additional insurance coverage for protection risks not insured by the HPHA subject to the HPHA's approval. Request for approval will include a description of the additional insurance coverage, premium and justification.

vi. Public Liability

The HPHA will carry public liability (\$1,000,000.00) boiler-machinery insurance policies.

7. **Section 3 of the U.S. Housing Act of 1968**

The work performed under this Contract is subject to the requirements of section 3 of the Housing and Urban Development Act of 1968, as amended 12 United States Code 1701u. The purpose of section 3 is to ensure that employment and other opportunities generated by HUD assistance covered by section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly those who are recipients of HUD housing assistance.

The Successful Offeror must certify that they are under no contractual or other impediment that would prevent them from complying with part 135 regulations. The Successful Offeror must also certify that any vacant position that is filled after the Successful Offeror is selected but before the Contract is executed were not filled to circumvent the Successful Offeror's obligations under Volume 24 Code of Federal Regulations Part 135.

B. Type of Contract

1. The Successful Offeror shall be required to execute an Agreement Based on Competitive Sealed Proposals for Goods and Services.

Subsequent to the award and within ten days after the prescribed forms are presented for signature, the Successful Offeror shall execute and deliver to the HPHA a Contract in the form included in this RFP in such number of copies as required by the HPHA.

The Successful Offeror will be required to enter into a formal written contract with the HPHA in accordance with the laws, rules and regulations of the State of Hawaii. The stated requirements appearing elsewhere in this RFP shall become part of the terms and conditions of the Contract as though incorporated into the Contract at length.

By submission of a proposal, interested offerors warrant and represent that they have read and are familiar with the contractual requirements set forth in the RFP and its appendices, the provisions of which are expressly incorporated into this RFP by reference as though fully set forth at length herein.

All proposals shall become the property of the HPHA. The Successful Offeror's proposal will be incorporated in the resulting contract by reference.

2. Subcontracting

No work or services shall be subcontracted or assigned without the prior written approval of the HPHA. No subcontract shall under any circumstances relieve the Successful Offeror of his/her obligations and liability under contract with the HPHA. All persons engaged in performing the work covered by the Contract shall be considered employees of the Successful Offeror.

3. Contract Modification

The Contract may be modified only by a written document signed by the HPHA and personnel authorized to sign contracts on behalf of the Successful Offeror, as designated in the corporate resolution.

4. Laws, Rules, Ordinances and Regulations

Reference to federal, state, city and county laws, ordinances, rules and regulations and standard specifications shall include any amendments thereto effective as of the date of the RFP.

5. Bonds

No performance or payment bond is required.

C. Single or multiple contracts to be awarded

Single Multiple Single & Multiple

D. Single or multi-term contracts to be awarded

Single term (≤ 2 yrs) Multi-term (> 2 yrs.)

Initial term of contract:	Thirty-six months
	August 1, 2007 – July 31, 2010
Length of each extension:	Up to twelve months (may be less than 12 months when it is in the best interests of the State)
Maximum length of contract:	Sixty months

The initial period shall commence on the Contract start date. The following conditions must be met for an extension:

- Contractor experienced cost savings and has unexpended funds available that can be used to provide additional goods and services; or

- The HPHA determines there is an ongoing need for the services and has funds to extend services not to exceed twelve months. Contract extensions shall be awarded as agreed upon in the primary contract. Exceptions shall be granted upon satisfactory justification such as increase in cost of services or cost of living increase.
- A Supplemental Contract must be executed prior to expiration of the Primary Contract.
- HPHA must obtain HUD approval in writing of the extension prior to execution of a Supplemental Contract.
- The Contractor must obtain HPHA approval in writing and a notice to proceed with the extension.

The option to extend the Contract will be at the sole discretion of the HPHA. The contract shall be extended at the same rates as proposed in the original proposal unless price adjustments are provided herein. Submission of a proposal constitutes acknowledgement of the interested offeror that the interested offeror is able and willing to contract for services up to the maximum allowable length of the Contract. If the Successful Offeror is unwilling or unable to fulfill the maximum allowable Contract, the HPHA reserves the right to assign the costs of procurement to any payments owed under the Contract.

The Successful Offeror shall provide the requested insurance information and a completed wage certificate. The Successful Offeror shall pay the State of Hawaii general excise tax and all other applicable taxes.

E. Contract price adjustments

Each proposal offered herein shall be firm for the period beginning August 1, 2007 through July 31, 2010.

Contract price adjustments shall be limited to liability insurance. The following conditions must be met for the HPHA to consider a price adjustment:

- Contractor provides adequate documentation of price increase (e.g. insurance policy statement);
- Contractor provides explanation for allocating cost by project; and
- Increase shall not exceed five percent (5%) from the original price for each budget line item.

III. CONTRACT MONITORING & REMEDIES

A. Monitoring

1. The satisfactory provision of goods and services shall be monitored by the Contract Administrator. Performance will be monitored on an ongoing basis by the HPHA through desk monitoring, site inspection and/or other methods by the Contract Administrator and his/her designated representative(s).

2. Should the Successful Offeror fail to comply with the requirements of the Contract, the HPHA may request a written corrective action plan that shall include the corrective actions to be taken, a timeline for implementation, and the responsible parties. The HPHA will monitor the Successful Offeror for implementation of the corrective action plan. The HPHA reserves the right to request regular or additional reports on progress towards compliance with the Contract and the corrective action plan.
3. Should the Successful Offeror continue to fail to comply with the requirements of the contract, the HPHA reserves the right to engage the services of another company to perform the services, to remedy the defect or failure and to deduct such costs from monies due to the Successful Offeror or to assess the Successful Offeror directly.
4. In the event the Successful Offeror fails, refuses, or neglects to perform the services in accordance with the requirements of this RFP, and the Contract which is attached, the HPHA reserves the right to purchase in the open market, a corresponding quantity of services, and to deduct from the Successful Offeror this cost and from any moneys due or that may thereafter become due the Successful Offeror (the cost to the HPHA of procuring such services). In case money due to the Successful Offeror is insufficient for this purpose, the Successful Offeror shall pay the difference upon demand by the HPHA. The HPHA may also utilize all other remedies provided under the Contract and by law and rules.
5. In the event the Successful Offeror is not performing the required services as contracted, the HPHA reserves the right to extend the Contract for intervals of less than 12 months. During this time, the HPHA will monitor the Successful Offeror's performance and/or improvement and the implementation of its corrective action plan to determine whether the HPHA will continue to Contract with the Successful Offeror.

B. Damages

1. The HPHA may also withhold the payment of management fees, without being required to pay interest for late payment, if the Successful Offeror fails to submit and implement a corrective action plan in response to findings by the HPHA or if the Successful Offeror fails to demonstrate improvement in performance after implementing its corrective action plan.
2. The Successful Offeror shall repair all damages caused by the Successful Offeror's equipment or employees to existing utilities and structures, such as water lines, electric conduits, sewer lines, and buildings. If such repairs are not completed within a reasonable time, the HPHA reserves the right to purchase services for the necessary repairs from the open market and to

deduct all repairs costs from moneys due or may thereafter become due Successful Offeror. In the event money due to the Successful Offeror is insufficient for this purpose, the Successful Offeror shall pay the difference upon demand by the HPHA.

C. Termination

The HPHA reserves the right to terminate any agreement without penalty for cause or convenience as provided in the general conditions.

IV. SCOPE OF WORK

Part I: Kuhio Park Terrace / Kuhio Homes

A. Management Requirements

The HPHA's overall objectives in transferring the management responsibilities for the Management Unit to a private management firm include, but are not limited to the following:

1. Effectively maintaining the overall physical appearance and condition of the Management Unit properties, as well as the maintenance and upkeep of individual units;
2. Providing a secure living environment, implementing rules, local ordinances and the HPHA policies to reduce or eliminate the number of incidents of crime, vandalism, rule violation and nuisance behavior;
3. Maintaining good communication between the tenant and management;
4. Encouraging tenant participation and involvement in Management Unit activities;
5. Supporting tenant pride in the Management Unit through improved maintenance by management agent; provision of swift response to tenant maintenance and emergency maintenance calls;
6. Limit rent delinquencies to six percent (6%) or below for family projects; and
7. Achieving a good community image and encourage community involvement in support of the Management Unit.

The Successful Offeror shall abide by the requirements as specified herein, comply with all instructions relating to the management, rental and maintenance of the Management Unit that may be issued from time to time by the HPHA and adhere to

all operating policies that have been or may be adopted and promulgated by the HPHA.

With respect to new instructions and policies, the Successful Offeror will generally have the opportunity to submit recommendations to the HPHA prior to their issuance or adoption or to recommend subsequent changes as appropriate.

B. Public Housing Assessment System

The Public Housing Assessment System (PHAS) is a reporting system designed by HUD to institute a system of accountability and used to monitor and evaluate operations of Housing Authorities nationwide. The PHAS defines acceptable public housing management standards for key areas of public housing management. The Successful Offeror shall assist the HPHA to achieve an improved rating under the PHAS by maintaining the Management Unit in the following areas:

- a) Physical Condition;
- b) Financial Condition;
- c) Management Operations; and
- d) Resident Service and Satisfaction.

Information on the latest PHAS Report filed with HUD for Management Unit 40 is attached (see Attachment 21). The attached report shall form the basis for the PHAS standards for which the Successful Offeror shall be accountable and will report to the HPHA on a monthly basis. Among other things, these standards will measure:

- Vacancy Rate;
- Unit Turnaround Time;
- Work Order Performance;
- Unit, Systems and Common Area Inspections and Conditions; and
- Tenant Accounts Receivable.

It is strongly recommended that interested offerors refer to the HUD website to become familiar with PHAS requirements and scoring system detailed at Volume 24 Code of Federal Regulations Part 902.

C. Administrative Requirements & Qualifications (Minimum requirements)

1. Management Representative

- a. The Successful Offeror shall designate a contact person who will be responsible for oversight of the Management Unit and ensure contract performance. The contact person shall be able respond to the HPHA's inquiries, complaints/ problems within two (2) working days.
- b. The HPHA's Contract Administrator will send a monitoring report to the

Successful Offeror's management representative. The monitoring report will document discrepancies or contract violation(s) which need correction. These discrepancies or contract violation(s) must be corrected by the time periods provided.

- c. The Successful Offeror shall be solely responsible for adequate communication between its' staff regarding contract terms and conditions.
- d. The Successful Offeror shall ensure adequate/appropriate representation at regular meetings with the HPHA. At this time, the HPHA anticipates monthly meetings with the Successful Offeror's contact person who will be responsible for oversight of contract performance.

2. Personnel

- a. The Successful Offeror shall ensure that all personnel meet the minimum qualifications, including licensing and experience requirements, as appropriate. The current wage rates and position class specifications for project personnel are included in the appendices and available at <http://www.hawaii.gov/hrd/main/eccd>.
- b. All staff training (e.g., training required to ensure that the minimum services are provided in compliance with State/federal laws, rules, regulations) shall be the responsibility of the Successful Offeror. However, should any specific or extraordinary training be required of the Successful Offeror, the HPHA may require attendance at no cost to the Successful Offeror. Interested offerors are strongly encouraged to budget for training related costs.
- c. The Successful Offeror shall be solely responsible for the behavior and conduct of their employees or agents on the HPHA property. Supervision and performance evaluation shall be the responsibility of the Successful Offeror. The HPHA shall be provided with access to employee performance evaluations, upon request, for the purposes of monitoring.
- d. The Successful Offeror with the concurrence of the HPHA shall hire a responsible employee as the Management Unit Manager who will be available during normal State of Hawaii operating hours (Monday thru Friday 7:45 a.m. to 4:30 p.m., **except for holidays observed by the Hawaii State government**) as a point of contact for residents and HPHA to respond to tenant concerns, supervise staff, enforce house rules, inspect the housing units and encourage tenant organization and participation.
- e. The Successful Offeror shall ensure that all information, documents, or materials viewed, discussed or provided to personnel with regards to the housing tenant(s) shall be treated as confidential. Personnel shall refrain

from providing confidential information to the tenants and the general public without express written consent of the HPHA by policy, rules or letter.

- f. During the performance of this Contract, the Successful Offeror agrees not to discriminate against any employee or applicant for employment. The Successful Offeror will take affirmative action to insure that the Successful Offeror's employees are treated equally during employment. Such action shall include but not be limited to the following: employment, upgrading, demotion, or transfer, recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Successful Offeror shall insert provisions similar to the foregoing in all subcontracts.

3. Administrative Policies

The Successful Offeror shall maintain its own written policies that, at a minimum, address the following:

- a. Drug Free Workplace Policy;
- b. Sexual Harassment Awareness in the Workplace Policy;
- c. Non-Violence in the Workplace Policy;
- d. Standards of Conduct;
- e. Fair Housing; and
- f. Americans with Disabilities Act.

The Successful Offeror shall maintain evidence that all staff were adequately informed of their requirements and obtain their agreement to comply with said policies. The Successful Offeror shall be solely responsible for the conduct of their employees and for their compliance with its administrative policies.

4. Reporting Requirements

The Successful Offeror shall be responsible for the timely submission of the following reports:

- a. Weekly Vacant Unit Report;
- b. Monthly Supervisor's File Review Log;
- c. Monthly Income Discrepancy Report;
- d. Monthly Pre-Rent Run Report;
- e. Monthly Accounting Report (Commercial Property);
- f. Quarterly Enterprise Identification Verification Users Authorization;
- g. Semi-Annual Crime Reports;
- h. Annual Common Area Maintenance (CAM) reconciliation (Commercial Property); and
- i. Monthly Community Service status report.

The HPHA may request additional reports as follows:

- a. Progress reports on the implementation of corrective action plans;
- b. New programs mandated by HUD or the State;
- c. Special requests in response to inquiries from other government agencies, including the State Legislature.

5. Accounting and Fiscal Services

The Successful Offeror will perform the following fiscal services for the Management Unit:

- a. Develop an operating budget for each fiscal year (July through June) of this Contract subject to the HPHA approval no later than April 30 or as determined by the HPHA, using a format as specified by the HPHA; Furthermore, the Successful Offeror's operations shall conform to the approved operating budget during the term of the Contract;
- b. Record all tenant accounting transactions and input data pertaining to tenant rents, excess charges, and maintenance charges to the HPHA's computer system. All tenants will be billed once per month by the HPHA;
- c. Maintain tenant ledgers with records of all accounting transactions, including security deposits and a running balance on each account;
- d. Make appropriate charges for damage to any unit by inspecting such unit with the tenant prior to vacating, submit any such charges to be deducted from the security deposit or to be billed to the tenant or request to the HPHA for security deposit refund so refund can be made within fourteen days of the lease termination date;
- e. The Successful Offeror may requisition from the HPHA and charge to the Management Unit (for express and specific use of the Management Unit) repair parts and supplies available in the HPHA's Central Store facility and/or request for purchases from sources presently used by the HPHA, as indicated in writing from time to time, except when authorized to use other sources;
- f. Coordinate the subcontracting of the HPHA approved services to the Management Unit following the HPHA and State procurement policies and any applicable state or federal procurement rules and regulations.
- g. The Successful Offeror shall process all purchase orders for approval prior to ordering goods/services, except in the case of an emergency where verbal approval may be obtained. Failure to obtain prior written approval on regular/ routine purchases shall be considered a serious violation of procurement policy. In the cases where an after-the-fact purchase is not

approved, the HPHA reserves the right to deduct an amount equal to the amount of the purchase from the Successful Offeror's management fees.

The Successful Offeror shall provide written notification to the HPHA within five (5) days of receipt of goods/services in order to ensure that payment by the HPHA may be made within thirty days of receipt of invoice.

- h. Make all payments of salaries, wages, benefit contribution, and payroll taxes to or on behalf of Management Unit staff, and maintain all payroll records. The Successful Offeror shall submit a request for reimbursement of such items to the HPHA within thirty days after payroll period;
- i. Submit a monthly invoice for management fees to the HPHA within thirty days of delivery of service;
- j. Respond to findings of any independent, HUD or the HPHA audit of the Management Unit by submitting a corrective action plan and implementing the plan, if applicable;
- k. Provide additional data requested by the HPHA utilizing current staff and personnel power. Special studies or surveys requiring pertinent expertise requested by the HPHA shall not be deemed additional data; and
- l. Make all financial records concerning the Management Unit available to the HPHA, during normal business hours, as requested.

7. Office Space, Equipment, and Supplies

All items shall be used and accounted for as follows:

- a. For the purpose of managing the management unit, the Successful Offeror shall be permitted to use any designated office space and maintenance, office, or other equipment assigned for express and specific use at the management unit. All personal property belonging to the HPHA and located at the management unit shall be under the custody and control of the Successful Offeror at all times. The Successful Offeror shall accept full responsibility for all equipment; normal wear and tear excepted. The Successful Offeror shall be fully responsible for stolen equipment or items when it is due to the Successful Offeror's negligence, such as the failure to properly store and secure the HPHA's property.

An opening and closing inventory of equipment and supplies shall be conducted by the Contract Administrator with the Successful Offeror upon the start date of the Contract.

- b. The Successful Offeror shall replace any consumable supplies in the current inventory of the management unit. The Successful Offeror may forego the replenishment of supplies that are inventoried in excess of the reasonable needs of the management unit's operating budget as developed by the Successful Offeror and as approved by the HPHA.
- c. The Successful Offeror may borrow from the HPHA needed equipment not located at the Management Unit, such as gang mowers, used in the performance of maintenance services according to a schedule submitted to the HPHA by the Successful Offeror after such schedule is approved by the HPHA, for express and specific use at the Management Unit.
- d. The Successful Offeror shall conduct an annual physical inventory of all equipment, materials and supplies located at the Management Unit; or upon twenty-four hour notice, the HPHA, may conduct an inventory audit at the Management Unit.

8. Payment

- a. Section 103-10, HRS provides that the HPHA shall have thirty calendar days after receipt of invoice or satisfactory delivery of goods or performance of the services to make payment. For this reason, the HPHA will reject any proposal submitted with a condition requiring payment within a shorter period. Further, the HPHA will reject any proposal submitted with a condition requiring interest payments greater than that allowed by Section 103-10, HRS as amended.
- b. The HPHA shall reimburse the Successful Offeror for all salaries, wages, and other related taxes for Management Unit site personnel designated on Management Unit organization chart and within price proposal levels.
- c. The Successful Offeror shall submit twice monthly invoices, one original and three (3) copies, for goods and services rendered to:

Hawaii Public Housing Authority
Private Management Contracts Section
P.O. Box 17907
Honolulu, Hawaii 96817

The aging date of the invoice shall be the latter of the two: 1) date of invoice or 2) postmark of original invoice received via USPS or other method of delivery.

All invoices shall reference the contract number assigned to the Contract. Payment shall be in accordance with Section 103-10, HRS, upon certification by the Contract Administrator that the Successful Offeror has

submitted the receipts for the goods and services specified.

- d. For final payment, the Successful Offeror must submit a valid original tax clearance certificate "Certification of Compliance for Final Payment" (SPO Form-22). The Successful Offeror is required to submit a tax clearance certificate for final payment on the contract. A tax clearance certificate, not over two (2) months old, with an original green certified copy stamp, must accompany the invoice for final payment on the contract. (a valid HCE Certificate of Vendor Compliance, in lieu of the tax clearance, is acceptable)

D. Property Management Services

1. Rules and Regulations

The Successful Offeror shall perform the basic property management functions (i.e., enforcing all covenants and conditions of the Rental Agreement) and the following minimum services:

- a. The Successful Offeror shall develop and/or revise Management Unit and/or Project Rules specific to each Management Unit's and/or Project's needs, utilizing the HPHA's Basic Rental Agreement (see Attachments 10). The Successful Offeror shall be responsible to ensure communication with tenants and the tenant association, as appropriate, on proposed changes to the Project Rules (see Attachment 11).
- b. The Successful Offeror shall post notices of and enforce all rules and regulations pertaining to the Management Unit and/or Project. The Successful Offeror shall ensure that rules and regulations are provided to tenants with language barriers upon request.
- c. The Successful Offeror shall assist the HPHA to conduct public meetings or hearings approximately twice a year, including but not limited to, issuing/ coordinating notices, securing meeting facilities, serving as hearing official, recording meeting minutes, providing recommendations, and other related duties.
- d. The Successful Offeror shall follow-up on delinquent rent and other tenant charges in compliance with the HPHA rules and procedures. Delinquencies shall be maintained and/or improved to a level of six percent (6%) or below for family projects;
- e. Manage, maintain, administer and coordinate the use of the community rooms, spaces and all common yard areas including community playground. The Successful Offeror shall be permitted, subject to the HPHA approval, to use the Project's community activity facilities and other non-dwelling

space for their intended purposes, in accordance with policies and regulations established by the HPHA; provided no permit, lease or written agreement covering use of such space shall be for a period beyond the term of their Contract.

The HPHA shall not be responsible for the loss or theft of any property owned by an agency permitted to use non-dwelling space in the Project area. The Successful Offeror shall review periodically and keep current a listing of agencies and organizations using the HPHA space. The listing should include space assigned, name and purpose of organization and program(s) carried out at the Project. The listing shall be made available to the HPHA upon request.

- f. The Successful Offeror shall be responsible to obtain prior written approval from the HPHA and HUD to use dwelling units for non-dwelling purposes. The following are allowable uses of dwelling units for non-dwelling purposes:
 - Use by a duly elected resident association/council for office space and/or meeting facility; or
 - Occupancy by a police officer to increase on-site security; or
 - Use to promote economic self-sufficiency and anti-drug activities.
- g. The Successful Offeror shall be responsible for implementing and complying with the HPHA's Pet Policy (See Attachment 8), which allows for pets in public housing, subject to certain terms and conditions.
- h. The Successful Offeror shall be responsible to implement HUD's Community Service Requirement (See Attachment 9) in compliance with HUD and the HPHA rules, including tracking and reporting of tenant compliance. The Successful Offeror shall also, at a minimum:
 - i. Inform all adult household members of their obligations under the community service requirement and verifying their required participation or exemption;
 - ii. Provide referrals to community organizations who afford tenants with opportunities to satisfy community service requirements;
 - iii. Monitor tenant compliance monthly and provide required reports; and
 - iv. Take appropriate action for non-compliance.
- i. The Successful Offeror shall be responsible to implement any program changes as established in the Public Housing Agency Five-Year and Annual (PHA) Plan, the Admissions and Continued Occupancy Policy (ACOP), the Hawaii Administrative Rules (HAR), or HUD mandates. Those changes, which are not known at this time, shall be incorporated by reference as though set forth at length herein.

In the event of a conflict between the PHA Plan, ACOP, HAR and HUD mandates, the successful offeror shall be responsible to implement any changes as directed by the HPHA.

2. Application, Selection and Placement

The Successful Offeror shall be responsible for the following minimum tasks in conjunction with the placement and certification of applicants and tenants:

- a. Accept applications from prospective tenants at the management unit offices located on the island of Oahu.
- b. Tenant selection in conformance with the tenant selection criteria established in Title 17, Chapter 2028, Hawaii Administrative Rules, which provides guidelines for admissions to and the continued occupancy of Federally-Assisted housing projects. Applicants should be processed for placement on a timely basis in order to limit vacancies to a level of no higher than three percent (3%). Individual units are to be re-rented within twenty days.
- c. Determine the eligibility of household members, in accordance with all tenant selection policies instituted by the HPHA and in compliance with all applicable Federal Rules and Regulations. The Successful Offeror shall certify compliance with Title VI of the Civil Rights Act of 1964 and Section 504 of the Rehabilitation Act of 1973 as the HPHA's agent of Public Housing Management Units.
- d. Conduct a walk-through unit inspection with new tenants prior to or at the time of placement. The Successful Offeror shall also orient tenants on use, care and maintenance of dwelling unit, appliances, and other assigned areas.
- e. Orient new tenants to rules and regulations, financial responsibilities, facilities, community amenities and resident services available.
- f. Maintain a tenant file with pertinent information on eligibility, family composition, including a list of family members residing in each unit, and other required information.
- g. Evaluate tenant requests for transfer to other Management Units, and where necessary prepare request to the HPHA; and
- h. Turn over keys and maintain the key registry (The property manager must be bonded for the handling of resident's keys and for entering units when residents are not present.)

3. Vacates and Move Outs

The Successful Offeror shall be responsible for ensuring the smooth transition for tenants moving out of public housing and provide the following services, at a minimum:

- a. Conduct a vacate inspection with the tenant present to inspect the unit and collect from the tenant the keys to the unit.
- b. Conduct a final unit assessment and acknowledge any deficiencies that may require correction, following proper work order procedures, and address those within three (3) working days. Referrals of uninhabitable units for repair/ renovation to be handled by the HPHA's Construction Management Section (CMS) shall be completed within seven (7) working days. All requests to the CMS shall be submitted through the Contract Administrator.
- c. Effectively communicate with the HPHA's Application Unit to minimize unit vacancy. Applicants should be processed for placement on a timely basis in order to achieve vacancies at a level of no higher than three percent (3%) for family units. Individual units are to be re-rented within twenty days from the date of the previous tenant vacating the unit.
- d. Ensure the proper documentation is completed and filed, and a vacant unit is filled within required time frames.
- e. Ensure that units that are abandoned are properly assessed and referred as appropriate, using the date the abandoned unit was discovered as the first day of vacancy.

4. Income Re-examination

The Successful Offeror shall be responsible for conducting an income examination as required, informing tenants of their obligations and responsibilities, and providing the following services, at a minimum:

- a. Conduct re-examinations of tenant eligibility and rent determination within twelve months of the previous certification in accordance with the program's policies and procedures on prescribed forms.
- b. A supervisor shall review ten percent of all re-examinations conducted and submit a monthly log to the HPHA staff and correct or adjust any part of the re-examination as requested by the HPHA;
- c. Upon completion of the tenant re-examination, the Successful Offeror shall adjust tenant rent in accordance with the program's policies and procedures.

- d. Evaluate eligibility status and update income and rent on each tenant's record on re-examination dates as established. The Successful Offeror shall also advise the tenant of any changes in eligibility status resulting from re-examination and give notification of changes in rent or serve notification to vacate due to an ineligibility finding.
- e. Submit and record appropriate adjustments in rent charges when tenant reports changes of family income and/or composition.
- f. Apply the HUD's mandatory earned income disregard, CFR 960.255 as appropriate.

5. Tenant Defaults, Rental Agreement Terminations and Evictions

The Successful Offeror shall be responsible to ensure that it responds to tenant defaults at the federally-funded projects in a timely manner and in compliance with the HPHA's rules and procedures for Rental Agreement terminations and evictions. The Successful Offeror shall also provide the following services, at a minimum:

- a. Upon finding a tenant to be in default or in violation of any covenant, condition, provision, rule or regulation of the Rental Agreement or pertaining to the applicable Management Unit, the Successful Offeror shall follow the HPHA's rent collection policy and eviction procedures, including the securing of services to serve notices to tenants in default (see Attachment 6).

The HPHA's policies on rent collection and evictions can be downloaded from the HPHA website and shall be incorporated by reference as though set forth at length herein.

- b. File or cause to be filed with the HPHA's Hearing Board, or other hearing body designated by the HPHA for such purpose, a complaint in accordance with established procedural rules promulgated by the HPHA, as may be amended from time to time.
- c. Represent the HPHA at scheduled complaint hearings, which the HPHA shall schedule at the first available scheduled meeting of the Hearing Board, provided the HPHA has served the complaint to the tenant allowing at least five (5) days notice prior to the hearing date.
- d. Comply with all other requirements for Rental Agreement terminations and evictions that are or may hereafter be required by law, the HPHA rules, and HUD regulations.

- e. Cooperate with local law enforcement to address crime and safety issues in and around the HPHA's housing sites.

6. Maintenance

- a. The Successful Offeror shall ensure that maintenance staff is qualified and capable of providing minor repair and preventive maintenance for the Management Unit. The current wage rates and position class specifications for maintenance workers are included in the appendices and are available at <http://www.hawaii.gov/hrd/main/eccd>. It is the sole responsibility of the Successful Offeror to ensure that maintenance staff is qualified and properly trained.
- b. The Successful Offeror shall ensure that maintenance staff is capable and properly trained in the HPHA's work order system, including procedures for opening and closing of work orders, prioritization and timely response.
- c. The Successful Offeror shall cause the projects to be maintained and repaired at all times, in a condition acceptable to the HPHA and in accordance with local and state codes, and in accordance with the budget and Maintenance Plan including but not limited to providing routine and emergency/urgent repairs, renovating vacant units and providing preventive maintenance services for the units and its equipment, as well as providing grounds maintenance for the common areas. Maintenance activities should follow the HPHA's maintenance policies and procedures.
- d. If the Successful Offeror fails to maintain and repair units on a timely basis, the HPHA reserves the right to inspect and closely monitor the Successful Offeror's activities and efforts to maintain and repair units. The Contract may be required to submit additional reports until the HPHA is satisfied that the Successful Offeror is fulfilling its obligation to maintain units.
- e. The Successful Offeror shall respond to requests for services as follows:
 - i. Routine maintenance services within two (2) working days from the date of such request; and/or
 - ii. Emergency/urgent maintenance services no later than four (4) hours from the time of such request (seven (7) days a week, twenty-four hours each day) and abate within twenty-four hours.
- f. The Successful Offeror shall maintain the grounds and all common areas, of the Projects (to include entries, thoroughfares, and lobbies) which shall be kept clean at all times. The Successful Offeror shall make certain parking area surface is maintained in good condition (defined as free from need of repair) and free from derelict and or abandoned vehicles. The

successful offeror shall maintain project playground and playground equipment, ensuring that the equipment is safe and in good repair.

- g. The Successful Offeror shall rehabilitate and clean vacated units to a marketable condition so that the unit is **ready for occupancy and leased** within twenty days from the date the tenant vacated.
- h. Units that are considered uninhabitable and require substantial renovations/construction, shall be referred to the HPHA within seven working days of the final unit assessment/inspection. All referrals to the HPHA shall be submitted through the designated Contract Administrator.
- i. The Successful Offeror shall coordinate with the HPHA on all garbage and refuse disposal and collection (City and County or private) and maintain all refuse areas, enclosures and receptacles in a clean condition and in accordance with local, state, and federal fire, safety and health codes.
- j. The Successful Offeror shall conduct an annual inspection of every unit, major and regulated systems, and all accessible/inspectable exterior and common areas of each project to ascertain the physical condition in accordance with the Uniform Physical Condition Standards (UPCS) and HUD regulations CFR Part 902.20.
- k. The Successful Offeror shall charge tenants for maintenance work in accordance with the Rental Agreement when work is required to repair damage to such unit other than ordinary wear and tear (charges shall be consistent with HPHA policies).
- l. The Successful Offeror shall coordinate with the HPHA and vendors the purchase of supplies and equipment as authorized and in accordance with the approved budget.
- m. The Successful Offeror shall obtain prior written approval from the HPHA for maintenance expenditures over and above those authorized in the budget and maintenance plan.
- n. The Successful Offeror shall be responsible to store necessary supplies at the respective Management Unit, maintaining a perpetual inventory (available for inspection by the HPHA upon request) and store and maintain equipment at the Management Unit, readily available for the HPHA inspection upon request.
- o. The Successful Offeror shall conduct extraordinary maintenance as scheduled, or as approved by the HPHA.

- p. The Successful Offeror shall implement a preventive maintenance program, performing preventive maintenance services in each unit at least once a year and perform maintenance check and correction in any unit entered during a tenant requested maintenance repair. A schedule for preventive maintenance program is to be submitted to the HPHA.
- q. The Successful Offeror shall make all additions, betterments, and replacements as requested and approved by the HPHA on a cost-reimbursable basis; whenever possible. The HPHA shall make reasonable efforts to provide plans for substantial additions, betterments, and/or replacements to the Successful Offeror for their input.
- r. The Successful Offeror shall prepare and submit monthly reports on selected maintenance operations.
- s. The Successful Offeror shall procure pest control services as needed.

7. Tenant Relations

The Successful Offeror shall promote and maintain good relations with the tenants and shall perform the following services, at a minimum:

- a. Respond to all resident requests involving concerns about conditions or quality of life at the Management Unit in compliance with the HPHA complaint procedures (i.e., grievance hearings), and resolve all significant or recurring problems;
- b. Assist in HUD's resident service and satisfaction survey, including posting information, distributing flyers, conducting resident meetings, and documenting all efforts to increase participation in the survey.
- c. Work closely with and guide the resident association to provide a meaningful organized channel for resident community involvement and participation in Project activities.
- d. Institute and maintain informative tenant communications to advise tenants of any changes in policies, rules, regulations, or pertinent and necessary instructional bulletins (i.e., storm, fire, or hazard) regarding the Project.
- e. Coordinate the use of community rooms with the resident association.
- f. Coordinate the monitoring of the playground with the resident associations.

8. Supportive Services

The Successful Offeror shall coordinate supportive service functions. These services, as described below include, but are not limited to, the following:

- a. Advise residents of community services and programs available within the community to meet their needs;
- b. Provide new residents with an orientation to available community services and programs to ease their transition into government assisted housing;
- c. Promote and encourage improvement of supportive services for residents by working with community agencies, organizations and tenant groups;
- d. Provide guidance and/or referral services to appropriate agencies to assist those tenants who are experiencing problems in money management, mental health, marital discord, child abuse, poor housekeeping, and other social problems; and
- e. Provide a tenant suggestion system which requires no signatory, to be reviewed by Resident Associations.
- f. Provide access to community facilities to community organizations and non-profit agencies that provide services that are consistent with the HPHA's mission and goals.

9. 24 Hour Management Services

The Successful Offeror shall employ personnel to provide management presence twenty hours per day seven (7) days per week. These services, as described below, shall include, but may not be limited to, the following:

- a. Serve as direct liaison between management, residents and civil authorities such as: ambulance paramedic services, police and fire department;
- b. Assist residents in emergency situations; language interpretation; housing rules and safety codes;
- c. Operate elevators as needed during emergency situations and for resident move in and vacates;
- d. Man two entry gates for vehicle control; issue parking violation citations and assist in towing unauthorized vehicles;

- e. The Successful Offeror shall employ, at a minimum, taking into consideration vacation and sick leave, personnel based on the following assignments:
 - Two Entry gates (1 person per gate);
 - Two person roving patrols.

10. Coordination of Renovation, Construction, and Relocation

1. Renovation / Construction Schedule:

- Planned renovation / construction: see Attachment 24
- Planned major repairs: see Attachment 24

2. Relocation

In the event that a project under goes major renovation (modernization) that involves the temporary relocation of tenants, the Successful Offeror shall be responsible, at a minimum, of the following:

- a. Locate suitable temporary housing such at other public housing sites or private owned housing available on the open residential rental market with maximum rents not to exceed current Section 8 Fair Market Rent (FMR).
- b. Execute a Certificate of Right to Return, certifying tenants' right to return upon completion of the modernization construction.
- c. Process reimbursable costs to the tenant for all reasonable out-of-pocket expenses incurred, including the cost of moving to and from the temporary housing and incidental expenses to the HPHA.
- d. Upon completion of modernization construction, conduct walk-through unit inspection and turn over keys with tenant prior to move in.

In the event that a project is to undergo renovation where the entire site is vacated, the Successful Offeror's management fee will be forfeited during that time period. Upon completion of modernization construction, the HPHA will issue a notice to proceed to the Successful Offeror.

Part II Ka Hale Kameha`ikana Resource Center (Commercial Building)

A. Commercial Building Accounting and Fiscal Services

The Successful Offeror will perform the following fiscal services for the Commercial Building:

- a. Maintain the financial accounting functions for the commercial apartment portion of the project and use a specified format which will be congruent to the HPHA system needs;
- b. Bill tenants monthly including CAM and maintain tenant ledgers with records of all accounting transactions, including security deposits and as necessary, a running balance on each account. Provide monthly delinquency reports including current and vacated accounts to the HPHA within five (5) business days after the end of the grace period for the collection of the current month's rent;
- c. Maintain a cash and disbursement register to record operating receipts and disbursements;
- d. Submit monthly accounting reports to the HPHA by the fifth (5th) business day of each month for the prior month reports to include: cash receipts and disbursements with copies of invoices, delinquencies, vacancies and reserve balances;
- e. Develop a proposed annual operating budget for the HPHA approval, using a format as specified by the HPHA. Furthermore, the successful offeror's operations shall conform to the approved operating budget during the term of the Contract;
- f. Provide each commercial tenant a statement confirming the common area maintenance and operating expense within sixty days after the end of the calendar year;
- g. Adjust the monthly CAM charges for each commercial tenant within sixty days after the end of the calendar year;
- h. Provide a reconciliation, within sixty days after the end of the calendar year, of all revenue collected from the commercial tenants, to determine the actual lease rent due the HPHA;
- i. Make appropriate charges for damages to any unit by inspecting such unit with the tenant prior to vacating, deducting charges from the security deposit, billing the tenant or refunding the security deposit;
- j. Make all purchases of supplies and materials authorized by approved budget following the State procurement rules and regulations;
- k. The Successful Offeror may requisition from the HPHA and charge to the Project (for express and specific use of the Project) repair parts and supplies available in the HPHA's Central Store facility and/or request for purchases

from sources presently used by the HPHA, as indicated in writing from time to time, except when authorized to use other sources.

- l. Coordinate the subcontracting of the HPHA approved services to the Project following the State's procurement rules and regulations;
- m. Pay expenses for the Project operations from the "Imprest Account" established by the HPHA, which shall be funded at one and one-half (1 1/2) times the approved monthly operating budget. Reimbursement of imprest account shall be requested twice monthly;
- n. Ensure that all payments for goods and services received is made within thirty days from receipt of proper invoice;
- o. Make all payments of salaries, wages, benefit contributions, and payroll taxes and payroll insurance to or on behalf of the successful offeror's project staff, and maintain payroll records. Reimbursement of such expenses shall be made from imprest account, and shall be limited to contract bid amount for each expense category;
- p. Submit a monthly invoice for management fees for approval by the Contract Administrator prior to payment from project imprest account;
- q. Maintain a detailed listing of the Project's fixed assets;
- r. Respond to findings of any independent or the HPHA audit of the Project by submitting a corrective action plan and implementing the plan, if applicable;
- s. Create any or all new recording forms to provide informational and support data required by the HPHA, in such a manner that all input will be easily transferable to the HPHA reporting and recording forms or that shall be otherwise acceptable to the HPHA;
- t. Provide additional data requested by the HPHA utilizing current staff and personnel power. Special studies or surveys requiring pertinent expertise requested by the HPHA shall not be deemed additional data; and
- u. Make all records concerning the Project available to the HPHA, during normal business hours, as requested.

F. Commercial Leasing

The Successful Offeror shall develop and implement leasing program for the Commercial Building to maintain 100% occupancy. The Successful Offeror shall also be responsible for providing the following services:

- a. Market vacant commercial space;
- b. Accept and review all offers to lease, providing an analysis of lease terms with current market condition;
- c. Provide the HPHA with a recommendation on lease terms;
- d. Coordinate lease execution between tenant and the HPHA;
- e. Coordinate with consultants and contractors to ensure the timely and trouble free completion of tenant improvements;
- f. Cooperate with vendors and new tenants to ensuring timely and trouble free initial occupancy;
- g. Orient new tenant on rules and regulations, facilities and services available;
- h. A vacate inspection shall be conducted by the Successful Offeror with the tenant present to inspect the unit and collect from the tenant the keys to the unit.

G. Commercial Rules and Regulations

The Successful Offeror shall perform the following services:

- a. Develop and/or revise project rules specific to each Project's needs, utilizing the HPHA's Basic Rental Agreement;
- b. Post notices of and enforce all rules and regulations pertaining to the Project;
- c. Enforce all covenants and conditions of the Rental Agreement;
- d. Follow-up on delinquent rent and other tenant charges.

H. Tenant Defaults, Rental Agreement Terminations and Evictions

Upon finding a tenant to be in default or in violation of any covenant, condition, provision, rule or regulation of the Lease, the Successful Offeror shall proceed to terminate said Lease as provided for under the terms of the Lease and applicable law.

I. Maintenance

The Successful Offeror shall cause the common areas of the Commercial Building to be maintained and repaired in a condition at all times acceptable to the HPHA and in accordance with local and state codes, and in accordance with the budget and maintenance plan including but not limited to providing routine and

emergency/ urgent repairs, and providing preventive maintenance services for the common areas and its equipment, as well as providing grounds maintenance. The Successful Offeror shall also provide the following services:

- a. Respond to requests for routine maintenance services for the common areas within one (1) working day from the date of such request;
- b. Respond to requests for emergency/urgent maintenance services no later than four (4) hours from the time of such request (seven (7) days a week, 24 hours each day);
- c. Maintain grounds and all common areas of the Commercial Building (to include entries, thoroughfares and lobbies, which shall be kept in an immaculate condition at all times);
- d. Coordinate all garbage and refuse disposal and collection (City and County or private). Maintain all refuse areas, enclosures and receptacles in a clean condition and in accordance with local, state, and federal fire, safety and health codes;
- e. Conduct an annual unit inspection of every commercial unit of the Project to ascertain the physical condition of the unit;
- f. Coordinate with the HPHA and vendors all purchases of supplies and equipment as authorized and in accordance with the budget;
- g. Obtain the HPHA approval for maintenance expenditures over and above those authorized in the budget and maintenance plan;
- h. Store necessary supplies at the respective Project, maintaining a perpetual inventory (available for inspection by the HPHA upon request) and store and maintain equipment at the Project, readily available for the HPHA inspection upon request;
- i. Maintain a property inventory of the Project;
- j. Conduct extraordinary maintenance as scheduled, or as approved by the HPHA;
- k. Develop and conduct a preventive maintenance program, performing preventive maintenance services for the common areas of the Commercial Building at least once a year and perform maintenance check and correction. Schedule for preventive maintenance program is to be submitted with annual budget to the HPHA;

- l. Make all additions, betterments, and replacements as requested and approved by the HPHA on a cost-reimbursable basis; whenever possible. Plans for substantial additions, betterments, and/or replacements shall be first given to the Management Agent for their input;
- m. Prepare and submit monthly reports on selected maintenance operations.

J. Personnel

- a. All project staff shall be employees of the Successful Offeror;
- b. The compensation and benefits for maintenance staff providing maintenance services for the commercial building shall be apportioned to the commercial CAM account.
- c. All staff training shall be the responsibility of the Successful Offeror. However, should any specific or extraordinary training be required of the Successful Offeror, the HPHA may request attendance at no cost to the Successful Offeror;
- d. Supervision and performance evaluation will be the responsibility of the Successful Offeror (also termination of staff). Performance evaluation of Successful Offeror's staff shall be made available to the HPHA upon request for monitoring purposes.

Management
Plan

D. Management Plan

"Money can improve a building, or buy security gates, but only a community can take control and keep control of their community. That takes spirit, heart and grit."

The above is a quote from a letter dated September 11, 1997 from the United States Senator Daniel Inouye to Mr. Robert Faleafine following the Senator's visit with the Kuhio Homes and Kuhio Park Terrace community

Philosophy:

R&L's philosophy is to improve the quality of life for tenants by building on the strengths of the community and each family. We believe that by providing quality maintenance and administrative services as well as empowering tenants through education and participation through their Resident Association we can improve the Tenants quality of life.

Approach to Management:

R&L will use a TEAM approach with knowledgeable and experienced staff to deliver the services as described in the RFP and as stated in its Management Plan. Emphasis will be placed in providing quality services while meeting the requirements set forth by the Housing and Urban Development Public Housing Assessment System.

R&L work plan for management of Management Unit 40 on a day to day basis is as follows:

Property Management Services:

1. Rules and Regulations

Conducting proper orientation for new tenants at placement makes the biggest impact on tenant's conduct, behavior and attitudes regarding the rental agreement, Project rules parking rules and house rules which governs Management Unit 40.

The house rules are reviewed from time to time by a committee whose members represent Management, Resident Association Board, and general tenants. Any changes or revisions will be made utilizing the current rental agreement, rules and regulations, and will be presented to the tenants at the monthly General Tenant Meeting for discussion and approval, on occasion changes to or implementation of new rules will require the approval of the HPHA.

Use of the community hall, spaces, and common yard areas are administered by management. Priority is given to management programs, Resident Associations, and Project tenants.

Enforcement of all covenants and conditions of the Rental Agreement, Project Rules, Parking Rules and or House Rules will be done in a firm, but fair manner and without

prejudice. Written notifications of violations and corrective action are required to ensure due process and to maintain tenants and management's rights.

Rent delinquency will be pursued as stated in "Item 6" of Management Plan for Effective Property Management.

Tenant defaults and lease termination and eviction procedures will be followed as outlined in HPHA's Hawaii Administrative Rules, Title 17, Department of Human Services, Subtitle 5, HCDCH Chapter 2020- Eviction Practices and Procedures, a copy of which is herein attached.

Notices pertaining to the Rules and Regulations or changes thereof will be posted on the Community Bulletin Board and in the Project Office.

2. Selection and Placement

Objective:

It will be R&L's objective to screen and place new applicants into the Kuhio Homes and Kuhio Park Terrace Family Projects within 20 days from the date of vacate.

Receipt Notice of Intent to Vacate:

Upon receipt of Notice of Intent to Vacate, with a projected date the unit will be available for occupancy, the Management's Housing Occupancy Specialist, (HOS), will contact the Hawaii Public Housing Authority's Applications Office to notify their office of a upcoming vacancy. The HOS will also request a specific number of applicants from the HPHA Application's Office One-Waitlist based on bedroom size. The number of applications requested will be determined by the number of unit(s) available. The HOS will also use a pre-determined ratio based on past history in deciding how many applicants are needed to fill the vacancy. This ratio would have been determined by the number of actual placement versus the number of applicants for a specific bedroom size.

For example, it has been our experience, and past history will show that a pattern exist whereby only 10 out of every 50 applicants, approximately 20 percent, will actually qualify and be placed.

Notice of Contact & Initial Interview:

Once the HOS receives the list from the application's office a contact letter is sent to each applicant requesting they contact the Management office regarding possible placement into a specific Hawaii Public Housing Authority Project. If the applicant is interested the HOS will schedule the applicant for their initial interview. The appointment is designed to determine and or confirm the applicant's preference and eligibility to be placed in the HPHA Low Income Public Housing unit. If the applicant is not interested in being placed at the specific project or fails to respond

to Management's contact letter within two weeks from the date of the letter, the application is cancelled and returned to the HPHA Application's Office. The HOS will indicate in the notes why the application was cancelled. Management will then send a confirmation letter to the applicant, using the applicant's most recent address informing the applicant that their application was cancelled and that their application was returned to the HPHA Application's Office. Interviews with interested applicants are scheduled upon a "first response first serve basis."

Verifying Applicant Information:

Upon completion of the applicant's initial interview with the HOS, the HOS will then send all necessary documents needed to the applicants respective employer, banks etc. to verify information provided by the applicant. Management will also conduct a criminal background check of every individual on the application eighteen years and older. Once the information is verified and there is no derogatory information, the HOS will contact the applicant and offer the applicant a unit.

Receipt of Misleading, Derogatory and or Falsified Information:

Should Management receive any misleading, false or derogatory information pertaining to the applicant or any adult member(s) listed on the application, the information will be forwarded to the Area Manager for review. The Area Manager will then decide, based on rules and regulations governing the HPHA's Admissions and Occupancy Policies, whether or not to cancel the application and return it to the HPHA Application's Office. Should the Area Manager decide to cancel the application, the applicant will be notified in writing that the Management Unit has cancelled their application and that their application has been returned to the HPHA Application's Office. However, if there are no derogatory or misleading information, the HOS will continue with the placement process.

Placement:

Once the applicant's eligibility has been established, the HOS will then offer the applicant a unit at the specific HPHA Project identified in the initial interview with the applicant. If the applicant accepts the offer, a placement date will be schedule for the applicant to view and inspect the unit. Once the applicant accepts the unit, the applicant will then be required to pay the pro-rated rent, (on the same day of viewing the unit). The pro-rated rent will be determined by the date of placement and Total Tenant Payment, (TTP). This payment is made directly to the bank in which the HPHA has designated for the specific Project.

Once payment is made the applicant will be required to provide the receipt of payment to the HOS in order to continue with the placement process. During this process the HOS will review with the applicant all of the necessary placement documentation to include the Rental Agreement and any other rules and regulations pertaining to the Project, such as, but not limited to, the HPHA Pet Policy, the Project's House and Project Rules. The applicant will be issued an Orientation

Packet and a Placement Orientation date and time will be scheduled with the Area Manager and other key staff members for the applicant to attend. The Placement Orientation may be held on the same day of placement or later depending on the number of placements conducted that day. This will be determined by the Area Manager.

After all of the necessary placement documentation has been reviewed and signed by the applicant, a Rental Agreement will be executed between the applicant and HPHA, through its Management Agent, for a period not less than one year. The Rental Agreement will be signed by either both the head of house and his or her spouse, or just the head of house, depending on the applicant's family composition at the time of signing. Once the agreement has been executed, Management will then provide all members of the household fourteen years and older with their individual tenant identification. Once this has been completed the applicant will then be issued the keys to their unit, officially changing their status from applicant to tenant.

In order to complete the placement process, the HOS will need to input all of the newly placed Tenant information into the HPHA Emphasys System within twenty-four business hours from the time and date of placement. The HOS will also ensure that the Public and Indian Hosing Information Center, (PIC) is updated to reflect a change in the unit status from vacant to occupied.

***Note:** Current HPHA Application policy requires that the Application Office handle any and all grievances arising from applicant disputes.*

3. Vacate and Move Out

Objective:

It will be R&L's objective to provide and ensure that a fluent transition occurs for tenants moving out of the project and for Management to assess deficiencies and required repairs to renovate the unit for re-occupancy within 20 days from the date of vacate.

Notice of Intent to Vacate:

Upon receipt of tenant's Notice of Intent to vacate a unit inspection will be schedule on the tenant's requested vacate date, on or before the 28th day by the Housing Occupancy Specialist. The tenant will also be offered a Pre-Vacate Inspection to assess the condition of the unit and estimate repair cost. A copy of the vacate checklist will be given to the tenant with the time and date of final inspection.

The HPHA Application's Office as well as the Accounts Receivable Clerk will be notified by the Housing Occupancy Specialist of the upcoming vacancy and projected re-occupancy date.

Vacate Unit Inspection:

The vacate unit inspection will be conducted by the Maintenance Department staff with the tenant present in order to do a final assessment of the unit and to collect the unit keys. The assessment will reveal all repair work needed as well as identify whether or not the unit can be renovated internally. If not, the repair work will be referred to the HPHA's Construction Management Section by way of FORM 1. The Maintenance Department will notify the HOS of the projected make ready date for re-occupancy.

Estimate Cost for Repairs:

Once the Maintenance Department has estimated the cost for repairs, the information is submitted to the Accounts Receivable Clerk who in turn will settle the tenant's account and bill the tenant accordingly.

Abandoned Units:

When a unit is suspected of being abandoned, Management will generate a 10 day notice for tenant to respond to Management. Failure by tenant to respond will result in Management officially declaring the unit abandoned and reclaim the unit on said date. The Maintenance Department will conduct an inspection and assessment of the unit and change the unit locks. The unit will then be referred to the Accounts Receivable Clerk for processing.

Physical Evictions:

Physical evictions are performed by the Civil Process Server along with Management representative. If the Civil Process Server determines that the tenant's personal belonging left in the unit requires storage, the unit will be secured for a period of 30 days or less depending on whether or not the tenant removes their items prior to the 30 expiration date. Should the evicted tenant remove their personal belongings prior the 30 days expiration date, the unit will be declared vacant, if not, the vacate date will be on the 30th day from date of physical eviction. Once the unit is declared vacant it will be referred to the Maintenance Department to inspect and assess the unit for renovations. The unit will also be referred to the Accounts Receivable Clerk for final processing.

4. Tenant Recertification Process

Tenant Re-Certification Process

The annual re-examination procedures for Management Unit 40 are the responsibility of the Housing Specialist. The Housing Occupancy Specialist (HOS) each month generates the annual re-examination list by using the HPHA system. The list identifies current tenants and their effective rent change dates. The HOS will determine from the list, all families requiring an annual re-examination interview. It is R&L's policy to conduct the annual re-examination three (3) months prior to the family's effective rent change date.

After the HOS determines which families to contact, he or she will generate a notice of re-examination for each family. The notice is then mailed to each family with an appointment date and time for the family to meet with the HOS. The notice will include the sections of the Rental Agreement, which obligates the tenant to comply. The notice will also inform the tenant that this is a required appointment that must be attended by all adult members (18 years and older) of the household. It will also require the tenant to contact the Area Office either to confirm or to reschedule the appointment. Should the tenant fail to confirm or to attend the first appointment date, a notice of violation will be sent to the tenant scheduling another appointment date. The notice of violation shall be signed by the Area Manager and shall identify the particular sections of the rental agreement the tenant has violated. It shall also apprise the tenant of the consequences such as possible eviction from the premises, or tenant being charged fair market rent should the tenant again fail to reschedule or attend the appointment. Should the tenant fail to comply, the case will be referred to the Area Manager for action. The Area Manager will send the tenant(s) a Notice of Proposed Termination for the Rental Agreement and initiate the eviction process.

Once an appointment date has been confirmed, the HOS shall conduct the annual re-determination interview as scheduled. During the interview the Housing Specialist will determine such things as the family composition, the family's source of income and/or assets, deductions as allowed. The HOS shall estimate family's new rent, if possible. All adult members 18 years and older shall be required to sign a release for information authorizing the Area office to receive or access to any and all information pertaining to the family's income and/or assets. Verifications will be required for any additions to the household. Once the interview is concluded, the Housing Specialist, along with the head of household and spouse, if applicable, shall be required to sign the DHS Form 4057, which verifies the family's household composition and certifies their re-examination.

The HOS, after the interview, will then verify all of the family's income and assets by sending the appropriate verification forms to the proper authorities. Upon return of all of the required verification forms, the HOS will then determine the family's new rent. The HOS conducts previously scheduled follow-up appointment with tenants to review rent and sign the required documents – Supplemental Agreement to the Rental Agreement, Notice of Choice of Rent Determination, ECS Tenant Worksheet. A notice of eligibility for continued occupancy would then be sent to the family informing them of their new rent along with the effective rent change date. It shall also inform the tenant of their right to grievance in accordance with the HPHA's Grievance Procedures. If the family should disagree with the Housing Specialist's final determination, they have the right to request an informal settlement meeting with the Area Manager. If the family disagrees with the Area Manager's determination, the family will have the right to request a grievance hearing.

Once the re-determination has been completed and a notice of eligibility for continued occupancy has been sent to the family, the Housing Specialist will input the information into the HPHA's ECS system. The Housing Specialist will also update the HUD Form 50058 in preparation for transmittal. If the HOS is unable to complete

the family's annual re-examination as required by the HPHA Administrative Rules for Continued Occupancy, for reasons beyond his or her control, the family shall be deemed ineligible for continued occupancy and subject to eviction from the premises.

Interim Rent Adjustments

The tenant may request at any time between the annual re-certification period an Interim Rent Adjustment due to changes in their family circumstances, such as, change to household composition or change to family income. The HOS will then be required to conduct an interim re-examination to determine if a reduction in monthly rent is required. If a reduction in rent is required, the HOS will make adjustment effective the month following the tenant request date. After reduction in rent, the tenant is required to report all changes in their family income, increases or decreases as they occur and until the next annual rent change date.

Tenant's failure to report increase of income while on interim will result in the tenant being charged back rent.

5. Tenant Defaults, Rental Agreement Termination and Eviction

Objective:

R&L shall follow the HPHA's rent collection policies and procedures as outlined in the HPHA's Administrative Memorandum Projects No. 3 dated January 13, 2005 a copy of which is herein attached. (See attachment in the Attachment stabbed section.)

R&L shall follow the HPHA's eviction policies and procedures governing evictions as outlined in the HPHA's Hawaii Administrative Rules, Title 17, Department of Human Services, Subtitle 5, HCDCH Chapter 2020- Eviction Practices and Procedures, a copy of which is herein attached.

It will be R&L's objective to ensure that the HPHA's policies and procedures governing rent collection and eviction be administered fairly, without prejudice and in a timely manner.

6. Maintenance

R&L's maintenance operations will have the following priorities:

1. Emergency & Urgent

Emergencies will be given the highest priority. Staff will be available and on call seven (7) days a week, 24 hours each day. Focus will be to provide basic abatement within four (4) hours to mitigate the urgency of the problem and follow-up with proper repairs as a final resolve. Tenants will contact the Project Office during normal working hours in case of emergencies. After hours, tenants will contact the Management Assistant Section. The Management Assistant Section Watch Supervisor will take down all pertinent information from the tenant

regarding their emergency, this is to include all other emergencies that do not directly affect the tenant. The Watch Supervisor will then contact the maintenance person on call. During normal business hours, emergency work orders will be generated as they are received by the maintenance department. Each week the Maintenance Manager will assign a maintenance team to perform all emergency and urgent repairs received for that week with emergencies having priority. It will be the Maintenance Clerk's responsibility to ensure that all emergency work orders are closed out within 24 hours from the time it was generated as prescribed by the HPHA under guidelines set forth by the Office of Housing and Urban Development's (HUD) Public Housing Assessment System (PHAS).

2. Routine

Routine maintenance will be given the second highest priority and will be scheduled and responded to within two to three business days. Routine repairs must be resolved to prevent such repairs from turning into emergencies and to minimize cost to the Project. Routine work orders are usually initiated by tenants; on occasion however, Management will initiate routine work orders. Once a routine work order is generated, the Maintenance Foreman will assign the work order to the Building Maintenance Worker II, (BMW II) for service. The BMW II will perform services as required and upon completion return the work order to the Maintenance Manger for review. The work order will then be given to the Stock Clerk for pricing then to the Maintenance Clerk for billing and closing. It will be R&L's objective to ensure that all routine work orders are closed within the time prescribed by the HPHA under guidelines set forth by HUD's Public Housing Assessment System or within 20 days from the date the work order was generated.

3. Vacancy

Vacancy renovations will be given the third highest priority because a vacant unit does not generate rent revenue. Vacant unit will be renovated and made ready for placement within 20 days of vacancy. Upon notification that a unit is being vacated the maintenance staff will conduct a unit vacate inspection using the unit vacate inspection record to assess type of work required, materials and supplies needed as well as project the number of man hours needed to renovate the unit for re-occupancy. The Maintenance Clerk will update the Unit Vacancy Report in the HPHA's Emphasys System to reflect the unit as being "Sent to Maintenance." The unit inspection record will be turned in to the Maintenance Manager for review. The Maintenance Manager will schedule the repair work to commence within 3 days from the date of vacate. The Maintenance Clerk will then generate the following work orders; 1) repairs and renovations; 2) paint as needed; and 3) clean; The Maintenance Clerk will also update the Unit Vacancy Report Status Report to reflect that the unit was moved from "Sent to Maintenance" to "Maintenance Hold." Once all work orders have been completed, the work orders will be turned into the Maintenance Manager for quality control after which, the work orders will be submitted to the Stock Clerk for pricing of materials and supplies used and then to the Maintenance Clerk for closing. Once the work

orders have been closed the Maintenance Clerk will then change the unit status from "Maintenance Hold" to "Available" and notify the Area Manager and Housing Occupancy Specialist that the unit is available for placement.

Note: Units that are determined through the vacate inspection as needing extra ordinary repairs shall be referred to the HPHA's Construction Management Section (CMS), by way of the Property Management and Maintenance Branch using CMS Form 1.

4. Annual Unit Inspections / Preventive Maintenance

R&L views preventive maintenance as the basic tool in making a positive impact for the Project. As outlined in our Objective for Effective Property Management, we contend that efforts spent on preventive maintenance work will minimize efforts spent on all other maintenance duties. Preventive maintenance will be performed in conjunction with Annual Unit Inspection repairs (AUI). Staff will be trained to systematically address all components of the Project buildings and units so that prolong life can be attained. Specific items, such as, appliances will be identified for preventive maintenance which will be performed during the AUI repairs.

R&L will schedule its AUIs to commence no later than October 1st of each year and to be completed by February of the following year with repairs to be completed by the end of March. The Maintenance Foreman and the Tenant Relations Advisor will be responsible to conduct the Annual Unit Inspections using the HPHA's Uniform Physical Condition System (UPCS), Form. Maintenance will focus on maintenance issues and the Tenant Relations Advisor will focus on house keeping. The maintenance staff will ensure that an emergency work order is generated for all health and safety deficiencies and that the deficiency is abated and or repaired within 24 hours from the time observed or reported. The Maintenance Clerk will be responsible to generate all emergency work orders resulting from the inspection. Once the inspection is completed the UPCS Form will be turned into the Maintenance Manager for review. The Maintenance Clerk will then generate work orders based on the inspection report. Maintenance Clerk will be responsible to track inspections and repairs by way of the HPHA AUI Tracking Log. Each week the Maintenance Clerk will submit to the Area Manager all completed AUIs accompanied by the Tracking Log for submittal to the HPHA Compliance office. R&L's objective will be to have all AUI reports and Tracking Logs turned into the HPHA Compliance office no later than the 30th of May of each year.

Note: Tenants will be notified by way of letter of the date and time of inspection and repairs.

5. Grounds Maintenance and Janitorial Services

This may be the fourth priority but it is just as important as the first three. As stated in "Item 1" of our Objective for Effective Property Management, an

aesthetically pleasing project environment builds both individual and community pride, and discourages unsociable behavior. Grounds maintenance and janitorial services will be maintained on a daily weekly schedule to routinely address the physical appearance of the Project premises. Staff will be trained to become aesthetically conscious.

Most tenants believe that "Good Maintenance is Good Management" and the better the Project is maintained the better the tenants will take care of their units and the Project.

6. General Observation

Unit inspections at placements, AUI, Preventive Maintenance and Vacate are essential and needs to be scheduled and conducted with the tenant. These inspections are necessary as most tenants do not report or request repairs as needed for fear of being charged for the cost of repairs to their units. Tenants will be charged for maintenance work in accordance to the Lease Agreement when required work is to repair damages beyond ordinary wear and tear. Proper education of tenants in the upkeep and care of their units and on Management's Maintenance Program will make reporting and requesting needed repairs more consistent. This will prevent routine repairs from becoming major repairs and/or emergencies.

Maintenance Daily Work Schedule

0745 - Start Time

0745 -- Prep Time -- Receive special instructions from Supervisor. Draw
0800 equipment, materials and supplies as needed.

0800 -- Proceed to job site and perform job as scheduled -- Standing Operations
1000 or Service Order jobs

1000 -- Break
1015

1015 -- Perform job as scheduled -- Standing Operations or Service Order Jobs
1145

1145 -- Prep Time -- Secure equipment, materials and supplies. Report any
1200 discrepancies to Supervisor. Prepare for lunch.

1200 -- Lunch
1245

1245 -- Prep Time -- Receive special instructions from Supervisor. Draw
1300 equipment, materials and supplies as needed.

1300 -- Proceed to job site and perform job as scheduled -- Standing Operations

1400 or Service Order jobs.

1400 – Break

1415

1415 – Perform job as scheduled – Standing Operations or Service Order jobs.

1615

1615 – Prep Time – Secure equipment, materials and supplies. Report any
1630 discrepancies to Supervisor.

1630 Quit Time

Note: Annual Unit Inspections and Repairs will be scheduled in conjunction with Preventive Maintenance to commence no later than by October 1st of each year.

Unit Vacancy Renovations will be scheduled as units become vacant.

Public Housing Assessment System, PHAS

R&L fully understands the Housing and Urban Development's PHAS scoring system. R&L will develop an internal plan of action to provide policies, procedures and guidance to its maintenance and administrative staff in order to reach its objective of obtaining a passing score each year. However, R&L's goal and mission will be to achieve a "High Performer" status during our term as Managing Agent for the HPHA.

7. Tenant Relations

R&L will investigate all requests involving concerns about conditions or quality of life at the Projects. All valid requests will be resolved immediately to prevent any recurring situations.

R&L will develop Tenant Complaint Procedures in order to address all tenant complaints. Said procedures will provide tenants with an avenue to voice their complaints and to receive feedback from Management as to the status of their complaint as well as any resolve. All complaints will be recorded and filed in the project complaint files as well as within the tenant folders.

It will be R&L's goal to enhance the quality of life for its tenants through the promotion of Tenant Initiatives. R&L shall through the direction of the Area Manager assisted by the Tenant Relations Advisor establish tenant community programs within its community to assist tenant is becoming self-sufficient.

R&L shall establish an "open door" policy so that tenants can express their concerns and needs. We will promote the development of Resident Associations and guide it through proactive and meaningful existence.

R&L shall make available the project facilities to facilitate resident activities to include but not limited to non-profit agencies and community organizers that provide services to the tenants consistent with the HPHA's and R&L's goals and mission.

R&L will assist with the HPHA resident services and satisfaction survey by posting information, conducting tenant meetings and handing out flyers.

Information about HPHA will be disseminated and constructive feedback solicited. Policies will be thoroughly explained so tenants so that they have a clear understanding of their responsibilities.

R&L will provide support and encouragement while tenants adapt to living in public housing. We will provide information about available services within the community and encourage participation in resident association activities. A series of follow-up visits after initial placement will be conducted assist tenants.

R&L shall development and implement a non-signatory suggestion system for review by the Resident Association. We shall also establish a non-signature suggestion system in order to solicit feedback from our tenants regarding their community, living environment and management and maintenance services.

R&L will establish an Orientation Program deigned to assist families entering public housing. The program design will include topics directly affecting newly placed tenants such as, a review of the rental agreement, project and house rules, fair housing rules and regulations, right to grievance procedures, understanding of management services to include maintenance operations, emergency after hours procedures and contacts, project facilities and resources available to assist tenants with their transition.

8. Support Services

R&L will work and coordinate with agencies within and outside the Projects to provide residents with information on community services and programs available to meet their needs.

R&L will encourage community agencies and organizations to work with tenant groups by using or sharing available Project space to bring their services to the Project. Tenant meetings will also be used as a means to provide information and encourage use of services outside of the Project.

R&L will create partnerships with the different non-profit agencies in order to develop a referral service system for our tenants having to cope with various social

and economic problems such as, poor money management, mental health, marital discord, child abuse, poor housekeeping and other social problems.

R&L will promote unity under cultural awareness and sensitivity workshop. We will focus on the common good of the community to work together towards a common goal which will benefit the entire community as a whole and not just one family or individual.

R&L will provide new residents with a complete orientation of available community services and programs during placement into public housing. This will be reinforced during our follow-up home visit within the first 30 days after placement.

R&L staff will be available for individual tenant budget classes, housekeeping training, and other problems that are within our expertise.

9. 24 Hour Management Services

Overview:

Shortly after Kuhio Park Terrace opened for occupancy in 1965 it developed a reputation as the toughest public housing in all of Hawaii. The criminal element activities and anti social behavior continued to grow eventually giving the belief that the "Bad Guys" were in control of the project. By the early 1980s it escalated to a point whereby the Fire Department responding to a trash chute fire in a high-rise tower were pelted from the building by dangerous objects which included a large wooden skip pallet. This resulted in the Fire Department's issuing an order of refusal to respond to any future dumpster fires. During this period dumpster and trash chute fires deliberately set at a minimum twice per day.

The Police Department likewise were also very concerned as when responding to calls for assistance, their vehicles were also pelted from the high-rise towers with dangerous objects such as, batteries, bottles, ice cubes and eggs. Police officers were also confronted by large crowds when responding to fights between families and ethnic confrontations which often involved 50 or more people.

The Emergency Medical Services Department, (EMS) also had concerns, such as, the problems with the elevator. Often times when having to respond to emergencies at the high-rise towers, they would in most cases have to use the stairs in order to get to the victim. Most disturbing however, was that in the course of providing treatment, they experienced difficulty due to the language barrier which made it almost impossible for them to treat the victim? Families were unable to provide important information needed to treat the victim, such as, symptoms and current medication. The cultural difference also created a problem between the providers and family members. Often time's family members misunderstood what the provider's intent was and therefore interfered with the providers attempt to treat the victim.

In 1982 Mr. Lui Faleafine Jr. was hired as the Area Manager for Kuhio Park Terrace & Kuhio Homes by the Managing Agent at the time, Chaney Brooks & Company. Shortly thereafter he started developing a strategy to address the above issues and concerns. His strategy was proposed to Mr. Warren Wegesend, Property Management Branch Chief for the Hawaii Housing Authority. Mr. Wegesend in turn was able to obtain approval for funding from the Housing & Urban Development Office, (HUD) effective 1984.

The Management Assistant Program was implemented in 1984 under the leadership of Mr. Lui Faleafine Jr. and continues today as the only program of its type in the nation.

Scope of Services:

Management Assistant Section – provides the following services 24 hours a day/seven days a week:

1. Serve as liaison between Management, Tenant and Civil Authorities, by providing communications and assistant services.
2. First responder to any emergency request for assistance on the premise.
3. Enforces project rules and regulations.
4. Patrol premises to detect unsafe situations.
5. Provide elevator services as needed.
6. Provide language interpreter services as needed.
7. Operate entry gates and control vehicle traffic through the issuance of parking permits.
8. Responsible for providing incident and accident reports.
9. Responsible for initial investigation of all incidents on the premises.
10. Process's after hour's emergency calls for tenants.
11. Provides assistance to tenants as requested.
12. Responsible for assisting Fire, Police, Medical and Elevator services.
13. Responsible for crowd control during emergency assistance.
14. Responsible for issuance of trespass and trespass warnings.
15. Serves as Management's representative at court hearings.

16. Assist in the towing of unauthorized or illegally parked vehicles.
17. Serve as escort for contractors.
18. Provides written and oral reports as required by Management.

Interim Fire Watch Program:

In accordance to your Request for Proposal timeline, the fire alarm system is to become operational in February 2009. Attached is the Interim Fire Watch Program which will be in affect until such time as to when the Fire Alarm System becomes operation and or as directed by the Hawaii Public Housing Authority.

The cost proposal reflect the cost of additional manpower needed for contract year one, August 1st, 2007 through July 31st, 2008 and contract year 2, August 1st, 2008 through July 31st, 2009.

Elevator Operations/Services:

In accordance to your Request for Proposal timeline, repairs to the high-rise elevators are to be completed by November, 2008. Therefore, the cost proposal reflects the additional cost for manpower in order to provide elevator operators and services on an interim basis or as needed.

The cost proposal reflects the cost of additional manpower needed for contract year one, August 1st, 2007 through July 31st, 2008 and contract year 2 August 1st, 2008 through July 31st, 2009.

Interim Fire Watch Program

Overview:

The Interim Fire Watch Program will be a 24-hour program which will commence on August 1st, 2007 and remain in effect until the newly installed Fire Alarm System (F.A.S.) is installed and approved by the Honolulu Fire Department.

The Interim Fire Watch Program will involve surveillance of the two (2) sixteen (16) story towers at Kuhio Park Terrace, (KPT) through a "Guard Verification System." The Interim Fire Watch Program will entail patrol of the twin towers by a Fire Watch Management Assistant who will be equipped with a two-way radio, cellular phone and air horn.

The Interim Fire Watch Program will run in conjunction with other ongoing Management Assistant Section Programs in effect at KPT.

The Interim Fire Watch Program will also incorporate a flyer distribution program which will remind tenants about various aspects of fire prevention.

Kuhio Park Terrace managerial staff will also schedule community meetings on a quarterly basis or as needed to inform tenants of the Fire Watch Program and to update tenants on the Fire Alarm System.

The Kuhio Park Terrace Management staff will also develop and put into place a fire evacuation plan for both high-rise buildings to include a pilot plan showing the areas where tenants are to evacuate to.

The Program:

- A. There will be one (1) Fire Watch Management Assistant on patrol who will follow a pre-determined fire watch route around the Kuhio Park Terrace high-rise buildings.
- B. The Fire Watch route will be comprised of 18 sensor monitoring stations. These stations will include a monitoring software system designed to record all site check in times. (See monitoring routes and sensor locations on the attached map.)
- C. At each tower, the Management Assistant will make three (3) stops to view each wing, (3) of the high-rise towers.
- D. At each stop the Management Assistant will conduct a 3 to 5 minute inspection of the entire exterior of the building.
- E. At each stop, the Management Assistant must swipe the sensor at that location in order to document the time and date of the inspection.
- F. Transit between each inspection point will take approximately 3 to 5 minutes. An entire circuit for both towers will take approximately 60 minutes, so that each inspection point will be revisited every 60 minutes.
- G. The Management Assistant will be equipped with a two-way radio, an air horn and cellular telephone in order that there may be contact with 911 and all Management Assistants on duty at that time.
- H. An air horn and cellular phone will also be available to the Watch Supervisor on duty while the Fire Watch Program is in full force and effect.

Interim Fire Watch Route:

Check Point #	Designated Area
1	Left Front Corner of Resource Center
2	Behind Building B, Wings II & III
3	Back Parking Lot, Building B, Wing III
4	Front Parking Lot, Building B, Wing I
5	Building B, 17 th Floor, Center Stairwell
6	Building B, 14 th Floor, Wing I Stairwell
7	Building B, 8 th , Floor, Wing II Stairwell
8	Building B, 4 th , Floor Wing III Stairwell
9	Gate II, School Street
10	Building 1540, Linapuni Street
11	Building 1574, Linapuni Street
12	Building A, Front Parking Lot, Wing II
13	Building A, Back Parking Lot, Wing I & II
14	Building A, Baseball Field Light Pole
15	Building A, 17 th Floor Center Stairwell
16	Building A, 14 th Floor, Wing I Stairwell
17	Building A, 8 th Floor, Wing II Stairwell
18	Building A, 4 th Floor, Wing III Stairwell

R&L INTERIM FIRE WATCH PROGRAM

IN CASE OF FIRE

IN CASE OF A FIRE THE MANAAGEMENT ASSISTANT ON DUTY (MA), SHALL EXERCISE THE FOLLOWING WITH CAUTION:

1. THE MA WILL IMMEDIATELY CALL 911 AND REPORT THE FIRE TO THE HONOLULU FIRE DEPARTENT, (HFD).
2. THE MA SHALL REPORT TO THE ON-DUTY WATCH SUPERVISOR THE EXACT LOCATION OF THE FIRE.
3. THE MA SHALL CONVERGE TO THE LOCATION OF THE FIRE WITH AIR HORNS ALERTING EVERYONE THAT THERE IS A FIRE.
4. THE MA SHALL CONVERGE TO THE FLOOR OR UNIT THAT THE FIRE IS IN AND BEGIN EVACUATING TENANTS IMMEDIATELY USING CAUTION AND IN ACCORDANCE WITH R&L EVACUATION PLANS.
5. THE FOCUS IS TO EVACUATE THE ENTIRE BUILDING WHERE THE FIRE IS LOCATED.
6. MA WILL ENSURE THAT TENANTS EVACUATE TO THE DESIGNATED AREAS IDENTIFIED IN THE R&L EVACUATION PLAN.
7. ONLY AFTER CONFIRMATION IS RECEIVED FROM THE HFD THAT THE AREA IS SAFE FOR TENANTS TO RETURN WILL THE MA ALLOW TENANTS TO RETURN TO THEIR UNITS.

SAFETY FIRST

10. Coordination of Renovation, Construction, and Relocation

Objective:

R&L understands the coordination of renovations, construction and relocation as outlined in the RFP.

R&L however, takes exception to item "d" paragraph 2 which states:

"In the event that a project is to undergo renovation where the entire site is vacated, the Successful Offeror's management fee will be forfeited during that time period."

R&L refers back to item "c" which states:

"Process reimbursable costs to the tenant for all reasonable out-of-pocket expenses incurred, including the cost of moving to and from the temporary housing and incidental expenses to the HPHA."

R&L contends that in accordance with item "c" as stated above, R&L will continue to have administrative duties / functions, if so, R&L must be compensated for having to provide said functions. R&L request clarification of this matter.

KA HALE KAMEHA'IKANA RESOURCE CENTER

Overview:

In order for the Ka Hale Kameha'ikana Resource Center, (KRC) to be self-sufficient, our proposal reflects staffing, supervisory, responsibility and contracting of services that will allow the KRC to be self-sufficient without having to reduce current services. Also to reduce operations cost a lease up fee will not be charged.

Landscape services will be contracted out in order to reduce the following:

- 1) Labor cost, with related wages, benefits and insurance cost;
- 2) the need to purchase and maintain related landscaping equipment and supplies, such as, lawn mowers, weed-eaters, hedge trimmers, gas, oil, fertilizer etc.; and
- 3) the storage of equipment, supplies and hazardous and flammable materials as the KRC does not have adequate storage space.

Scope of Services:

Commercial Building Accounting and Fiscal Services:

R&L understand the scope of services outlined in the RFP. However, R&L takes exception to item "k" which states:

"The Successful Offeror may requisition from the HPHA and charge to the Project (for express and specific use of the Project) repair parts and supplies available in the HPHA's Central Store facility and/or request for purchase from sources presently used

by the HPHA, as indicated in writing from time to time, except when authorized to use other sources."

R&L understands that under the current procurement practices commercial properties are not authorized to requisition materials and supplies from HPHA Central Stores which services its Public Housing Projects.

A. Commercial Leasing:

Presently the only vacant space is the commercial kitchen. R&L understands that this space has been vacant for an extended period of time due to the current zoning use requirements and the owners have been unsuccessful in obtaining a variance use permit. R&L will pursue the necessary avenues needed in order to obtain a variance use permit so that the facility can be leased up.

R&L understands the scope of services as outlined in the RFP and will incorporate the scope of services in its leasing procedures. However, it is unclear in the RFP as to who is authorized to sign the Lease Agreement.

B. Commercial Rules & Regulations:

R&L understands the scope of services outlined in the RFP and will perform as required, however R&L takes exception to item "a" which states:

"Develop and/or revise project rules specific to each Project's needs, utilizing the HPHA's Basic rental Agreement."

R&L recommends that the development or revision of rules specific to the KRC be based on the various types of current lease agreements and also areas that are not covered under lease such as, the use of common areas, parking lots as well as the gymnasium. R&L will also incorporate current rules and regulations that specifically apply to the KRC.

C. Tenant Default, Rental Agreement Termination and Evictions:

R&L understands the scope of services as outlined in the RFP and will perform as required.

D. Maintenance:

R&L understands the scope of services as outlined in the RFP and will perform as required.

E. Personnel:

R&L understands the scope of services outlined in the RFP and will perform as required, however, R&L takes exception to item "d" which states:

"Supervision and performance evaluation will be the responsibility of the Successful Offeror (also termination of staff). Performance evaluation of Successful Offeror's staff shall be made available to the HPHA upon request for monitoring purpose".

In accordance to the RFP all project staff shall be employees of the successful Offeror, supervision and performance evaluation will be the responsibility of the Successful Offeror (also the termination of staff). It is R&L's belief that by making the employee performance evaluation available to the HPHA would be a breach of employer / employee confidentiality. Also, according to the RFP, this is not a requirement for the Management Assistant Section. Clarification of this matter is needed.

Staffing:

Area Manager

The Ka Hale Kameha'ikana Resource Center, (KRC) shall be under the direct supervision of the Area Manager. The Area Manager will be responsible for the day-to-day operations of the KRC and staff consisting of the Administrative Assistant, Gym Attendant and Maintenance staff. The incumbent shall be responsible for developing the proposed annual operating budget.

Administrative Assistant:

Assist the Area Manager in the day-to-day operations of the KRC. The incumbent will assist in the development of the proposed annual operating budget and is directly responsible for coordinating services and activities to include repair services; market space; review offers to lease; coordinate lease executions, orient new tenants on rules and regulations, conduct inspections, enforce all rules and regulations, follow up on delinquent rents and tenant charges and prepares and submits written and oral reports. Incumbent will also be responsible for coordinating the rental of the gym and other non-tenant space. The Administrative Assistant will be responsible to perform additional duties as assigned.

Gym Attendant:

The Gym Attendant shall be responsible for the day-to-day gym operations. The Gym Attendant will be responsible for the scheduling and coordinating gym activities for the community. The incumbent will coordinate the setup and takedown of the facility for community use. The Gym Attendant will coordinate and supervise open gym activities for the community, agencies, outside tournaments and special events. The incumbent will also be responsible for the inventory and daily maintenance of the facility. The incumbent will also be responsible to perform additional duties as assigned.

Maintenance Worker I:

The Maintenance Worker I perform a variety of semi-skilled manual work tasks consisting of building and ground maintenance, janitorial duties and landscaping and other duties assigned.

General Labor I:

General Labor I performs a variety of routine, repetitive manual task. Assist the Maintenance Worker I and perform other duties as assigned.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this date I caused a true and correct copy of to be served on the following persons by facsimile, hand-delivery or U.S. mail, postage prepaid (as indicated below) to their respective addresses:

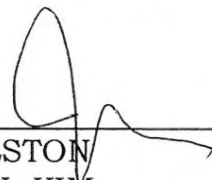
	HAND- DELIVERED	FAXED	MAILED
JOHN M. CREGOR, JR., ESQ. JOHN C. WONG, ESQ. Deputy Attorneys General Department of the Attorney General 425 Queen Street Honolulu, Hawai`i 96813	X		

Attorneys for Defendants
STATE OF HAWAII and HAWAI`I
PUBLIC HOUSING AUTHORITY

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Attorney for Defendant
REALTY LAUA LLC

DATED: Honolulu, Hawai`i, August 24, 2009.



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Attorneys for Plaintiffs