

**HAWAII PUBLIC HOUSING AUTHORITY
NOTICE OF MEETING
REGULAR BOARD OF DIRECTORS MEETING
February 17, 2011
9:00 a.m.**

**1002 North School Street, Building E
Honolulu, Hawaii 96817**

AGENDA

I. CALL TO ORDER / ROLL CALL

II. APPROVAL OF MINUTES

Kuhio Park Terrace Meeting, January 20, 2011
Regular Meeting, January 20, 2011
Executive Session, January 20, 2011

III. PUBLIC TESTIMONY

Public testimony on any agenda item shall be taken at this time. Pursuant to section 92-3, Hawaii Revised Statutes, and section 17-2000-18, Hawaii Administrative Rules, the Board may limit public testimony to three minutes.

IV. DECISION MAKING

- A. Motion: To Approve the Reappointment of Mr. Douglas Kaya to the Oahu Eviction Board, Mr. Melvin Kawahara to the Hilo Eviction Board, and Ms. Valerie Robertson to the Kona Eviction Board For a Two Year Terms Expiring on March 31, 2013, January 31, 2013, and February 28, 2013 respectively
- B. Motion: To Adopt Changes to the Proposed Sale of Banyan Street Manor to Allow the Hawaii Public Housing Authority to Remain the Lessor of Said Property with the City and County of Honolulu, and to Authorize the Executive Director to Take All Actions Necessary and Related Actions
- C. Motion: To Adopt Board Resolution No. 42, Authorizing the Executive Director to Establish Rents Over a Period of Three to Five Years That Will Bring the State Low-Income Housing Into Conformance with §356D-43, HRS Regarding Fiscal Self-Sufficiency and to Explore Whether Section 8 Vouchers are Available For State Housing

- D. Motion: To Authorize the Executive Director to Submit a Request to the Legislature for Operating Subsidy for the State Public Housing and State Elders Program

V. REPORTS

- A. Board Task Force Reports: None pending
- B. Executive Director and Staff Reports: January/February 2011 Status Report
 - 1. Accomplishments/Highlights for the month of January 2011
 - a. Status of ARRA expenditures and project updates
 - b. Lanakila Clean-Up
 - c. HPHA Testimony on Senate and House Bills
 - d. Submitted Annual Report to Legislature
 - e. Kuhio Park Terrace (KPT) Redevelopment Project:
 - Conference Calls with Lenders and Working Groups,
 - Completed Several Evidentiaries and Submitted to Department of Housing and Urban Development on KPT Redevelopment: Rental Term Sheet, Demolition/Disposition Application
 - Relocation Presentations
 - g. Department of Health closed enforcement action at Kauhale Ohana
 - 2. Planned Activities – Highlights for the months of January/February 2011
 - a. Kuhio Park Terrace (KPT) Redevelopment Project
 - b. Settlement Agreement Between United Public Workers and State of Hawaii to end Furloughs March 1, 2011
 - c. Draft Report on Single Audit Findings
 - 3. Trends/Issues/Potential Risks
 - a. Possible Delay in Elevator Modernization Project
 - b. Legislative Session
 - 5. Program Reports
 - a. Property Management Branch
 - b. Fiscal Management Office
 - c. Construction Management Branch
 - d. e. Hearings Office
 - e. Compliance Office
 - f. Contract and Procurement Office
 - g. Personnel Office
 - h. Information Technology Office

VI. FOR DISCUSSION

- A. For Discussion: Update on Kuhio Park Terrace (KPT) Settlement Agreement for Lawsuits: *Faletogo et al. v. Hawaii Public Housing Authority* (Civil No. 08-1-2608-12) and *McMillon et al. v. Hawaii Public Housing Authority* (Civil No. CV08-00578)

The Board may go into executive session pursuant to Hawaii Revised Statutes sections 92-4 and 92-5(a)(4) to consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities as related to *Faletogo et al. v. Hawaii Public Housing Authority* (Civil No. 08-1-2608-12) and *McMillon et al. v. Hawaii Public Housing Authority* (Civil No. CV08-00578).

- B. For Discussion: Update and Status of the Mixed Finance Redevelopment at Kuhio Park Terrace (KPT) and Kuhio Homes with the Michaels Development Company; and HPHA's Administrative Budget for the Redevelopment at Kuhio Park Terrace

- C. For Discussion: Report on Procurement and Contract Actions Requiring Board Guidance

The Board may go into executive session pursuant to Hawaii Revised Statutes sections 92-4 and 92-5(a)(4) to consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities as related to Procurement and Contract Actions

Meals will be served to the board members and support staff as an integral part of the board meeting.

If any person requires special needs (i.e., large print, taped materials, sign language interpreter, etc.) please call Ms. Taryn Chikamori, Secretary to the Board at (808) 832-4690 by close of business two days prior to the meeting date.

If any person required special needs (i.e., large print, taped materials, sign language interpreter, etc.) please call Ms. Taryn Chikamori, Secretary to the Board at (808) 832-4690 by close of business two days prior to the meeting date.

**MINUTES OF THE KUHIO PARK TERRACE TOUR
OF THE HAWAII PUBLIC HOUSING AUTHORITY
HELD AT KUHIO PARK TERRACE, RESOURCE CENTER, 1475 LINAPUNI STREET
ON THURSDAY, JANUARY 20, 2011
IN THE CITY AND COUNTY OF HONOLULU, STATE OF HAWAII**

The Board of Directors of the Hawaii Public Housing Authority met for their Kuhio Park Terrace tour at Kuhio Park Terrace Resource Center, 1475 Linapuni Street, on Thursday, January 20, 2011 at 9:00 a.m.

The meeting was called to order by Chairperson Travis Thompson and on roll call, those present and excused were as follows:

PRESENT: Chairperson Travis Thompson
Vice-Chair Eric Beaver
Director Sam Aiona
Director Rene Berthiaume
Director Sherrilee Dodson
Director Clarissa Hosino
Director Roger Godfrey
Director Matilda Yoshioka

Denise Wise Executive Director
Krislen Chun Deputy Attorney General

EXCUSED: Director Carol Ignacio
Designee Pankaj Bhanot

STAFF PRESENT: Barbara Arashiro Executive Assistant
Taryn Chikamori Secretary to the Board

OTHERS: Stacie Brach Interstate Realty Management
Greg Carrol Michaels Development Corporation
Monika Mordasini Michaels Development Corporation
Kimberly Schreiber Michaels Development Corporation
June Talia Kuhio Park Terrace resident
Ava Goldman Michaels Development Corporation

Proceedings:

Chairperson Thompson declared a quorum present.

Public Testimony:

Chairperson Thompson asked for public testimony. There being none, he moved on with the next agenda item.

Discussion:

Ms. Ava Goldman, Senior Vice President, Michael Development, reviewed the financial transaction with the Board and explained the Sources and Uses. She also reviewed for the Board the resident’s meeting held to cover the relocation plan with the residents. She reported there was a positive reaction.

Ms. Monika Mordasini, Vice President, Michael’s Development, took the Board on a tour of two units at KPT. The Board was shown a rent ready unit. Ms. Mordasini explained to the Board the rehabilitation that would be performed to the units. The Board was taken to a “Type C” unit that had been fire damaged.

With no further business for the board to conduct Chairperson Thompson called for a motion to adjourn.

Director Dodson, moved to adjourn and Director Beaver seconded.

The motion was unanimously carried.

The meeting adjourned at 10:00 a.m.

MINUTES CERTIFICATION

Minutes Prepared by:

Taryn T. Chikamori
Taryn T. Chikamori
Secretary to the Board/Recording Secretary

FEB 17 2011
Date

Approved by the HPHA Board of Directors at their Regular Meeting on February 17, 2011

Matilda Yoshioka
Matilda Yoshioka
Director/Board Secretary

Date

**MINUTES OF THE REGULAR MEETING
OF THE HAWAII PUBLIC HOUSING AUTHORITY
HELD AT 1002 N. SCHOOL STREET, BUILDING E,
ON THURSDAY, JANUARY 20, 2011
IN THE CITY AND COUNTY OF HONOLULU, STATE OF HAWAII**

The Board of Directors of the Hawaii Public Housing Authority met for their Regular Meeting at 1002 N. School Street, on Thursday, January 20, 2011 at 10:25 a.m.

The meeting was called to order by Chairperson Travis Thompson and on roll call, those present and excused were as follows:

PRESENT: Chairperson Travis Thompson
Vice-Chair Eric Beaver
Director Sam Aiona
Director Rene Berthiaume
Director Sherrilee Dodson
Director Clarissa Hosino
Director Roger Godfrey
Director Carol Ignacio
Director Matilda Yoshioka

Denise Wise Executive Director
Krislen Chun Deputy Attorney General

EXCUSED: Designee Pankaj Bhanot

STAFF PRESENT: Barbara Arashiro Executive Assistant
Clarence Allen Fiscal Officer
Nicholas Birck Planner
Becky Choi Acting State Housing Development
Administrator
Shirley Befitel Personnel Supervisor
Stephanie Fo Property Management and Maintenance
Services Branch Chief
Gianna Guitron Resident Services Program Specialist
Diane John Property Management Specialist
Earl Nakaya Program Specialist
Kiriko Oishi Housing and Compliance Specialist
Phyllis Ono Property Management Specialist
Rick Sogawa Contract and Procurement Officer
Taryn Chikamori Secretary to the Board

OTHERS:	Wanda Camara	Koolau Village resident
	Robert Hanna	private resident
	Fetu Kolio	Mayor Wright Homes resident
	Mario Loa	Kalakaua Homes resident
	Roland Lum	Kalakaua Homes resident
	Lois McKeon	Kalakaua Homes resident
	David Moakley	Ameresco
	Margaret Nakamura	Kalakaua Homes resident
	Roy Nakamura	Kalakaua Homes resident
	Martha Petteford	Kalakaua Homes resident
	Roy Sasaki	Kalakaua Homes resident
	Yoshi Yamaguchi	Kalakaua Homes resident

Proceedings:

Chairperson Thompson declared a quorum present.

The business of the Board proceeded with a motion entered by Director Dodson to approve the minutes of the Regular Board of Directors Meeting held on December 16, 2010 and it was seconded by Director Beaver.

The minutes were unanimously approved.

Public Testimony:

Mr. Fetu Kolio, Mayor Wright’s Home resident, requested more tenant members on the Board of Directors.

Mr. Roy Nakamura, Kalakaua Homes resident, stated he believed there is discrimination at Kalakaua Homes. He used an example of being denied use of the multi-purpose room in December 2010. He said Medicare was allowed to use the room until 6:00 p.m.

Mr. Robert Hanna, private resident, stated he is reporting on the usage of the multi-purpose room at Kalakaua Homes. He concluded that the use of the room was not being handled properly.

Ms. Wanda Camara, Koolau Village resident, stated that there is inconsistency in management and they are not enforcing the rules. She stated if managers cannot enforce the current rules how can the new house rules be enforced. She mentioned that consideration is being given to charging for the use of the community halls at the developments. She is concerned this may discourage use and the amount must be thought out as not everyone can afford to pay to use the community halls if there is a charge.

Chairperson Thompson thanked and Ms. Krislen Chun, Deputy Attorney General, for her service to the Hawaii Public Housing Authority’s Board of Directors.

Ms. Chun reported she will be moving to the Senate Majority Attorney's Office.

For Action:

Motion: To Authorize the Executive Director to Take All Steps Necessary, Including Legal Action to Obtain Reasonable Reimbursements from the Board of Water Supply for Damages Caused by the Rock Fall at Kalihi Valley Homes.

Director Beaver moved and Director Hosino seconded.

Motion: To go into executive session at 10:46 a.m. pursuant to Hawaii Revised Statutes sections 92-4 and 92-5(a)(4) to consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities as related to reimbursements from the Board of Water Supply for damages caused by the rock fall at Kalihi Valley Homes.

Director Beaver moved and Director Yoshioka seconded.

The motion was unanimously carried.

Director Ignacio arrived at 10:50 a.m.

The Board reconvened from Executive Session at 11:02 a.m.

Chairperson Thompson reported that the main motion will be deferred until the February Board meeting.

Motion: To Adopt Board Resolution No.41, the Hawaii Public Housing Authority's Statement of Non-Recourse at Kuhio Park Terrace and Kalihi Valley Homes Against the United States Department of Housing and Urban Development.

Director Beaver moved and Director Hosino seconded.

Motion: To go into executive session at 11:03 a.m. pursuant to Hawaii Revised Statutes sections 92-4 and 92-5(a)(4) to consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities as related to the Statement of Non-Recourse Against the United States Department of Housing and Urban Development.

Director Beaver moved and Director Dodson seconded.

The motion was unanimously carried.

The Board reconvened from Executive Session at 11:09 a.m.

The main motion was unanimously carried.

Chairperson Thompson called a recess at 11:10 a.m. and reconvened at 11:20 a.m.

Discussion:

Finance Task Force Report:

Chairperson Thompson stated a meeting was held with Wils Choy, KMH, on the annual audit. The results will not be significantly different from the previous year because the previous year's audit was completed in March which gave the HPHA less than three months to address the findings. Mr. Choy informed the task force that there was no fraud or misappropriation of funds and that the Fiscal Office was moving in the right direction.

Chairperson Thompson stated the task force reviewed the KPT ground lease and Master Development Agreement.

Executive Director's Report:

Staff highlighted the Central Maintenance (CM) staff working to clean up the Lanakila site on the Big Island. Staff reported that the clean up took longer than anticipated and it would be completed by end of week. Tenants and the Hawaii Police Department thanked CM for cleaning the site.

Staff reported the HPHA met with the Sandra Henriquez, Assistant Secretary, U.S. Department of Housing and Urban Development (HUD), Public and Indian Housing and Ophelia Basgal, Region IX HUD Administrator regarding the KPT redevelopment. Chairperson Thompson, Director Hosino, and the KPT Resident Association also attended the meeting. They took a tour of the KPT site and the project was reviewed with them.

Staff reported that at Kauhale Ohana there were eight washing machines being used by tenants and that the water was being discharged through the storm drain. The HPHA was issued a warning citation from the Department of Health for improper discharge of the waste water from the washing machines. The tenants were given permission from the private asset management project's (AMP) manager to use the washing machines. The HPHA discussed the issue with the management firm. The fines are \$25,000 per instance per day. The HPHA conducted a tenant meeting. All usage has stopped. The HPHA committed to a follow up meeting because the laundry room has been out of commission from 2004.

Chairperson Thompson asked that the Kalakaua Homes community room usage be put on the February agenda.

Staff reported that the HPHA has reached 59.34% in expenditures as of December 31, 2010 for the ARRA funds. The HPHA's to date completion is beyond the 60% completed project mandate for the ARRA funds.

Staff reported that there is an issue with the elevator modernization contract and the HPHA is looking into ways to resolve the issue. The issues have created further delays to this critical project. The Notice to Proceed was issued July 2010 and there have been numerous delays by the contractor.

Staff reported that that the Large Capacity Cesspool project is almost completed. There are two cesspools on Kauai that may be delayed because of the rain past the compliance date of March 1, 2011. A request to Environmental Protection Agency has been submitted requesting an extension for these two cesspools of approximately two months. This extension request took into account possible additional rains.

Staff reported that they are moving forward with hiring a consultant for designs for a tankless backup water heater system for the Mayor Wright Homes development. This would entail a comprehensive design for the hot water system.

Chairperson Thompson called a recess at 12:00 p.m. and reconvened at 12:13 p.m.

The Board reviewed the Contract and Procurement Office (CPO), Hearing Office (HRO), Information and Technology office (ITO), and Personnel reports.

Update and Status of the Mixed Finance Redevelopment at Kuhio Park Terrace (KPT) and Kuhio Homes with the Michaels Development Company; and HPHA's Administrative Budget for the Redevelopment at Kuhio Park Terrace:

Staff reviewed the power point presentation on the KPT redevelopment project for the Board that was presented to Assistant Secretary Henriquez.

Director Godfrey left at 12:54 p.m.

Proposed Changes to the Hawaii Public Housing Authority's Five Year and Annual Plan for Fiscal Year July 1, 2011 to June 30, 2012:

Mr. Nicholas Birck reported that the HPHA will be holding a public hearing on the Public Housing Authority's (PHA) plan on February 23, 2011. There are ten items being updated in the PHA plan: 1) grandparent housing; 2) mixed finance redevelopment; 3) security protocols and enforcement strategies; 4) new resident orientation; 5) community centers; 6) public housing wait list; 7) public housing wait list preferences; 8) grievance procedures; 9) HUD study of homelessness; and 10) Lanakila Homes.

Discussion ensued and the Board provided recommendations to ensue clarity while conducting the public hearings. It was recommended that in updating the KPT mixed finance project that it be noted that there will be 14 units that will be converted to offer space for service providers.

The Board questioned whether a homeless preference is still given if a person or household did not successful complete a transitional housing program. Should that be the case, the Board requested that staff amend the language to ensure that a successful completion is required.

Policy Discussion on Agency Goals, Financial Outlook, Performance Standards, Asset Management and Energy Performance Contracting:

Motion: To go into executive session at 1:49 p.m. pursuant to Hawaii Revised Statutes sections 92-4 and 92-5(a)(4) to consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities as related to Energy Performance Contracting.

Director Beaver moved and Director Dodson seconded.

The motion was unanimously carried.

The Board reconvened from Executive Session at 2:06 p.m.

Chairperson Thompson reported that the Board discussed the goal and objectives and that the item be placed on the February agenda.

With no further business for the board to conduct Chairperson Thompson called for a motion to adjourn.

Director Aiona, moved to adjourn and Director Berthiaume seconded.

The motion was unanimously carried.

The meeting adjourned at 2:08 p.m.

MINUTES CERTIFICATION

Minutes Prepared by:

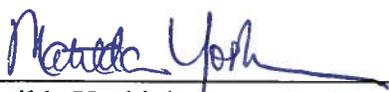


Taryn T. Chikamori
Secretary to the Board/Recording Secretary

FEB 17 2011

Date

Approved by the HPHA Board of Directors at their Regular Meeting on February 17, 2011



Matilda Yoshioka
Director/Board Secretary

FEB 17 2011

Date

February 17, 2011

FOR ACTION

SUBJECT: To Approve the Reappointment of Mr. Douglas Kaya to the Oahu Eviction Board, Mr. Melvin Kawahara to the Hilo Eviction Board, and Ms. Valerie Robertson to the Kona Eviction Board For a Two Year Terms Expiring on March 31, 2013, January 31, 2013, and February 28, 2013 respectively.

I. FACTS

- A. The Oahu and Neighbor Island Eviction Boards are composed of members of the community and are responsible for affording public housing tenants a full and fair hearing during lease termination proceedings.
- B. Pursuant to Hawaii Revised Statutes (HRS) 356D, the Authority is authorized to appoint an eviction board in each county to hear cases referred for eviction. In accordance with HRS 356D, the Eviction Board shall consist of not fewer than three members, one of which shall be a resident of public housing.
- C. Having more than the minimum amount of members appointed to the Oahu and Neighbor Island Eviction Boards will allow the Hearings Office to process the requests for hearings in an efficient and timely manner, and avoid cancellation of hearings for lack of quorum.
- D. There are currently ten (10) Oahu board members. Hilo has six (6) board members, Kauai has four (4) board members, Kona has three (3) board members and Maui has three (3) board members. There are currently no vacancies.

II. DISCUSSION

- A. Mr. Douglas Kaya is a resident of Oahu and continues to teach speech at the Leeward Community College. His work experience in mediating conflict and property management issues provides a valuable service to the Board. Mr. Kaya has expressed a willingness to serve as a member of the Oahu Eviction Board for an additional two-year term. His reappointment would run through March 31, 2013.

- B. Mr. Melvin Kawahara is a resident of Hilo and retired Social Worker with the Adult Client Services Department of the Judiciary. His social work background provides a valuable service and balance to the Hilo Board. Mr. Kawahara has expressed a willingness to serve as a member of the Hilo Eviction Board for an additional two-year term. His reappointment would run through January 31, 2013.
- C. Ms. Valerie Robertson is a resident in Kona's public housing project. Her prior experience as a property manager and her experience as a tenant of public housing provide the Board with the needed skills and experiences to make fair and just decisions. Ms. Robertson has also expressed a willingness to serve as a member of the Kona Eviction Board for an additional two-year term. Her reappointment would run through February 28, 2013

III. RECOMMENDATION

That the Hawaii Public Housing Authority's Board of Directors approve the Reappointment of Mr. Douglas Kaya to the Oahu Eviction Board, Mr. Melvin Kawahara to the Hilo Eviction Board and Ms. Valerie Robertson to the Kona Eviction Board for a two-year term expiring on March 31, 2013, January 31, 2013, and February 28, 2013 respectively.

Attachments: Resume of Mr. Douglas Kaya
Resume of Mr. Melvin Kawahara
Resume of Ms. Valerie Robertson

Prepared by: Renee Blondin-Nip, Hearings Officer RN.

Adopted:



Travis O. Thompson, Chair



FOR ACTION

MOTION: To Adopt Changes to the Proposed Sale of Banyan Street Manor to Allow the Hawaii Public Housing Authority to Remain the Lessor of Said Property with the City and County of Honolulu, and to Authorize the Executive Director to Take All Actions Necessary and Related Actions

To Amend Board Resolutions No. 34, 35, and 36 adopted November 18, 2010 to authorize the sale of Banyan Street Manor improvements and the sublease of the land (TMK 1-7-3-031-029) to Banyan Housing LP pursuant to the purchase agreement and escrow instructions dated January 28, 2010.

I. FACTS

- A. In May 2009 the Board of Directors authorized the sale of the Banyan Street Manor apartments at 1122 Banyan Street, Honolulu, Hawaii.
- B. In January 2010, the HPHA entered into a Purchase Agreement with Banyan Housing Limited Partnership (LP) and issued escrow instructions for said sale.
- C. The sale was structured as a purchase of the improvements by Banyan Housing LP and the assumption of the ground lease issued by the City and County of Honolulu to the HPHA by Banyan Housing LP.
- D. In October 2010 the HPHA requested that the City and County of Honolulu amend the ground lease to extend its term for an additional 48 years, make various corrections to the property description, and add mortgagee provisions required by Freddie Mac in anticipation of Banyan Housing LP assuming the ground lease.
- E. In January 2011 the City informed the HPHA that they were willing to make the requested changes in the lease but the City preferred to retain the State as the lessee and allow the State (HPHA) to sublease the land to the proposed buyer, Banyan Housing LP.

II. DISCUSSION

- A. Because the structure of the transaction will now require the HPHA to retain the ground lease for the land associated with the Banyan Street Manor project and because the sub-lessee is requesting a maximum sublease of up to 75

years, the resolution authorizing the sale should be amended to reflect this change.

- B. Further, the resolution that authorized the Executive Director to execute any and all contracts and documents related to the sale of Banyan Street Manor Apartments should also be amended to reflect that the Executive Director will also be entering into a sublease for the property with Banyan Housing LP and that the HPHA will remain the lessee with the City and County of Honolulu.

III. RECOMMENDATION

That the Hawaii Public Housing Authority Board of Directors amend Resolutions 34, 35, and 36 adopted on November 18, 2010 to revise the structure of the Banyan Street Manor disposition to one of a sale of the improvements on the property located at 1122 Banyan Street Honolulu, Hawaii and the retention of a revised ground lease on the land (TMK 1-7-031-029) for up to 75 years with the City and County of Honolulu and a sublease of said land to the purchaser of the improvements, Banyan Housing LP.

Prepared by: Nicholas Birck, Planner 

RESOLUTION NO. 34
Amendment No. 1

HAWAII PUBLIC HOUSING AUTHORITY
STATE OF HAWAII

RESOLUTION TO RATIFY ALL PAST ACTIONS OF THE HAWAII PUBLIC HOUSING AUTHORITY (“HPHA”) AND THE HPHA’S EXECUTIVE DIRECTOR CONCERNING THE SALE OF BANYAN STREET MANOR APARTMENTS TO BANYAN HOUSING LP

WHEREAS, in May 2009 the Board of Directors of the Hawaii Public Housing Authority (HPHA) engaged the services of Alvarez & Marsal to assist in the sale of Banyan Street Manor located at 1122 Banyan Street, Honolulu, Oahu, Hawaii and further identified as Tax Map Key No. (1) 1-7-031-029; and

WHEREAS, on July 16, 2009 the HPHA’s Board of Directors authorized the staff to proceed with negotiations with Banyan Housing LP, a Hawaii limited partnership, for the sale of Banyan Street Manor; and

WHEREAS, the HPHA, through the Department of the Attorney General and its real estate agent, Alvarez & Marsal negotiated the sale of the improvements on the property located at Banyan Street Manor to Banyan Housing LP and the retention of a revised ground lease on the land with the City and County of Honolulu for up to 75 years with a sublease of said land to Banyan Housing LP; and

WHEREAS, Banyan Housing LP agrees to maintain and operate the Banyan Street Manor Apartments in a manner consistent with the Housing Assistance Payments Contract, and any other requirement, regulatory agreement and restrictive covenants with the U.S. Department of Housing and Urban Development; and

WHEREAS, the Purchase Agreement and Escrow Instructions were reviewed for form and legality by the Department of the Attorney General; and

NOW, THEREFORE BE IT RESOLVED, that the Board of Directors of the Hawaii Public Housing Authority do hereby ratify all past actions of the Hawaii Public Housing Authority and its Executive Director concerning the sale of the improvements on the property located at Banyan Street Manor to Banyan Housing LP and the retention of a revised ground lease on the land with the City and County of Honolulu for up to 75 years with a sublease of said land to Banyan Housing LP.

The UNDERSIGNED, hereby certifies that the foregoing resolution was duly adopted by the Board of Directors of the Hawaii Public Housing Authority on November 18, 2010 and amended as indicated above on February 11, 2011 in Honolulu, Hawaii.

Travis O. Thompson, Chairperson

RESOLUTION NO. 35
Amendment No. 1

HAWAII PUBLIC HOUSING AUTHORITY
STATE OF HAWAII

RESOLUTION TO AUTHORIZE THE SALE BY THE HAWAII PUBLIC HOUSING AUTHORITY TO BANYAN HOUSING LP PURSUANT TO THE PURCHASE AGREEMENT AND ESCROW INSTRUCTIONS, DATED JANUARY 28, 2010

WHEREAS, in May 2009 the Board of Directors of the Hawaii Public Housing Authority (HPHA) engaged the services of Alvarez & Marsal to assist in the sale of Banyan Street Manor located at 1122 Banyan Street, Honolulu, Oahu, Hawaii and further identified as Tax Map Key No. (1) 1-7-031-029; and

WHEREAS, on July 16, 2009 the HPHA's Board of Directors authorized the staff to proceed with negotiations with Banyan Housing LP, a Hawaii limited partnership, for the sale of Banyan Street Manor; and

WHEREAS, the HPHA and Banyan Housing LP, wish to enter into a purchase and sale agreement to describe their respective rights, duties, and obligations with respect to said the purchase and sale of the improvements on the property located at Banyan Street Manor Apartments to Banyan Housing LP and the retention of a revised ground lease on the land with the City and County of Honolulu for up to 75 years with a sublease of said land to Banyan Housing LP; and

WHEREAS, Banyan Housing LP agrees to maintain and operate the Banyan Street Manor Apartments in a manner consistent with the Housing Assistance Payments Contract, and any other requirement, regulatory agreement and restrictive covenants with the U.S. Department of Housing and Urban Development; and

WHEREAS, the Purchase Agreement and Escrow Instructions were reviewed for form and legality by the Department of the Attorney General; and

NOW, THEREFORE BE IT RESOLVED, that the Board of Directors of the Hawaii Public Housing Authority do hereby authorize the sale of the improvements on the property located at Banyan Street Manor Apartments to Banyan Housing LP and the retention of a revised ground lease on the land with the City and County of Honolulu for up to 75 years with a sublease of said land to Banyan Housing LP pursuant to the Purchase Agreement and Escrow Instructions dated January 28, 2010.

The UNDERSIGNED, hereby certifies that the foregoing resolution was duly adopted by the Board of Directors of the Hawaii Public Housing Authority on November 18, 2010 and amended as indicated above on February 17, 2011 in Honolulu, Hawaii.

Travis O. Thompson, Chairperson

FOR ACTION

MOTION: To Adopt Board Resolution No. 42, Authorizing the Executive Director to Establish Rents Over a Period of Three to Five Years That Will Bring the State Low-Income Housing Into Conformance with §356D-43, HRS Regarding Fiscal Self-Sufficiency and to Explore Whether Section 8 Vouchers are Available For State Housing

I. FACTS

- A. The HPHA manages a total of 288 State low-income rental units located in six developments. (Attachment A)
- B. In 2006 the State Legislature passed Act 180. Provisions of that Act amended sections of Chapter 356D, Hawaii Revised Statutes, to require the HPHA to fix the rents for dwelling units and other facilities in state low-income housing projects at rates that will produce revenues sufficient to pay "all expenses of management, operation, and maintenance, including the cost of insurance, a proportionate share of the administrative expenses of the authority to be fixed by it, and the costs of repairs, equipment, and improvements, to the end that the state low-income housing projects shall be and always remain self-supporting."
- C. Act 180 further enacted Chapter 356D-45, Hawaii Revised Statutes, which established the State low-income housing revolving fund for the deposit of the proceeds from the rental housing to be used for the operations and administration of state low-income rental units. As of December 30, 2010 the fund had a balance of \$29,474.
- D. Based on the FY 2011 approved budget, the State low income rental housing was projected to spend \$1,986,611 on operations. Currently, rents and related incidental income are projected to raise \$850,700 or about 43% of the operating expenses. For FY 2011 the projected net loss is slightly more than \$1.1 million. In prior years State low income rental housing has not produced adequate revenues to cover expenses.
- E. Although actual year to date rents are above the budget projections, to meet the "break even" requirements in state statute, low income housing rents would need to be increased an average of 86%.

II. DISCUSSION

- A. Rents in State low income rentals are established to be consistent with Federal guidelines covering other public housing units, namely that rents not exceed 30% of the resident's verified applicable income. Rents are adjusted periodically for each tenant during their annual rent certification review. The chart below provides the minimum rents currently charged for these units:

1 bedroom	\$108	(42 units)
2 bedroom	\$128	(148 units)
3 bedroom	\$152	(60 units)
4 bedroom	\$180	(24 units)
5 bedroom	\$212	(14 units)

- B. Each year HUD establishes fair market rent rates for each locale. As of January 1, 2011 the fair market rents for each island were as follows:

METROPOLITAN FMR AREA

	<u>0 BDR</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>
Honolulu	1190	1396	1702	2470	2764

NONMETROPOLITAN COUNTIES

	<u>0 BDR</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>
Hawaii	850	1020	1145	1614	1769
Kauai	980	1104	1454	1825	1986
Kalawao	1021	1177	1383	1748	1990
Maui	1255	1391	1617	2161	2317

- C. There are a number of ways in which the HPHA can close the current budget gap in the operation of State low-income housing. These include:

1. Repairing and filling 41 units (as of mid-January) that are currently vacant. Doing so will require the authority to redirect State CIP dedicated to other high priority reconstruction projects.
2. Collecting a portion of the estimated \$318,825 (as of mid-January) in past due rents. However, the bulk of these funds (\$290,373) are more than 90 days delinquent and are likely uncollectible.
3. Restructuring the management of State housing to lower costs. It should be noted that two of the developments are in Honolulu, one is in Hilo, one in Waikoloa, one in Koloa, and one in Manuela. The geographic spread of these units and the small number of rentals at

each site make it difficult to appreciably lower operating costs.

4. Divesting ownership of these units to allow other parties to manage and operate them. These parties may be able to invest funds not available to the State to upgrade and improve the operation of State housing.
5. Seek Housing Assistance Vouchers (Section 8) support from HUD to subsidize the operations of these units. These vouchers are difficult to obtain and are usually reserved for structures built with federal, rather than state, dollars.
6. Seek State general fund operating support. Given current budget constraints and the 2006 intent of the Legislature to make these units self-sufficient, it is unlikely that State general funds will be available for the foreseeable future.
7. Increase rents on existing state low income units to comply with Section 356D-43 including substantially increasing the minimum rent level. Rents would need to be set at a rate sufficient to raise a total of \$1.99 million in FY 2011, to be adjusted annually. This will likely result in some current residents no longer being able to afford the unit where they live.

III. RECOMMENDATION

That the Hawaii's Public Housing Authority's Board of Directors adopt Board Resolution No. 42, authorizing the Executive Director to establish rents over a period of three to five years that will bring the state low-income housing into conformance with HRS 356D-43 regarding fiscal self-sufficiency and that the Board also authorize the Executive Director to explore whether Section 8 vouchers are available to help bridge the budget gap during the interim period.

Prepared by: Nicholas Birck, Planner 

Adopted:


Travis O. Thompson
Chair

FOR ACTION

- D. Motion: To Authorize the Executive Director to Submit a Request to the Legislature for Operating Subsidy for the State Public Housing and State Elders Program

Items forthcoming

Executive Director's January/February 2011 Board Status Report

Accomplishments:

- Supplied and gave testimony on several Senate and House Bills currently before the House Committee on Housing and the Senate's Committee on Human Services:
 - submitted and presented testimony to WAM for informational purposes
 - submitted and presented testimony to FIN for informational purposes
 - submitted and presented testimony to HSG for informational purposes
 - submitted and presented testimony to HSG regarding pending bills at first scheduled hearing
- Submitted Annual Report to Legislature
- A team of Central Maintenance personnel lead by Paul Pasion continues to work on the Lanakila parcel on the Big Island. Worked commenced on 11/29 and was completed on 1/20/11. They boarded the vacant units, cleared the shrubs and overgrown vegetation, removed the debris and repaired and replaced the fence surrounding the property. They have received very positive comments for the work that is taking place by the community and tenants.
- Continue to participate in weekly conference calls with the lenders and a second one comprised of all the working groups for the KPT redevelopment project. Submitted Rental Term Sheet (RTS) to HUD. This document was needed as it begins the HUD submission cycle. The purpose of the document is to describe the project and explain the various financing components.
- Continued weekly conference calls for KPT redevelopment project to include all parties to the transaction, e.g., HHFDC, B & F, lenders, bond counsel, etc... Intention of call is to keep project on track and ensure key parties are informed.
- Participated in Senate WAM briefing presented by DHS. Several questions were asked of the HPHA and follow-up materials are being prepared.
- The HPHA received notice from DOH that the violation issued for the washing machine discharge into the storm drains at the Kauhale Ohana development was satisfactorily addressed and the enforcement action is closed.
- Issued RFI for Project Based Section 8 Vouchers and had several interested parties. Issued RFP for Project Based Section 8 Vouchers and held informational session on January 10th.
- Participated and worked on presentation to KPT residents on relocation plan for the KPT project. Over 250 tenants attended and the plan was well received. Plans for presentations and Samoan and Chuukese are in process.
- The KPT redevelopment project is considered a mixed-finance transaction. As such there are several documents or HUD Evidentiaries that must be submitted. One of those documents is the Rental Term Sheet (RTS). The Term Sheet includes a description of the program and specific business terms and is the basis of the Mixed-Finance Proposal. The Term Sheet plus additional submissions covering the areas specified by the regulations at 24 CFR 941.606 (the Expanded Rental Term Sheet) constitutes the Mixed-Finance Proposal.

There is a Project Review Panel whose purpose is reviewing Term Sheets submitted by PHAs for each mixed-finance transaction. The Project Review Panel, similar to a bank loan committee, is a sitting body that meets regularly to perform timely review of mixed-finance projects.

The Project Review Panel will approve, with or without modifications, the Term Sheet. A decision will be made on each Term Sheet at the meeting in which it is first presented. The KPT Term Sheet passed with flying colors. There are still other documents to submit and this represents a go-forward by HUD.

- Submitted demo/dispo. application to HUD for KPT project. This application is necessary as the HPHA is informing HUD and requesting approval to dispose of a portion of the development. A PHA may decide to demolish or dispose of an entire development, or a portion of a development, for a variety of reasons, including:
Leasing the development to another entity, or transferring the title of the development via a sales contract, may be determined to be more cost-effective or efficient way for the development to be used for low-income or mixed-income housing, because that party will have access to funds not available to the PHA. (Note that a lease of more than one year is considered to be a disposition by HUD.)

The PHA has otherwise determined that the disposition is appropriate for reasons that are consistent with its goals of the PHA and its PHA Plan and that are otherwise consistent with the U.S. Housing Act of 1937.

It is important to note that any redevelopment activity for any PHA property must have HUD approval and as such, it is also critical that any significant redevelopment efforts of a PHA property must be included in the Five Year and Annual Public Housing Agency Plan (PHA Plan) in order for the project to go forward. Therefore all redevelopment activities must be well thought out as the activities must either be in the PHA Plan or the PHA must be amended to include any significant redevelopment activities. The KPT Redevelopment project was included in the HPHA's currently approved PHA Plan, which was reviewed by the Resident Advisory Board, adopted by the HPHA Board of Directors, and covered at public hearings in FY 2010.

Planned Activities for January/February:

- Participate in weekly Michael's Development conference calls.
-continue to produce due diligence items
- Participate in weekly KPT finance and lender calls
- Participate in bi-weekly RC calls
- Continue to coordinate relocation efforts with MDC and property management firm
- Continue to interview candidates to fill open positions
- Issue RFP for Owner's Representative
- Settlement Agreement - UPW and DHRD entered into a settlement agreement that will end furlough effective March 1, 2011 through June 30, 2011, for all bargaining Units 1 and 10 for positions that are federal/special funded positions (100% or less). In addition to ending the furlough, employees shall receive compensatory time off (CTO) of 88 hours. The settlement agreement will impact HPHA maintenance staff.
- Complete all field work for single audit requirements. Findings issued and HPHA is drafting responses.

- Continue to work on Applications process and waitlist issues with end result being refinement of the process and/or overhaul by end of 1Q2011
- Public Hearing scheduled for February 23, 2011
- Working with Legislative Auditor staff to complete audit that was started last session.
- Work with TA provider on refining implementation plan for AMPs and recommendations.
- Continue to review documents for KPT redevelopment project, e.g., demo/dispo application, Section 8 documents, Master Development Agreement, Regulatory and Operating Agreement, etc...

Trends/Issues:

- Re-establishment of the Resident Services Section should provide immediate results in working with tenants and related issues.
- Working on testimony to various committees at both the Senate and House.

Potential Risks:

- Elevator modernization project has been stalled since the Notice to Proceed (NTP) was issued in July 2010. The awarded contractor had sub-contracted with 2 contractors one for the modernization and the second for the maintenance. The contractor requested to replace the sub-contractor for the modernization work and they are now requesting to replace the sub-contractor for the maintenance work. The contractor is nonresponsive to staff requests for updates to project schedules and for other information regarding the project. The last project schedule received from the contractor projected the contract taking 6 months longer than initially contracted. The non-responsiveness and continued delays have placed this key project in jeopardy. The HPHA is assessing its options up to and including cancelling the contract as the second sub-contractor change is considered a material change.
- The KPT project in conjunction with several other projects and the legislative session is consuming staff resources creating threshold issues in meeting project timelines.

PMMSB Status Report February 2011

Accomplishments:

- As of January 31, 2011, rent collections for HPHA State properties was 83.27% (a decrease from 109.49% in December, 94.53% in November, and 98.38% in October) and the total tenant occupancy rate was 94.55% (a slight increase over 94.44 in December, 93.74% in November, and 93.4% in October). Historically, rents in January have been lower.
- As of January 31, 2011, rent collections for HPHA Federal properties were 87.2% (a slight decrease from 100.29% in December, 93.03% in November, and 93.37% in October) and the total tenant occupancy rate was 92.12% (a slight decrease from 92.25% in December, 92.34% in November, and 92.55% in October).

Planned Activities for the next 6 months:

- Tenant Monitor program
- Resident Survey
- Mystery Shopper Program – PMMSB will solicit resident feedback on services or requests submitted to AMP management.
- Ross grant submission for a service coordinator
- Orientation for Applicants
- Update the Lease Agreement, ACOP and Administrative Rules.
- Property Management Manual
- Prepare for PHAS reporting – Annual reporting requirements scored by HUD
- Review Asset Management requirements

Trends/Issues

- Hud has requested Wilikina and Banyan vouchers be submitted immediately or HPHA at risk of the funds being recaptured.

Federal LIPII
HPHA Project Overview Report
February 2011

AMP	Occupancy*						
	Total Available Units	Total Occupied Units	Total Vacant Units (excludes rent ready)	Occupancy Ratio	Move-Ins	Transfers	Units Rent Ready
30P-Aiea	362	348	14	96.13%	1	0	0
31P-KVH	373	319	52	85.52%	0	0	2
32P-MWH	363	346	17	95.32%	0	0	0
33P-Kam/Kaamanu	371	361	7	97.30%	0	0	3
34P-Kalakaua	581	558	21	96.04%	1	0	2
35P-Kalanihiua	587	556	31	94.72%	2	1	0
37P-Hilo	300	260	40	86.67%	1	1	0
38P-Kauai	319	294	25	92.16%	0	0	0
39P-Maui	196	136	59	69.39%	9	1	1
40P-KPT	738	697	32	94.44%	0	0	9
43P-Kona	200	193	5	96.50%	0	0	2
44P-Leeward Oahu	258	232	20	89.92%	0	0	6
45P-Windward Oahu	225	217	6	96.44%	0	0	2
46P-Kamuela	101	84	16	83.17%	0	0	1
49P-Central Oahu	149	115	34	77.18%	0	0	0
50P-Palolo	115	109	3	94.78%	0	0	3
Total	5,238	4,825	382	92.12%	14	3	31

AMP	Non Vacated Delinquencies**				Collection Rate		
	Count of Families	30-90 Days	Count of Families	Over 90 Days	Charges	Collected	Ratio
30P-Aiea	51	26,721.16	11	18,563.30	\$ 139,990.00	128,011.25	91.44%
31P-KVH	49	24,559.19	18	24,013.28	\$ 93,193.00	86,558.01	92.88%
32P-MWH	41	19,325.18	17	22,230.15	\$ 106,637.63	95,360.30	89.42%
33P-Kam/Kaamanu	50	22,742.33	18	30,415.73	\$ 90,932.42	81,470.87	89.59%
34P-Kalakaua	8	3,828.98	5	7,342.38	\$ 133,653.36	105,355.67	78.83%
35P-Kalanihiua	25	9,320.17	7	9,100.27	\$ 138,160.88	111,241.86	80.52%
37P-Hilo	19	5,374.00	3	12,655.00	\$ 63,001.00	57,752.15	91.67%
38P-Kauai	50	30,659.00	29	82,106.70	\$ 83,914.00	68,105.59	81.16%
39P-Maui	19	5,775.00	5	2,104.50	\$ 39,164.00	36,337.62	92.78%
40P-KPT	195	90,951.82	48	43,569.69	\$ 252,366.00	225,798.80	89.47%
43P-Kona	26	16,299.00	13	11,485.00	\$ 41,064.00	32,899.00	80.12%
44P-Leeward Oahu	65	30,671.44	50	68,545.52	\$ 50,493.00	38,583.45	76.41%
45P-Windward Oahu	33	12,802.74	11	4,849.30	\$ 63,574.00	61,153.49	96.19%
46P-Kamuela	13	5,188.00	2	411.00	\$ 16,096.00	15,775.00	98.01%
49P-Central Oahu	20	6,995.78	3	1,173.00	\$ 35,337.00	31,728.17	89.79%
50P-Palolo	16	7,792.79	9	19,822.42	\$ 24,546.17	20,304.59	82.72%
Total	680	\$ 319,006.58	249	\$ 358,387.24	\$ 1,372,122.46	\$ 1,196,435.82	87.20%

* Occupancy also counts Scheduled for Modernization Units.

** Delinquencies and Collections reflect only Rents, Prepays and Payment Agreements (Bill Code 0001 and 0006).

**Federal LIPH
HPHA Island Overview Report
February 2011**

Island	Occupancy *							LIPH and Elderly Waiting List**				
	Total Available Units	Total Occupied Units	Total Vacant Units (excludes rent ready)	Occupancy Ratio	Move-Ins	Transfers	Units Rent Ready	HUD Income Limit	# of HoH	% of WL	Avg Family Size	Avg Bedroom Size
Hawaii	601	537	61	89.35%	1	1	3	Average Income	21	0.21%	9.06	4.14
Kauai	319	294	25	92.16%	0	0	0	Low Income (80%)	26	0.26%	3.18	1.95
Maui	196	136	59	69.39%	9	1	1	Very Low Inc. (50%)	282	2.82%	3.01	1.99
Oahu	4,122	3,858	237	93.60%	4	1	27	Extremely Low Inc. (30%)	9,680	96.71%	2.55	1.76
Total	5,238	4,825	382	92.12%	14	3	31		10,009	100.00%	2.58	1.77

Island	Non Vacated Delinquencies***				Collection Rate		
	Count of Families	30-90 Days	Count of Families	Over 90 Days	Charges	Collected	Ratio
Hawaii	58	\$ 26,861.00	18	\$ 24,551.00	\$ 120,161.00	\$ 106,426.15	88.57%
Kauai	50	\$ 30,659.00	29	\$ 82,106.70	\$ 83,914.00	\$ 68,105.59	81.16%
Maui	19	\$ 5,775.00	5	\$ 2,104.50	\$ 39,164.00	\$ 36,337.62	92.78%
Oahu	553	\$ 255,711.58	197	\$ 249,625.04	\$ 1,128,883.46	\$ 985,566.46	87.30%
Total	680	\$ 319,006.58	249	\$ 358,387.24	\$ 1,372,122.46	\$ 1,196,435.82	87.20%

* Occupancy also counts Scheduled for Modernization Units.

** Please notice WL Income Limits assumes 2010 HUD Family Income Limit for Hawaii.

*** Delinquencies and Collections reflect only Rents, Prepays and Payment Agreements (Bill Code 0001 and 0006).

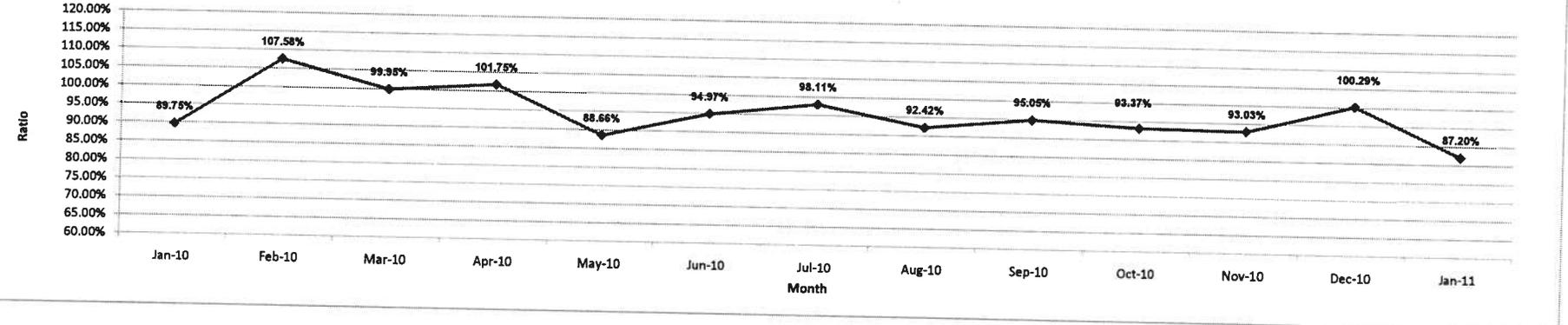
FEDERAL PUBLIC HOUSING

Rent Collection from January 2010 to January 2011

	Jan-10			Feb-10			Mar-10			Apr-10			May-10			Jun-10		
	Charges	Collected	Ratio	Charges	Collected	Ratio	Charges	Collected	Ratio	Charges	Collected	Ratio	Charges	Collected	Ratio	Charges	Collected	Ratio
Hawaii	\$116,704.72	\$100,450.20	86.07%	\$114,112.72	\$123,818.28	108.51%	\$111,742.56	\$116,961.95	104.67%	\$114,516.69	\$122,029.78	106.56%	\$113,063.10	\$106,671.27	94.35%	\$112,822.92	\$108,468.00	96.14%
Kauai	\$76,185.00	\$65,796.55	86.36%	\$79,317.00	\$78,818.84	99.37%	\$78,569.00	\$73,888.81	93.79%	\$75,812.00	\$74,505.00	98.28%	\$77,802.00	\$64,010.35	82.27%	\$78,374.00	\$70,438.19	89.87%
Mauai	\$41,683.00	\$37,016.56	88.80%	\$39,286.00	\$40,224.33	102.39%	\$39,522.00	\$41,955.64	106.16%	\$42,734.00	\$43,717.38	102.30%	\$42,283.00	\$35,857.47	84.80%	\$41,116.00	\$38,664.05	94.04%
Oahu	\$1,121,888.75	\$1,014,179.21	90.40%	\$1,123,281.42	\$1,215,939.13	108.25%	\$1,120,869.72	\$1,117,474.18	99.70%	\$1,128,670.65	\$1,145,247.82	101.47%	\$1,119,480.19	\$992,672.36	88.67%	\$1,121,497.78	\$1,068,095.60	95.24%
Total	\$1,369,461.47	\$1,217,442.52	89.75%	\$1,365,997.14	\$1,466,800.58	107.58%	\$1,360,703.28	\$1,360,080.58	99.95%	\$1,381,733.34	\$1,385,489.98	101.75%	\$1,119,480.19	\$992,672.36	88.68%	\$1,353,810.70	\$1,286,065.84	94.97%

	Jul-10			Aug-10			Sep-10			Oct-10			Nov-10			Dec-10			Jan-11		
	Charges	Collected	Ratio	Charges	Collected	Ratio															
Hawaii	\$110,298.00	\$117,841.39	106.84%	\$123,375.00	\$112,668.72	91.32%	\$121,855.00	\$118,088.25	96.91%	\$120,443.00	\$111,022.68	92.18%	\$118,608.00	\$118,589.01	99.98%	\$119,818.00	\$121,417.37	101.33%	\$120,161.00	\$106,426.15	88.57%
Kauai	\$80,235.00	\$72,583.50	90.46%	\$86,709.00	\$77,298.86	89.15%	\$87,909.00	\$83,078.18	94.50%	\$87,799.00	\$75,384.51	85.86%	\$86,778.00	\$78,276.56	90.20%	\$86,291.00	\$80,138.98	92.87%	\$83,914.00	\$68,105.59	81.16%
Mauai	\$42,270.00	\$40,957.84	96.90%	\$42,014.00	\$41,489.94	98.75%	\$41,934.00	\$41,471.17	98.90%	\$39,537.00	\$36,257.17	91.70%	\$40,455.00	\$39,564.88	97.80%	\$40,468.00	\$39,643.97	97.96%	\$39,164.00	\$36,337.62	92.78%
Oahu	\$1,106,181.86	\$1,082,262.20	97.84%	\$1,129,754.08	\$1,045,640.94	92.55%	\$1,140,552.59	\$1,080,710.77	94.75%	\$1,129,657.95	\$1,063,431.20	94.14%	\$1,136,947.46	\$1,049,993.07	92.35%	\$1,130,424.71	\$1,139,769.79	100.83%	\$1,128,883.46	\$985,566.46	87.30%
Total	\$1,338,984.86	\$1,313,844.83	98.11%	\$1,381,852.08	\$1,277,098.48	92.42%	\$1,392,250.59	\$1,323,348.37	95.05%	\$1,377,436.96	\$1,286,085.56	93.37%	\$1,382,788.46	\$1,286,423.52	93.03%	\$1,377,001.71	\$1,380,970.11	100.29%	\$1,372,122.46	\$1,196,435.82	87.20%

Rent Collection Rate

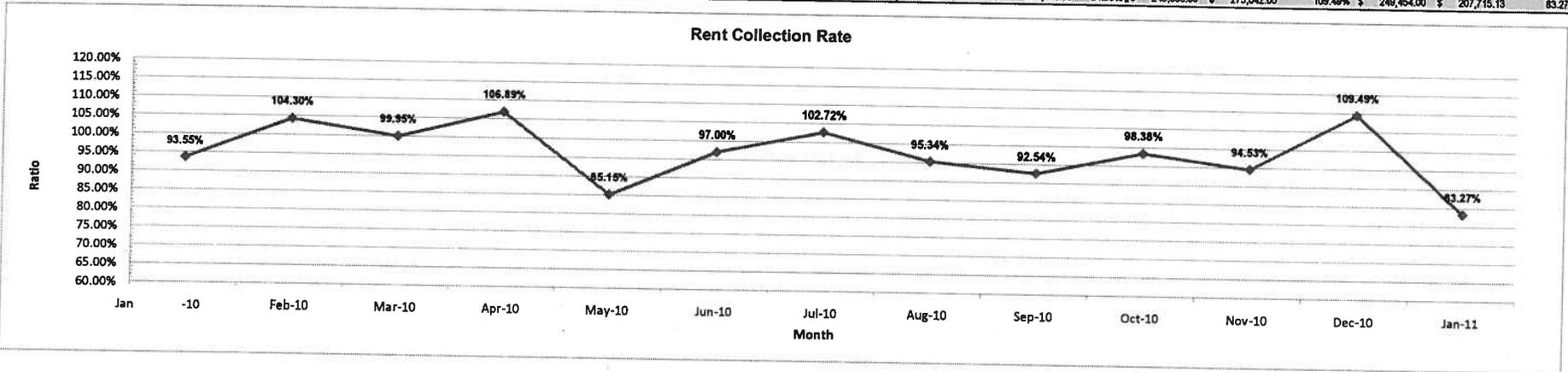


STATE PUBLIC HOUSING

Rent Collection from January 2010 to January 2011

	Jan-10			Feb-10			Mar-10			Apr-10			May-10			Jun-10		
	Charges	Collected	Ratio	Charges	Collected	Ratio	Charges	Collected	Ratio	Charges	Collected	Ratio	Charges	Collected	Ratio	Charges	Collected	Ratio
Hawaii	\$ 8,716.00	\$ 8,406.62	96.47%	\$ 8,882.00	\$ 7,628.00	85.88%	\$ 8,153.00	\$ 7,563.00	92.76%	\$ 8,103.00	\$ 8,259.00	101.93%	\$ 8,678.00	\$ 8,289.30	95.52%	\$ 8,745.00	\$ 7,718.66	88.26%
Kauai	\$ 5,639.00	\$ 4,493.00	79.68%	\$ 5,297.00	\$ 4,164.11	78.61%	\$ 5,297.00	\$ 5,077.00	95.85%	\$ 5,198.00	\$ 4,418.00	84.99%	\$ 5,599.00	\$ 3,679.00	65.71%	\$ 5,584.00	\$ 4,927.00	88.08%
Mauai	\$ 5,195.00	\$ 4,667.00	89.84%	\$ 5,379.00	\$ 7,157.00	133.05%	\$ 5,851.00	\$ 6,231.00	106.49%	\$ 5,777.00	\$ 5,390.00	93.30%	\$ 5,993.00	\$ 4,659.00	77.74%	\$ 5,488.00	\$ 5,405.00	98.49%
Oahu	\$ 229,851.00	\$ 215,748.79	93.86%	\$ 227,881.00	\$ 239,141.25	104.94%	\$ 227,169.00	\$ 227,468.38	100.13%	\$ 225,833.00	\$ 243,720.60	107.92%	\$ 224,782.00	\$ 192,029.45	85.43%	\$ 224,870.00	\$ 219,304.48	97.53%
Total	\$ 249,401.00	\$ 233,317.41	93.55%	\$ 247,439.00	\$ 256,080.36	104.30%	\$ 246,470.00	\$ 246,339.38	99.95%	\$ 244,911.00	\$ 251,787.80	106.89%	\$ 245,052.00	\$ 208,858.75	86.19%	\$ 244,897.00	\$ 237,355.14	97.00%

	Jul-10			Aug-10			Sep-10			Oct-10			Nov-10			Dec-10			Jan-11		
	Charges	Collected	Ratio	Charges	Collected	Ratio	Charges	Collected	Ratio	Charges	Collected	Ratio	Charges	Collected	Ratio	Charges	Collected	Ratio	Charges	Collected	Ratio
Hawaii	\$ 8,650.00	\$ 7,272.17	82.17%	\$ 8,817.00	\$ 7,512.28	85.20%	\$ 9,045.00	\$ 9,438.00	104.34%	\$ 9,941.00	\$ 9,159.12	92.13%	\$ 9,528.76	\$ 8,883.15	93.22%	\$ 9,146.00	\$ 7,517.70	82.20%	\$ 9,443.00	\$ 8,858.38	93.81%
Kauai	\$ 5,795.00	\$ 5,779.00	99.72%	\$ 5,795.00	\$ 4,190.00	72.30%	\$ 5,828.00	\$ 5,327.00	91.40%	\$ 5,580.00	\$ 5,643.00	101.13%	\$ 5,498.00	\$ 4,278.00	77.81%	\$ 5,598.00	\$ 4,876.00	87.10%	\$ 5,598.00	\$ 4,564.80	81.54%
Mauai	\$ 5,453.00	\$ 5,337.00	97.87%	\$ 5,365.00	\$ 4,990.84	93.03%	\$ 5,268.00	\$ 4,506.00	85.54%	\$ 5,286.00	\$ 4,309.00	81.52%	\$ 6,089.00	\$ 5,866.00	96.34%	\$ 5,999.00	\$ 4,646.00	77.45%	\$ 5,643.00	\$ 5,313.00	94.15%
Oahu	\$ 226,317.00	\$ 234,719.62	103.71%	\$ 226,190.00	\$ 218,001.22	96.38%	\$ 227,459.00	\$ 209,854.08	92.26%	\$ 227,374.00	\$ 225,048.63	98.98%	\$ 227,636.00	\$ 216,122.73	94.94%	\$ 228,626.00	\$ 256,002.35	111.97%	\$ 228,770.00	\$ 188,978.95	82.61%
Total	\$ 248,415.00	\$ 253,107.79	102.72%	\$ 246,187.00	\$ 234,694.34	95.34%	\$ 247,600.00	\$ 229,125.06	92.54%	\$ 248,181.00	\$ 244,159.75	98.38%	\$ 248,751.76	\$ 236,149.88	94.93%	\$ 249,399.00	\$ 273,042.05	109.49%	\$ 249,454.00	\$ 207,715.13	83.27%



**State LIPH
HPHA Project Overview Report
February 2011**

Project	Occupancy *						
	Total Available Units	Total Occupied Units	Total Vacant Units (excludes rent ready)	Occupancy Ratio	Move-Ins	Transfers	Units Rent Ready
2201-Hauiki	46	45	1	97.83%	0	0	0
2202-Puahala Homes	128	116	9	90.63%	4	0	3
2204-Kawailehua	26	25	1	96.15%	0	0	0
2205-Kahale Mua	32	27	5	84.38%	0	0	0
2206-Lokahi	30	18	12	60.00%	1	0	0
2207-Ke Kumu Elua	26	13	11	50.00%	0	0	2
2401-Hale Po'ai	206	205	1	99.51%	0	0	0
2402-La'iola	108	107	1	99.07%	2	0	0
2403-Kamalu-Ho'olulu	220	220	0	100.00%	2	0	0
2404-Halia Hale	41	40	0	97.56%	0	0	1
Total	863	816	41	94.55%	9	0	6

Project	Non Vacated Delinquencies**				Collection Rate		
	Count of Families	30-90 Days	Count of Families	Over 90 Days	Charges	Collected	Ratio
2201-Hauiki	6	\$ 4,931.94	14	\$ 148,549.88	\$ 18,490.00	\$ 14,548.50	78.68%
2202-Puahala Homes	24	\$ 14,789.21	29	\$ 106,530.51	\$ 44,139.00	\$ 40,671.45	92.14%
2204-Kawailehua	3	\$ 1,791.00	3	\$ 9,393.46	\$ 5,598.00	\$ 4,564.80	81.54%
2205-Kahale Mua	4	\$ 1,456.00	18	\$ 13,587.53	\$ 5,643.00	\$ 5,313.00	94.15%
2206-Lokahi	3	\$ 588.00	2	\$ 12,591.50	\$ 5,872.00	\$ 4,679.38	79.69%
2207-Ke Kumu Elua	6	\$ 2,350.00	7	\$ 1,864.67	\$ 3,571.00	\$ 4,179.00	117.03%
2401-Hale Po'ai	0	\$ -	5	\$ 2,284.00	\$ 57,125.00	\$ 42,996.00	75.27%
2402-La'iola	1	\$ 215.00	7	\$ 1,986.52	\$ 34,627.00	\$ 30,809.00	88.97%
2403-Kamalu-Ho'olulu	5	\$ 1,623.00	1	\$ 4.40	\$ 63,476.00	\$ 50,136.00	78.98%
2404-Halia Hale	52	\$ 27,744.15	1	\$ 86.00	\$ 10,913.00	\$ 9,818.00	89.97%
Total	104	\$ 55,488.30	86	\$ 296,878.47	\$ 249,454.00	\$ 207,715.13	83.27%

* Occupancy also counts Scheduled for Modernization Units.

** Delinquencies and Collections reflect only Rents, Prepays and Payment Agreements (Bill Code 0001 and 0006).

**State LIPH
HPHA Island Overview Report
February 2011**

Island	Occupancy*							LIPH and Elderly Waiting List**				
	Total Available Units	Total Occupied Units	Total Vacant Units (excludes rent ready)	Occupancy Ratio	Move-Ins	Transfers	Units Rent Ready	HUD Income Limit	# of HoH	% of WL	Avg Family Size	Avg Bedroom Size
Hawaii	56	31	23	55.36%	1	0	2	Average Income	17	0.22%	8.61	4.33
Kauai	26	25	1	96.15%	0	0	0	Low Income (80%)	12	0.16%	2.67	1.67
Mau	32	27	5	84.38%	0	0	0	Very Low Inc. (50%)	158	2.06%	2.99	1.95
Oahu	749	733	12	97.86%	8	0	4	Extremely Low Inc. (30%)	7,482	97.56%	2.43	1.66
Total	863	816	41	94.55%	9	0	6		7,669	100.00%	2.45	1.67

Island	Non Vacated Delinquencies***				Collection Rate		
	Count of Families	30-90 Days	Count of Families	Over 90 Days	Charges	Collected	Ratio
Hawaii	9	\$ 2,938.00	9	\$ 14,456.17	\$ 9,443.00	\$ 8,858.38	93.81%
Kauai	3	\$ 1,791.00	3	\$ 9,393.46	\$ 5,598.00	\$ 4,564.80	81.54%
Mau	4	\$ 1,456.00	18	\$ 13,587.53	\$ 5,643.00	\$ 5,313.00	94.15%
Oahu	36	\$ 21,559.15	56	\$ 259,355.31	\$ 228,770.00	\$ 188,978.95	82.61%
Total	52	\$ 27,744.15	86	\$ 296,792.47	\$ 249,454.00	\$ 207,715.13	83.27%

* Occupancy also counts Scheduled for Modernization Units.

** Please notice WL Income Limits assumes 2010 HUD Family Income Limit for Hawaii.

*** Delinquencies and Collections reflect only Rents, Prepays and Payment Agreements (Bill Code 0001 and 0006).

FOR INFORMATION

SUBJECT: Mr. Nakamura's Complaints

I. FACTS

A. Complaint: Mr. Nakamura requests to clean multi-purpose room & have a garage sale

On 8/4/10 and 9/23/10, on behalf of Lanakila Pacific, Mr. Nakamura submitted a request to use the Paoakalani Multi Purpose Room on 8/6/10 and 10/7/10 to clean room and to hold a garage sale after Lanakila program hours.

Complaint Resolution

1. Management denied Mr. Nakamura's requests for use of the Multi Purpose room on behalf of Lanakila because Mr. Nakamura is not an authorized representative of Lanakila Pacific. On 8/4/10, Connie Ganal, Lanakila Pacific dining site manager supervisor, stated Mr. Nakamura is not authorized to request use of room on behalf of Lanakila and stated, the activity was not authorized. Mr. Nakamura is assigned to work at the Paoakalani dining site as a volunteer with HCAP SCEP and is not an employee or representative of Lanakila Pacific. Mr. Nakamura is a congregate dining participant.
2. Effective 11/1/10, in mutual agreement with the Lanakila Pacific, Lanakila no longer had exclusive use of the Paoakalani Multi Purpose Room. Subsequent to 11/1/10, management has approved Mr. Nakamura's personal requests for use of the Paoakalani Multi Purpose Room for parties.
3. Management approved Mr. Nakamura's requests to use the room on 12/23/10 for a Christmas Party and 12/31/10 for a New Years Party.

B. Complaint: Severe criticism of Laura Santiago in a letter to Lanakila

Management Response

1. The letter provides facts of the condition of the Multi Purpose Room on 10/28/10. In mutual agreement with Lanakila Pacific, the room was to be cleared of excessive storage to enable use of room by others. Lanakila accepted the offer to have items cleared within one week.

2. Manager was coached to keep emotional statements out of correspondence and is now cognizant of how to word correspondence.
3. Management staff was informed a copy of their letter was issued to Ms. Santiago at an employment-counseling meeting.
4. On 11/5/10, Lanakila returned the room to management in a satisfactory condition. Management painted, stripped and waxed floors, cleaned windows, affixed new locks. Management relayed their goal to have a harmonious professional work relationship. Ms. Santiago was asked to be aware of body language and tone of voice. **Ms. Santiago stated Paoakalani Congregate Dining Site group attended the HPHA BOD meeting as an educational excursion.**

C. Complaint: Lack of response from site management

Complaint Resolution

1. Lanakila Pacific and management mutually agreed to end the exclusive use agreement. Lanakila currently has use of the room on business days from 8:00 a.m. – noon.

Prepared by:
Stephanie Fo, Property Management & Maintenance Services Branch Chief _____

**HPHA – FMO Office
Status Report
December 31, 2010**

Accomplishments

- Capability of producing balance sheet and income statements by funds
- Revised schedule for Asset Management Fees (Federal & State)
- Rotation of duties between staff
- HPHA budget 2011 completed and entered in general ledger system
- The external audit is on schedule to meet its deadline
- Reconciled 2009 cash balances for FLRP and booked to general ledger
- G/L closed to synchronize Board Reporting and month end financials
- 1099's Vendor file completed and sent to EMSS for processing
- W-2's distributed to employees
- AMPS will be provided Profit & Loss Statements and Budget balance remaining reports for December 2010.
- Board Report for December 2010 completed
- Balance sheet for Board Report – Total Agency
- FDS submission was resubmitted and waiting on response as to acceptance
- Monthly time line and deadline for accountants and clerks duties assigned

Planned Activities for Next Month

- Emphasys Training
- Monthly reconciliation and review of each AMP balance sheet accounts
- Wrap up discussion of the annual audit and the preparation for 2011 audit
- Booking of all audit adjusting entries and reconciling all audit schedules to the general ledger
- Reconcile general ledger to the audited financials
- Review of all audit findings and take corrective actions
- Begin to review major variances on AMPS Profit and Loss Statements
- Prepare for 2011 FDS submission
- Prepare to roll out balance sheets to the AMPS once the 2009 cash accounts have been reconciled and booked re: 2010 audit.
- Application for the filling of 2 vacant accountant positions

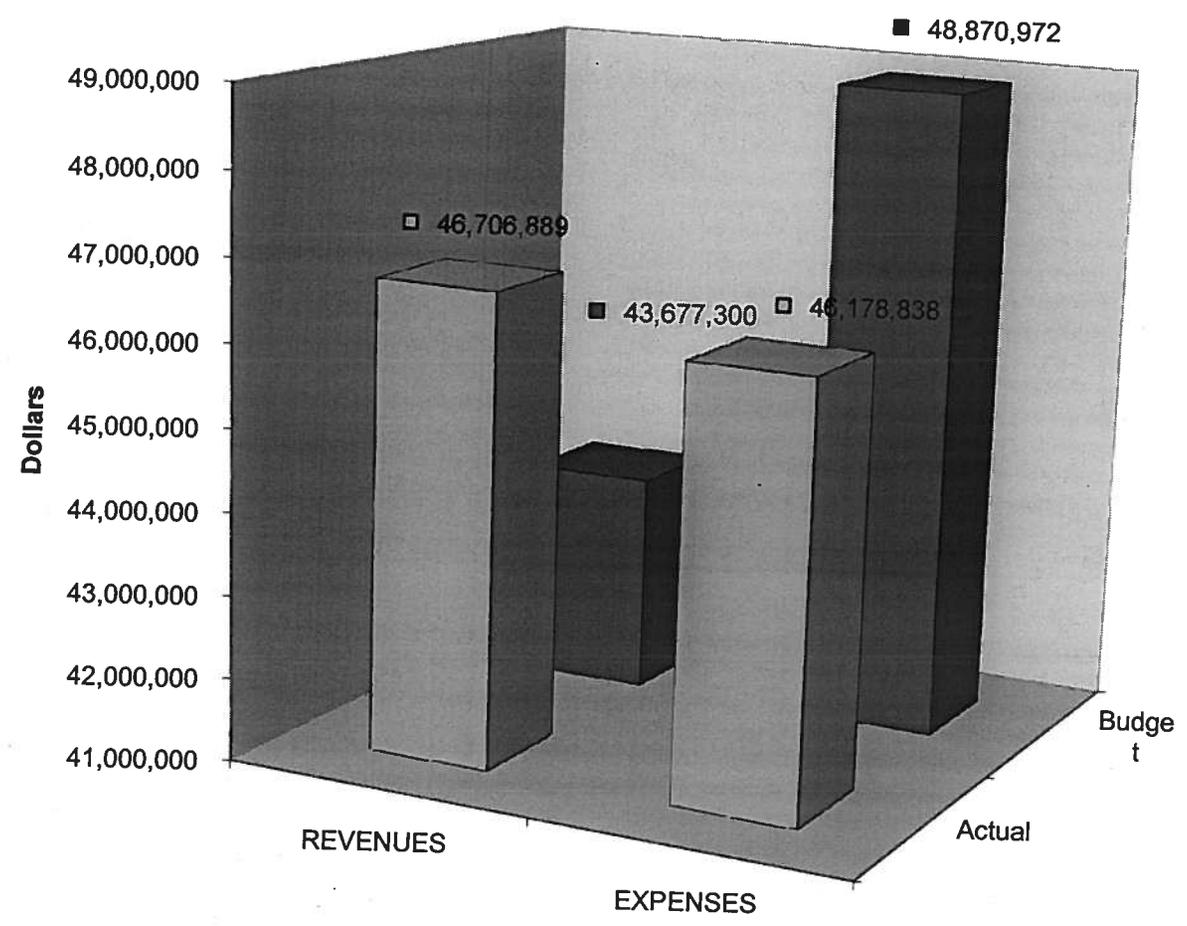
Trends/Issues

- Begin preparation on a monthly basis for the 2011 audit
- Furlough days continue to have a negative impact on getting work done in a timely manner
- Need to fill vacant positions
- Implement efficiencies where possible, such as finding ways to produce financial reports more easily

Potential Risks

- Not filling positions poses a risk of staff overload and burnout and not meeting timelines
- Not having the proper software and hardware within the department creates an unfair burden for employees to keep pace with customer needs and technology changes. The current Emphasys is an outdated DOS Software that prevents the generation of suitable reports without having to utilize various steps in Excel to produce presentable reports.

HPHA Actual VS Budget December 31, 2010



	REVENUES	EXPENSES
Actual	46,706,889	46,178,838
Budget	43,677,300	48,870,972

HAWAII PUBLIC HOUSING AUTHORITY
AGENCY TOTAL
ACTUAL VS BUDGET COMPARISON
For The Six Months Ending December 31, 2010
(Amounts in Full Dollars)

<u>MONTH OF DECEMBER</u>			
<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	
		<u>Amount</u>	<u>%</u>
\$ 1,569,132	\$ 1,556,894	\$ 12,238	0.01
5,482,655	5,159,035	323,620	0.06
355,602	-	355,602	-
-	-	-	-
-	209,850	(209,850)	(1.00)
612,444	353,771	258,673	0.73
8,019,833	7,279,550	740,283	0.10
990,768	1,271,176	280,408	0.22
-	4,080	4,080	1.00
300,882	256,903	(43,979)	(0.17)
54,720	51,636	(3,084)	(0.06)
3,635,277	3,617,175	(18,102)	(0.01)
136,947	38,520	(98,427)	(2.56)
1,070,524	1,032,208	(38,316)	(0.04)
1,112,363	1,263,879	151,516	0.12
71,282	200,286	129,004	0.64
63,680	90,004	26,324	0.29
4,214	319,295	315,081	0.99
7,440,658	8,145,162	704,505	0.09
\$ 579,176	\$ (865,612)	\$ 1,444,788	1.67

REVENUES

Dwelling Rental Income	\$ 9,345,608	\$ 9,341,364	\$ 4,244	-
HUD Operating Subsidies	32,934,772	30,954,210	1,980,562	0.06
COCC Fee Income	1,925,880	-	1,925,880	-
General Fund	488,013	-	488,013	-
Grant Income	-	1,259,100	(1,259,100)	(1.00)
Other Income	2,012,617	2,122,626	(110,009)	(0.05)

Total Revenues

EXPENSES

Administrative	4,682,152	7,627,056	2,944,904	0.39
Asset Management Fees	-	24,480	24,480	1.00
Management Fees	1,775,916	1,541,418	(234,498)	(0.15)
Bookkeeping Fees	367,794	309,816	(57,978)	(0.19)
Housing Assistance Payments	22,133,473	21,703,050	(430,423)	(0.02)
Tenant Services	360,845	231,120	(129,725)	(0.56)
Utilities	6,739,663	6,193,248	(546,415)	(0.09)
Maintenance	6,762,931	7,583,274	820,343	0.11
Protective Services	460,893	1,201,716	740,823	0.62
Insurance	525,593	540,024	14,431	0.03
General Expenses	2,369,577	1,915,770	(453,807)	(0.24)
Total Expenses	46,178,838	48,870,972	2,692,134	0.06

Net Income(Loss)

<u>YEAR TO DATE DECEMBER</u>										
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>		<u>Prior Year</u>	<u>Variance</u>				
			<u>Amount</u>	<u>%</u>		<u>Amount</u>	<u>%</u>			
Dwelling Rental Income	\$ 9,345,608	\$ 9,341,364	\$ 4,244	-	\$ 9,264,808	\$ 80,800	0.01			
HUD Operating Subsidies	32,934,772	30,954,210	1,980,562	0.06	34,551,027	(1,616,255)	(0.05)			
COCC Fee Income	1,925,880	-	1,925,880	-	1,787,602	138,278	0.08			
General Fund	488,013	-	488,013	-	469,789	18,224	0.04			
Grant Income	-	1,259,100	(1,259,100)	(1.00)	-	-	-			
Other Income	2,012,617	2,122,626	(110,009)	(0.05)	2,353,829	(341,212)	(0.14)			
Total Revenues	46,706,889	43,677,300	3,029,589	0.07	48,427,054	(1,720,165)	(0.04)			
Administrative	4,682,152	7,627,056	2,944,904	0.39	5,355,328	673,176	0.13			
Asset Management Fees	-	24,480	24,480	1.00	-	-	-			
Management Fees	1,775,916	1,541,418	(234,498)	(0.15)	1,744,568	(31,348)	(0.02)			
Bookkeeping Fees	367,794	309,816	(57,978)	(0.19)	349,489	(18,305)	(0.05)			
Housing Assistance Payments	22,133,473	21,703,050	(430,423)	(0.02)	21,944,194	(189,280)	(0.01)			
Tenant Services	360,845	231,120	(129,725)	(0.56)	483,284	122,439	0.25			
Utilities	6,739,663	6,193,248	(546,415)	(0.09)	5,933,503	(806,160)	(0.14)			
Maintenance	6,762,931	7,583,274	820,343	0.11	7,549,050	786,119	0.10			
Protective Services	460,893	1,201,716	740,823	0.62	437,323	(23,570)	(0.05)			
Insurance	525,593	540,024	14,431	0.03	576,292	50,699	0.09			
General Expenses	2,369,577	1,915,770	(453,807)	(0.24)	6,052,954	3,683,376	0.61			
Total Expenses	46,178,838	48,870,972	2,692,134	0.06	50,425,983	4,247,145	0.08			
Net Income(Loss)	\$ 528,051	\$ (5,193,672)	\$ 5,721,723	1.10	\$ (1,998,929)	\$ 2,526,980	1.26			

**HAWAII PUBLIC HOUSING AUTHORITY
FEDERAL LOW RENT PROGRAM BY AMPS
ACTUAL VS BUDGET COMPARISON
For The Six Months Ending December 31, 2010
(Amounts in Full Dollars)**

MONTH OF DECEMBER

	Actual	Budget	Variance	
			Amount	%
\$ 169,082	\$ 265,593	\$ (96,511)	(0.36)	
241,532	198,107	43,425	0.22	
289,458	253,593	35,865	0.14	
246,527	206,067	40,460	0.20	
321,446	310,571	10,875	0.04	
298,890	327,143	(28,253)	(0.09)	
120,540	121,880	(1,340)	(0.01)	
256,376	197,614	58,762	0.30	
53,856	87,241	(33,385)	(0.38)	
537,228	567,646	(30,418)	(0.05)	
129,337	103,349	25,988	0.25	
194,095	131,977	62,118	0.47	
68,842	115,015	(46,173)	(0.40)	
60,180	44,028	16,152	0.37	
88,179	83,268	4,911	0.06	
100,560	75,734	24,826	0.33	
\$ 3,176,128	\$ 3,088,826	\$ 87,302	0.03	

\$ 8,717	\$ (35,113)	\$ 43,830	1.25
96,945	(15,624)	112,569	7.20
130,299	38,379	91,920	2.40
84,630	(2,911)	87,541	30.07
78,159	50,901	27,258	0.54
55,304	3,317	51,987	15.67
(709)	(31,217)	30,508	0.98
90,618	25,784	64,834	2.51
(55,954)	(78,825)	22,871	0.29
(77,833)	(13,027)	(64,806)	(4.97)
39,675	(7,963)	47,638	5.98
108,897	(311)	109,208	351.15
(36,332)	(5,623)	(30,709)	(5.46)
17,821	(22,603)	40,424	1.79
32,253	8,759	23,494	2.68
44,598	12,615	31,983	2.54
\$ 617,087	\$ (73,462)	\$ 690,549	9.40

Total Revenues

NET INCOME(LOSS)

Asset Management Project - 30	\$ 1,394,994	\$ 1,593,558	\$ (198,564)	(0.12)
Asset Management Project - 31	1,310,762	1,188,642	122,120	0.10
Asset Management Project - 32	1,607,571	1,521,558	86,013	0.06
Asset Management Project - 33	1,237,607	1,236,402	1,205	-
Asset Management Project - 34	1,882,190	1,863,426	18,764	0.01
Asset Management Project - 35	1,918,630	1,962,858	(44,228)	(0.02)
Asset Management Project - 37	897,564	731,280	166,284	0.23
Asset Management Project - 38	1,327,005	1,185,684	141,321	0.12
Asset Management Project - 39	508,494	523,446	(14,952)	(0.03)
Asset Management Project - 40	3,288,507	3,405,876	(117,369)	(0.03)
Asset Management Project - 43	689,790	620,094	69,696	0.11
Asset Management Project - 44	966,215	791,862	174,353	0.22
Asset Management Project - 45	591,164	690,090	(98,926)	(0.14)
Asset Management Project - 46	311,679	264,168	47,511	0.18
Asset Management Project - 49	509,548	499,608	9,940	0.02
Asset Management Project - 50	498,694	454,404	44,290	0.10

Total Net Income(Loss)

YEAR TO DATE DECEMBER

	Actual	Budget	Variance		Prior Year	Variance	
			Amount	%		Amount	%
\$ 1,394,994	\$ 1,593,558	\$ (198,564)	(0.12)	\$ 1,963,818	\$ (568,824)	(0.29)	
1,310,762	1,188,642	122,120	0.10	1,681,683	(370,921)	(0.22)	
1,607,571	1,521,558	86,013	0.06	1,618,706	(11,135)	(0.01)	
1,237,607	1,236,402	1,205	-	1,392,720	(155,113)	(0.11)	
1,882,190	1,863,426	18,764	0.01	2,064,535	(182,345)	(0.09)	
1,918,630	1,962,858	(44,228)	(0.02)	2,238,299	(319,669)	(0.14)	
897,564	731,280	166,284	0.23	1,234,763	(337,199)	(0.27)	
1,327,005	1,185,684	141,321	0.12	1,206,465	120,540	0.10	
508,494	523,446	(14,952)	(0.03)	771,743	(263,250)	(0.34)	
3,288,507	3,405,876	(117,369)	(0.03)	3,697,862	(409,355)	(0.11)	
689,790	620,094	69,696	0.11	748,425	(58,635)	(0.08)	
966,215	791,862	174,353	0.22	865,380	100,835	0.12	
591,164	690,090	(98,926)	(0.14)	966,570	(375,406)	(0.39)	
311,679	264,168	47,511	0.18	361,152	(49,473)	(0.14)	
509,548	499,608	9,940	0.02	628,033	(118,485)	(0.19)	
498,694	454,404	44,290	0.10	502,027	(3,333)	(0.01)	
\$ 18,940,412	\$ 18,532,956	\$ 407,456	0.02	\$ 21,942,181	\$ (3,001,769)	(0.14)	

\$ (211,251)	\$ (210,678)	\$ (573)	-	\$ (143,003)	\$ (68,248)	(0.48)
87,968	(93,744)	181,712	1.94	(91,660)	179,628	1.96
533,171	230,274	302,897	1.32	417,294	115,878	0.28
182,088	(17,466)	199,554	11.43	73,005	109,083	1.49
411,100	305,406	105,694	0.35	334,768	76,332	0.23
339,963	19,902	320,061	16.08	371,879	(31,916)	(0.09)
(86,473)	(187,302)	100,829	0.54	(324,805)	238,333	0.73
463,807	154,704	309,103	2.00	301,097	162,711	0.54
(167,649)	(472,950)	305,301	0.65	35,646	(203,296)	(5.70)
(533,839)	(78,162)	(455,677)	(5.83)	573,574	(1,107,413)	(1.93)
(46,607)	(47,778)	1,171	0.02	(19,036)	(27,571)	(1.45)
184,320	(1,866)	186,186	99.78	(356,535)	540,855	1.52
(113,541)	(33,738)	(79,803)	(2.37)	104,308	(217,849)	(2.09)
(28,416)	(135,618)	107,202	0.79	(51,796)	23,380	0.45
52,639	52,554	85	-	54,007	(1,368)	(0.03)
201,217	75,690	125,527	1.66	123,377	77,839	0.63

\$ 1,268,497	\$ (440,772)	\$ 1,709,269	3.88	\$ 1,402,119	\$ (133,622)	(0.10)
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STATE ELDERLY PROGRAM
ACTUAL VS BUDGET COMPARISON
For The Six Months Ending December 31, 2010
(Amounts in Full Dollars)

<u>MONTH OF DECEMBER</u>				<u>YEAR TO DATE DECEMBER</u>							
<u>Actual</u>	<u>Budget</u>	<u>Variance</u>			<u>Actual</u>	<u>Budget</u>	<u>Variance</u>		<u>Prior Year</u>	<u>Variance</u>	
		<u>Amount</u>	<u>%</u>				<u>Amount</u>	<u>%</u>			
\$ 165,559	\$ 149,664	\$ 15,895	0.11								
-	-	-	-	REVENUES							
-	-	-	-	Dwelling Rental Income	\$ 989,998	\$ 897,984	\$ 92,014	0.10	\$ 982,887	\$ 7,111	0.01
-	-	-	-	HUD Operating Subsidies	-	-	-	-	-	-	-
-	-	-	-	Management Fees	-	-	-	-	-	-	-
-	-	-	-	Bookeeping Fees	-	-	-	-	-	-	-
-	-	-	-	Asset Management Fees	-	-	-	-	-	-	-
-	-	-	-	Capital Fund Admin Fee	-	-	-	-	-	-	-
-	-	-	-	CMSS Front Line Service Fee	-	-	-	-	-	-	-
-	-	-	-	ARRA Funds Admin Fee	-	-	-	-	-	-	-
-	-	-	-	COCC Fee Income	-	-	-	-	-	-	-
-	-	-	-	General Fund	-	-	-	-	-	-	-
-	-	-	-	Grant Income	-	-	-	-	-	-	-
14,233	4,647	9,586	2.06	Other Income	38,693	27,882	10,811	0.39	34,003	4,690	0.14
179,792	154,311	25,481	0.17	Total Revenues	1,028,691	925,866	102,825	0.11	1,016,890	11,801	0.01
25,151	71,826	46,675	0.65	EXPENSES							
-	-	-	-	Administrative	89,499	430,956	341,457	0.79	15,878	(73,621)	(4.64)
33,124	26,651	(6,473)	(0.24)	Asset Management Fees	-	-	-	-	-	-	-
4,283	3,496	(787)	(0.22)	Management Fees	176,872	159,906	(16,966)	(0.11)	174,336	(2,536)	(0.01)
-	-	-	-	Bookkeeping Fees	22,868	20,976	(1,892)	(0.09)	25,583	2,715	0.11
-	-	-	-	Housing Assistance Payments	-	-	-	-	-	-	-
94,426	83,780	(10,646)	(0.13)	Tenant Services	-	-	-	-	-	-	-
79,027	42,584	(36,443)	(0.86)	Utilities	533,051	502,680	(30,371)	(0.06)	477,764	(55,288)	(0.12)
-	2,180	2,180	1.00	Maintenance	355,951	255,504	(100,447)	(0.39)	443,969	88,018	0.20
13,367	9,396	(3,971)	(0.42)	Protective Services	-	13,080	13,080	1.00	129	129	1.00
-	1,531	1,531	1.00	Insurance	63,597	56,376	(7,221)	(0.13)	62,603	(994)	(0.02)
249,377	241,444	(7,933)	(0.03)	General Expenses	230,835	9,186	(221,649)	(24.13)	690,090	459,255	0.67
				Total Expenses	1,472,673	1,448,664	(24,009)	(0.02)	1,890,352	417,679	0.22
\$ (69,585)	\$ (87,133)	\$ 17,548	0.20	Net Income(Loss)	\$ (443,982)	\$ (522,798)	\$ 78,816	0.15	\$ (873,462)	\$ 429,480	0.49

**STATE LOW RENT
ACTUAL VS BUDGET COMPARISON
For The Six Months Ending December 31, 2010
(Amounts in Full Dollars)**

<u>MONTH OF DECEMBER</u>				<u>YEAR TO DATE DECEMBER</u>							
<u>Actual</u>	<u>Budget</u>	<u>Variance</u>			<u>Actual</u>	<u>Budget</u>	<u>Variance</u>		<u>Prior Year</u>	<u>Variance</u>	
		<u>Amount</u>	<u>%</u>				<u>Amount</u>	<u>%</u>		<u>Amount</u>	<u>%</u>
\$ 78,290	\$ 70,888	\$ 7,402	0.10	REVENUES							
-	-	-	-	Dewelling Rental Income	\$ 482,186	\$ 425,328	\$ 56,858	0.13	\$ 479,158	\$ 3,028	0.01
-	-	-	-	HUD Operating Subsidies	-	-	-	-	-	-	-
-	-	-	-	Management Fees	-	-	-	-	-	-	-
-	-	-	-	Bookeeping Fees	-	-	-	-	-	-	-
-	-	-	-	Asset Management Fees	-	-	-	-	-	-	-
-	-	-	-	Capital Fund Admin Fee	-	-	-	-	-	-	-
-	-	-	-	CMSS Front Line Service Fee	-	-	-	-	-	-	-
-	-	-	-	ARRA Funds Admin Fee	-	-	-	-	-	-	-
-	-	-	-	COCC Fee Income	-	-	-	-	-	-	-
-	-	-	-	General Fund	-	-	-	-	-	-	-
-	-	-	-	Grant Income	-	-	-	-	-	-	-
4,227	-	4,227	-	Other Income	24,357	-	24,357	-	17,612	6,745	0.38
82,517	70,888	11,629	0.16	Total Revenues	506,543	425,328	81,215	0.19	496,771	9,773	0.02
32,360	31,568	(792)	(0.03)	EXPENSES							
-	-	-	-	Administrative	128,984	189,408	60,424	0.32	103,680	(25,304)	(0.24)
14,154	10,788	(3,366)	(0.31)	Asset Management Fees	-	-	-	-	-	-	-
1,830	1,581	(249)	(0.16)	Management Fees	82,124	64,728	(17,396)	(0.27)	70,787	(11,336)	(0.16)
-	-	-	-	Bookkeeping Fees	10,508	9,486	(1,022)	(0.11)	10,388	(120)	(0.01)
-	-	-	-	Housing Assistance Payments	-	-	-	-	-	-	-
72,838	52,345	(20,493)	(0.39)	Tenant Services	-	-	-	-	-	-	-
46,277	49,696	3,419	0.07	Utilities	346,554	314,070	(32,484)	(0.10)	337,704	(8,850)	(0.03)
-	-	-	-	Maintenance	287,194	298,176	10,982	0.04	260,269	(26,924)	(0.10)
2,525	2,884	359	0.12	Protective Services	-	-	-	-	-	-	-
-	195	195	1.00	Insurance	15,149	17,304	2,155	0.12	18,959	3,810	0.20
169,984	149,057	(20,927)	(0.14)	General Expenses	68,074	1,170	(66,904)	(57.18)	192,788	124,714	0.65
				Total Expenses	938,586	894,342	(44,244)	(0.05)	994,575	55,989	0.06
\$ (87,467)	\$ (78,169)	\$ (9,298)	(0.12)	Net Income(Loss)	\$ (432,042)	\$ (469,014)	\$ 36,972	0.08	\$ (497,804)	\$ 65,762	0.13

**AMERICAN RECOVERY AND REINVESTMENT ACT
PROJECT STATUS REPORT
February 1, 2011**

PROJECT	CONTRACT AMOUNT	ADVERTISE - INVITATION FOR BID	BID OPENING	APPROVAL GRANTED BY HUD	CONTRACT EXECUTED	NOTICE TO PROCEED	PRE-CONSTRUCTION CONFERENCE	CONSTRUCTION START DATE	CONSTRUCTION COMPLETION
Hale Hauoli	\$ 1,990,000	11/17/2009	12/29/2009	2/9/2010	2/23/2010	9/7/2010	3/18/2010	10/4/2010	4/25/2011
Kahekili Terrace	\$ 5,335,492	1/11/2010	2/4/2010	2/23/2010	3/11/2010	6/28/2010	4/20/2010	6/28/2010	4/29/2011
Kaimalino & Kealakehe	\$ 1,915,750	6/15/2009	7/16/2009	1/7/2010	1/7/2010	2/1/2010	1/28/2010	2/1/2010	11/29/2010
Kalakaua	\$ 780,553	1/12/2010	2/9/2010	2/26/2010	3/11/2010	5/20/2010	3/22/2010	6/1/2010	9/28/2010
Kalanihulia	\$ 200,509	12/4/2009	1/7/2010	2/26/2010	3/11/2010	4/19/2010	4/1/2010	4/19/2010	10/14/2010
Kalihi Valley Homes	\$ 1,567,032	5/19/2009	7/12/2009	8/13/2009	9/12/2009	10/26/2009	9/18/2009	10/26/2009	Bldgs. 23 & 27 - 2/15/2011 Bldg. 24 - 7/30/2011
Makani Kai Hale I & II	\$ 1,629,228	1/11/2010	2/4/2010	2/25/2010	3/4/2010	6/4/2010	4/20/2010	6/4/2010	4/1/2011
Makua Alii	\$ 2,090,130	12/18/2009	1/12/2010	2/16/2010	3/11/2010	4/26/2010	4/21/2010	4/26/2010	9/18/2011
Makua Alii Construction Management	\$ 409,171	N/A	N/A	2/9/2010	3/9/2010	N/A	N/A	N/A	N/A
Sub-Total	\$ 15,917,865								
Administration	\$ 327,578	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Sub-Total	\$ 327,578								
TOTAL	\$ 16,245,443								

NOTE: 60% Expenditure deadline is March 17, 2011.
100% Expenditure deadline is March 17, 2012.

AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)
EXPENDITURE REPORT

Current Date: 2/11/2011 8:40

Project	Contract No.	NTP Issued	Contract Amount	Reporting Year 1				Reporting Year 2		Total	% Complete
				Q1	Q2	Q3	Q4	Q1	Q2		
				Oct-Dec 09	Jan-Mar 10	Apr-Jun 10	Jul-Sep 10	Oct-Dec 10	Jan-Mar 11		
Makua Alii - Construction Mgt. Service (SSFM International, Inc.)	CMS 08-39-SA02	N/A	\$409,171.00				\$55,290.00	\$82,935.00	\$27,645.00	\$165,870.00	40.54%
Kalihi Valley Homes - Site & Dwelling Improvements, Phase 4A (Rainforest G Construction, LLC)	CMS 09-15-CO01	10/26/2009	\$1,563,593.00			\$525,000.00	\$1,024,966.00	\$4,949.00		\$1,554,915.00	99.44%
Kaimalino & Kealakehe - Reroofing & Misc. Repairs (Coastal Construction, Inc.)	CMS 10-01	2/1/2010	\$1,915,750.00			\$547,988.92	\$915,892.18	\$314,970.15	\$38,637.45	\$1,817,488.70	94.87%
Hale Hauoli - Reroof & Renovation (Isemoto Contracting Co., Ltd.)	CMS 10-07	9/7/2010	\$1,798,597.00						\$352,148.50	\$352,148.50	19.58%
Makani Kai Hale I & II - Physical Improvements (Artistic Builders Corporation)	CMS 10-08	6/4/2010	\$1,629,267.00				\$97,806.05	\$914,441.75	\$222,220.06	\$1,234,467.86	75.77%
Makua Alii - Reroof and Structural Repairs (Hi-Tec Roofing, Inc.)	CMS 10-09	4/26/2010	\$2,090,130.00				\$590,989.39	\$684,994.43	\$228,421.37	\$1,504,405.19	71.98%
Kalakaua Homes - Reroofing (Tory's Roofing & Waterproofing, Inc.)	CMS 10-10	5/20/2010	\$780,553.00					\$700,813.82		\$700,813.82	89.78%
Kahekili Terrace - Physical Improvements (F&H Construction)	CMS 10-11	6/28/2010	\$5,259,289.00					\$2,388,927.77	\$514,302.01	\$2,903,229.78	55.20%
Kalanihulia - Reroof & Elevator Lobby Improvements (ABC Design Center)	CMS 10-12	4/19/2010	\$196,865.00				\$20,330.00	\$167,412.30		\$187,742.30	95.37%
Administration	N/A	N/A	\$602,228.00		\$601,688.00					\$601,688.00	99.91%
Total Amount:			\$16,245,443.00	\$0.00	\$601,688.00	\$1,072,988.92	\$2,705,273.62	\$5,259,444.22	\$1,383,374.39	\$11,022,769.15	67.85%
Budget Balance:				\$16,245,443.00	\$15,643,755.00	\$14,570,766.08	\$11,865,492.46	\$6,606,048.24	\$5,222,673.85		
Percentage Expended:				0.00%	3.70%	6.60%	16.65%	32.37%	67.85%		

NOTE: HPHA must expend at least 60% of all ARRA Funds no later than March 17, 2011. The expenditure rate of 67.85% is actual expenditures made based on eLOCCS input and check cut by FMO as of January 31, 2011.

**Construction Management Branch
Status Report for Large Capacity Cesspool Conversions (LCCC) Statewide
February 2, 2011**

Completed Activities

- EPA has indicated that our request for a 2 month extension to close the Kauai LCCs is likely to be approved but will entail a lot of paperwork, including a request to extend the grant deadline.
- The Inter-Office Memorandum, (IOM) was submitted to request approval of the Fee Proposal submitted by Okahara and Associates to prepare bid documents to complete the conversions for Kealekehe and Hale Haouli and replace individual waste water systems for Lokahi to thereby complete all work of the CAFO.

Planned Activities

- Because of the sunny weather conditions since January, construction activities have been progressing well in Kilauea. If dry weather persists, the seepage pits will be closed two septic tanks and leaching fields planned for Kilauea should be operational by the first week of March.
- A meeting is being scheduled with HHFDC to determine sharing costs due to joint wastewater connection for Kealekehe (HPHA property) and Lai'lani (HHFDC property).
- The maintenance/monitoring specifications and cost estimates for annual maintenance are being developed to assist the property managers establish quarterly routines and determine budgets for the DOH requirements.
- The transfer of responsibility for Lai'lani, Hawaii Montessori and Jack Hall properties will be formalized with the HHFDC, as well as Halaula, Ka'u, Waimea, Honokaa, Hana and Wakiu Teachers Cottages to the DOE.
- With the timely approval of the Okahara design contract, there is good possibility of awarding the remaining sewer connections for Kealekehe and Hale Haouli and the replacement of the faulty septic tanks at Lokahi by the 2nd quarter of 2011.

Risks

- Any delays in the processing of the Okahara contract and the preparation and award of the bid documents will delay the Big Island conversions.
- An independent soil test was performed that indicates contamination below the EPA tested soil. HPHA will work with the Department of Health on requirements to mitigate.

HEARINGS OFFICE-STATEWIDE FEDERAL EVICTION REFERRALS

REFERRALS									
	REASON FOR REFERRAL			RESULT OF EVICTION REFERRAL					
MONTH	Total	Rent	Other	Evict	Evict with Cond	10-day Cure	Dismiss	Continued	Completed
FY 2008	145	108	37	56	39	18	5	37	118
FY 2009	232	194	38	94	63	5	11	59	173
FY 2010	263	223	40	109	83	4	6	61	202

Fiscal Year 2011

REFERRALS									
	REASON FOR REFERRAL			RESULT OF EVICTION REFERRAL					
MONTH	Total	Rent	Other	Evict	Evict with Cond	10-day Cure	Dismiss	Continued	Completed
July 10	20	12	8	10	4	2	0	4	16
Aug 10	15	11	4	6	0	0	0	9	6
Sept 10	14	10	4	4	7	0	0	3	11
Oct 10	15	11	4	3	3	1	4	4	11
Nov 10	21	18	3	7	7	1	2	4	17
Dec 10	0	0	0	0	0	0	0	0	0
Jan 11	4	3	1	2	2	0	0	0	4
TOTALS	93	68	25	34	25	4	6	24	69

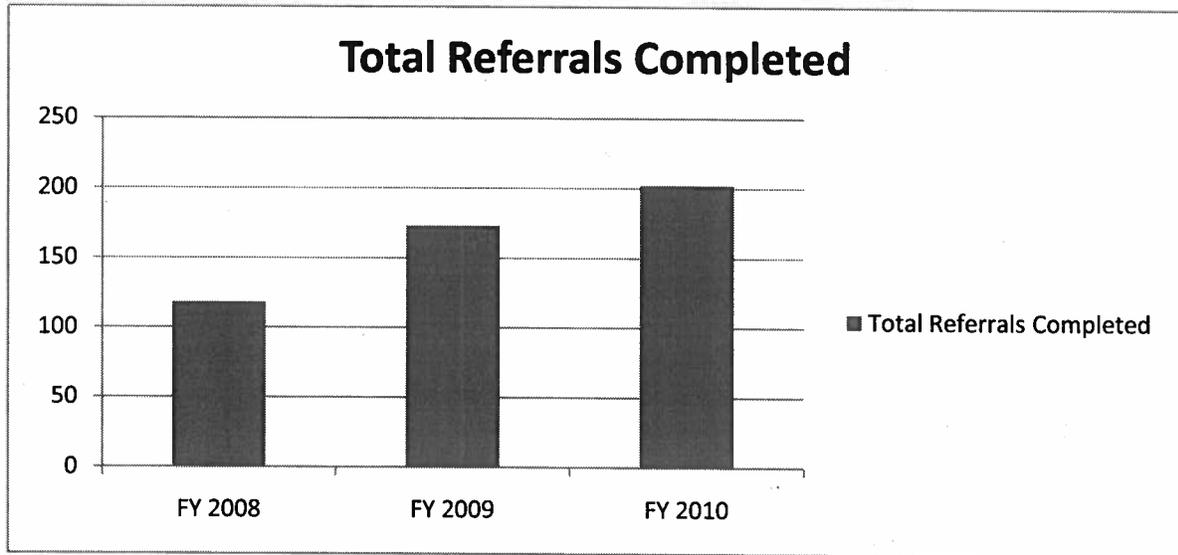
**Total # of Cases Heard for the Month of January 2011: 4
(Oahu & Neighbor Islands)**

Decisions Rendered:	Rent Violations	Other Violations
Eviction	1	1
Evict w/cond	2	
10-day cure		
Dismissal		
Continued		
Total	3	1

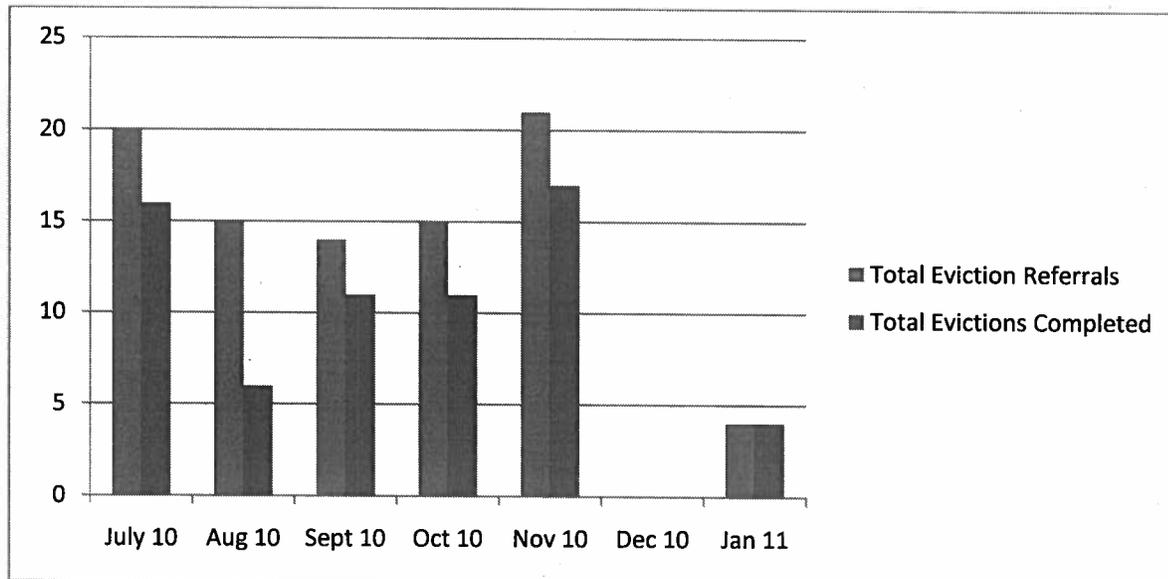
Delinquent balances for rent cases ordered evicted for month of January 2011:

AMP 45	Hookipa Kahalu	\$1,220.00
Total		\$1,220.00

Fiscal Years 2008-2010



Current Fiscal Year 2011 (By Month)



COMPLIANCE BRANCH
February 2011, Report

I. Accomplishments

- A. Obtained fair housing training;
- B. Resolved approximately 25 tenant requests for ADA accommodations;
- C. Reviewed and updated procedures and forms regarding intake and processing of Reasonable Accommodations requests;
- D. Responded to various inquiries from AMP Managers regarding HPHA policies and procedures;
- E. Obtained grievance hearings training;
- F. Attended a Special Access Committee meeting;
- G. Initiated a request to compile information regarding Limited English Proficient encounters to comply with data collection efforts of DHS' in accordance with its Language Access Plan;
- H. Responded to Hawai'i Civil Rights Commission (HCRC) and HUD complaints regarding various HPHA beneficiaries;
- I. Responded to a fair housing inquiry from the public regarding potential discrimination in private housing; and
- J. Registered for the following training opportunities in February and March:
 - a. Fair Housing Conference;
 - b. Procurement Training:
 - i. Exemptions from HRS Chapter 103D;
 - ii. Intra and Out of State Travel Procedures;
 - iii. Small Purchases;
 - iv. Professional Services; and
 - v. Contract Administration.

II. Goals

- A. Obtain procurement training from SPO;
- B. Obtain further fair housing training;
- C. Respond to reasonable accommodation requests within functional timeframes;
- D. Provide a status report on all pending cases with the Hawaii Civil Rights Commission, Department of Housing and Urban Development, and other entities;

- E. Create a streamlined process for Limited English Proficient encounter and expenditure data collection; and
- F. Complete review and recommendation of responsive proposals to RFP for Section 8 Project Based Housing Choice Vouchers.

**Contract & Procurement Office
Monthly Status Report for January 2011**

Solicitations Issued in January 2011:

Solicitation No.	Title	Due Date
IFB-CMS-2010-11	Exterior Repairs and ADA Accessibility Compliance at Kalakaua Homes (AMP 34) on the Island of Oahu, HPHA Job No. 09-035-162-S/F-II	February 22, 2011
RFP-PMB-2011-01	Request for Proposals to Issue Section 8 Project Based Housing Choice Vouchers to a Qualified Firm or Organization in Honolulu, Hawaii	February 3, 2011
RFP-PMB-2011-03	Request for Proposals for Property Management, Maintenance and Resident Services for Federal Low-Income Public Housing Complexes under Asset Management Project 43 on the Island of Hawaii	February 24, 2011

Contracts Executed in January 2011:

Contract No.	Contractor & Project	Supp. Amount	Total Amount
CMS 11-01	Marc Ventura, AIA, LLC Design and Consultation Services for Site and Dwelling Improvements at Hui O Hanamaulu (AMP 38) on the Island of Kauai 898 days from Notice to Proceed		\$127,525.23.00
CMS 08-24-SC02	Okahara & Associates Reduction In Design and Consultant Services for Repairs to the Sewer System at Kuhio Park Terrace (AMP 40) on the Island of Oahu End Date:	(\$184,473.15)	\$284,696.00
CMS 08-27-SC03	GYA Architects, Inc. Extension of Time for Design and Consultant Services for Physical Improvements at Makani Kai Hale (AMP 39) on the Island of Maui – 457 days End Date: April 1, 2012	n/a	\$161,279.92
CMS 09-18-SC01	Architects Hawaii, Ltd. Additional Design and Consultant Services for Reroofing, Exterior Repairs and ADA Accessibility Compliance at Kalakaua Homes (AMP 34) on the Island of Oahu End Date: March 23 ,2012	\$91,259.00	\$556,562.00

Contract No.	Contractor & Project	Supp. Amount	Total Amount
CMS 10-01-C001	Isemoto Contracting Company, Ltd. Provide Additional Labor and Materials for the Reroofing and Renovation to Hale Hauoli (AMP 46) on the Island of Hawaii Completion Date:	\$36,293.00	\$1,834,890.00
CMS 10-01-C002	Isemoto Contracting Company, Ltd. Provide Additional Labor and Materials for the Reroofing and Renovation to Hale Hauoli (AMP 46) on the Island of Hawaii Completion Date:	\$36,742.00	\$1,871,632.00
PMB 09-09-SA04	EAH, Inc. Continue to Furnish Property Management and Maintenance Services for Banyan Street Manor on the Island of Oahu – 3-Month Extension February 1, 2011 to April 30, 2011 or upon completion of the sale, whichever happens sooner	\$65,851.85	\$602,778.94

**Contract and Procurement Office
Monthly Status Report for January 2011**

Accomplishments

Solicitation(s):

- See Board of Directors Monthly Status Report.

Contract(s):

- See Board of Directors Monthly Status Report.

Purchase Orders/pCards/Central Stores Requisitions Processed:

Type	Jan	Dec	% change	YTD
Central Stores Requisitions	26	34	-24%	187
Purchase Orders	126	153	-18%	1,101
pCard (Total)	616	513	20%	3,692
pCard (under \$1,000)	606	502	21%	3,620
pCard (over \$1,000)	10	11	-9%	72

Planned Activities February 2011

Solicitation(s):

- Issue Request-for-Proposals for Property Management, Maintenance and Resident Services for Asset Management 46 (Noelani I, Noelani II, Hale Hauoli, Ke Kumu Ekolu, Ke Kumu Elua) on the Island of Hawaii.
- Issue Request-for-Proposals for Property Management and Maintenance Services for the Affordable Rental Housing Complex Known As Ke Kumu Ekahi on the Island of Hawaii.

Contract(s)

- Award contract to Issue Section 8 Project Based Housing Choice Vouchers to a Qualified Firm or Organization in Honolulu, Hawaii
- Award contract to Conduct an Assessment of the Hawaii Public Housing Authority's Compliance with the Fair Housing Amendments Act of 1988, the Americans with Disabilities Act (Section 504), Violence Against Women Act (VAWA) Section 515-3, Hawaii Revised Statutes, and Related State and Federal Laws in its Federal and State Public Housing Programs and its Non-Dwelling Facilities.

Activities for the Month of February 2011

Solicitation(s):

- Solicitations issued under the Construction Management Branch is anticipated to remain steady due to the effort to encumber the funds under the Capital Improvement Program.

Contract(s):

- Contracts to be executed under the Construction Management Branch is anticipated to increase due to the effort to encumber the funds under the Capital Improvement Program.
- Contracts to be executed under the Property Management and Maintenance Services Branch will increase due to the need to procure property management, maintenance and resident services.

Purchase Orders/pCards/Central Stores Requisitions:

- The number of pCard documents processed increased from last month (616 – 513). The increase can be attributed in part to Central Maintenance processing their pCard purchases from previous months and the clearing of the vacant lot at Lanakila Homes.
- The number of purchase orders and Central Stores requisitions processed remained relatively steady (126 – 153). The trend for the next month is for the number to remain steady.

Issues

- Selected offices appear to catching up on submission of their pCard authorization forms. In past months, due to staffing issues, pCard authorization forms were submitted late. As such, the Fiscal Management Office was unable to reconcile charges on a timely basis and the CPO was unable to verify that purchases are in compliance with State/Federal procurement rules.
- Lack of staff continues to affect the CPO's ability to track, manage, and execute contracts on a timely basis.

Potential Risks

Contract(s):

- The HPHA is evaluating proposals received to Conduct an Assessment of the Hawaii Public Housing Authority's Compliance with the Fair Housing Amendments Act of 1988, the Americans with Disabilities Act (Section 504), Violence Against Women Act (VAWA) Section 515-3, Hawaii Revised Statutes, and Related State and Federal Laws in its Federal and State Public Housing Programs and its Non-Dwelling Facilities. Failure to award a contract in a timely manner will affect the HPHA's ability to plan its capital improvement budget needs appropriately.

Staffing

- Shall schedule interviews with qualified candidates who applied for the vacant contract specialist position.

**Personnel Office
January/February Status Report**

Accomplishments

Recruitment:

- Interviews held, results/ start date/job offers pending:
 1. Public Housing Supervisor IV (AMP 38)
 2. Building Maintenance Worker I (AMP 38)
 3. Building Maintenance Helper (AMP 38)
- Continuous Recruitment through HPHA website, Star Advertiser and/or NEOGOV
 1. State Housing Development Administrator
 2. Public Housing Supervisor V
 3. Information Technology Specialist IV
 4. Building Maintenance Worker I (AMP 38 and AMP 39)
- Received approval to fill positions that are 100% federally funded; HPHA Personnel will assist managers in identifying essential position.
- All managers are required to complete HPHA Request to Fill form before any recruitment can be initiated.

Safety/Workers Compensation:

- Received three workers compensation injury reports. Two injuries reported no lost time.
- OSHA 300A completed and Posted throughout all offices as of February 2, 2011
- Agency Safety meeting held on February 7, 2011. Recognized offices and AMPS for no injuries in 2010.

Labor Relations:

- Settlement Agreement - UPW and DHRD entered into a settlement agreement that will end furlough effective March 1, 2011 through June 30, 2011, for all bargaining Units 1 and 10 for positions that are federal/special funded positions (100% or less). In addition to ending the furlough, employees shall receive compensatory time off (CTO) of 88 hours. The settlement agreement will impact HPHA maintenance staff.
- Grievances received for Temporary Assignment, working out of classification and failure to perform assigned duties and responsibilities.

Training:

- Staff attended the following trainings:
 1. The 2010 ADA Design & Construction Standards - A Brief Overview Training
 2. The Disability & Communication Access Board
 3. Overview of Procurement Practices Chapter 103D #170
 4. Native Hawaiian Housing Needs Outreach Conference - Bridging the Gap to Sustainable Communities
 5. Bridging the Gap to Sustainable Communities - HUD ONAP Housing Needs Outreach Session
 6. Standard First Aid

Planned Activities

Recruitment:

- Goal – continue to recruit and fill essential positions.
- Tentative recruitment for the following positions:

Public Housing Supervisors IV (AMP 30, 33 and 34)

Public Housing Supervisor III/II/I (AMP 31, 35, 38 and Application)

Social Service Aide IVs (AMP 33 and 35)

Account Clerk II (AMP 30 and 32)

Housing Quality Standard Inspector III (Section 8)

General Construction and Maintenance Supervisor I (AMP 34)

Carpenter I (AMP 30 and 35)

Painter I (AMP 34)

Building Maintenance Worker II/I (AMP 32, 34, 35, 37 and 38)

General Laborer II (AMP 31)

Tenant Aides – General Laborers, Social Service Aides and Office Clerks (AMP 30, 31, 33, 37, 38, PMMSB Office and Section 8)

Note: positions above are subject to Executive Director's approval to fill.

- Update selection instruments for all positions identified to recruit for AMPs. Assist managers in developing selection instruments.
- Interviews scheduled for February:
 1. Information Technology Specialist IV # 106429
 4. Housing Contract Specialist # 117689
- Advertisement (civil service/exempt):
 1. Tenant Services Manager
 2. Public Housing Supervisor VI (NEOGOV 2/13/11)

Position Classification:

- Re-establish and update Welder I position description #5968
- Red scribe Plumber I to Plumber Helper #5858
- Update Property Management Coordinator II #100986
- Update Housing Planner (Supervisor) #102034

Safety/Workers Compensation:

- On-site safety inspection and EEOC.
- Request for Job search thru DHS/DHRD.

Training:

- DHS Compliance Staff to conduct training on Language Access for all staff on February 23, 2011 to February 24, 2011.

Labor Relations:

- Work with in BU 1 settlement agreement relating to compensatory time off adjustment.
- Provide guidance to managers on sick leave abuse for the period of 7/1/10 – 12/31/10.
- Review completed administrative investigation.

Trends/issues:

- Managers are not submitting request to fill forms timely, and it is delaying the ability to recruit essential positions. By not prioritizing recruitment in their day-to-day operation, may impact the ability to meet all goals and expectations in their offices/ AMPs. Personnel and Office of Executive Directors have made efforts in providing assistance as needed.

**Hawaii Public Housing Authority (HPHA)
Personnel Office
Aggregated Staffing Report as of February 3, 2010**

Total **Civil Service** vacant positions - 54

Total **Exempt** vacant positions – 21

Total **Vacant** positions – 75

Positions in recruitment: Civil Service - 11
Exempt - 7

Total positions in recruitment: 18

Total **Tenant Aide** filled - 21

Total **Tenant Aide** vacant positions - 19

Information Technology Office Status Report January 2011

Accomplishments

- Received updated anti-virus software (Symantec & Kaspersky) for Windows 7
- Finalized Windows 7 version of laptop hard drive image
- Coordinated printing of 1099 Misc forms with vendor EMSS. (There were some address issues with approximately 5% of the forms, most likely due to the recent Section 8 data conversion from Emphasys Flex to Elite.)

Planned Activities for Next Month

- Arranged a remote training for FMO staff on Feb. 3 to help resolve their outstanding issues with Emphasys Flex financials and determine what must be done in order to transition to Elite. Training is to be done by Gail Zettel and Nancy McWatters of Emphasys, who are expected to implement our Elite financial modules in the coming months.
- ITO will work with FMO to see if certain financial reports can be recreated in the Crystal Reports environment.

Trends/Issues

On Jan 5, 2011, HPHA was notified by ICSD about a Cyber security event involving copyright infringement detected by the Recording Industry Association of America, Inc. on the UH network, which is also used by State agencies. Peer-to-peer file sharing was tracked down to the specific IP address of a connection used by both HPHA and HHFDC. Further investigation over a period of days pin pointed the computer as being in the CMS office. A remote search of the suspected hard drive did not detect any mp3 files, so the computer was pulled out of service so that the hard drive could be erased and re-imaged to thoroughly clean it.

ICSD then monitored the computer for a period after it was put back into service, and reported on Jan 24 that the activity had ceased.

Risks

Three individuals have indicated that they are interested in being interviewed for HPHA's vacant IT position. Currently in the process of forming an interview panel.

For Discussion, item A: Update on Kuhio Park Terrace (KPT) Settlement Agreement for Lawsuits: *Faletogo et al. v. Hawaii Public Housing Authority* (Civil No. 08-1-2608-12) and *McMillon et al. v. Hawaii Public Housing Authority* (Civil No. CV08-00578)

The Board may go into executive session pursuant to Hawaii Revised Statutes sections 92-4 and 92-5(a)(4) to consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities as related to *Faletogo et al. v. Hawaii Public Housing Authority* (Civil No. 08-1-2608-12) and *McMillon et al. v. Hawaii Public Housing Authority* (Civil No. CV08-00578).

The Executive Director will provide an oral report on the status of the settlement agreement.

For Discussion item B: Update and Status of the Mixed Finance Redevelopment at Kuhio Park Terrace (KPT) and Kuhio Homes with the Michaels Development Company

The Executive Director will provide an oral report on the status of the redevelopment project.

For Discussion item C: Report on Procurement and Contract Actions Requiring Board Guidance

The Board may go into executive session pursuant to Hawaii Revised Statutes sections 92-4 and 92-5(a)(4) to consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities as related to Procurement and Contract Actions.

Handouts may be provided at the Board meeting.

Attachment A

as of 2/10/11

For Action: State Owned Low Rent Units

State Low Rent (Family)	Location	Available Units	Occupied Units	No./Pctg of Families Paying < \$250		No./Pctg of Families Paying < \$300		Unit Types
2201 Hauiki	Oahu	46	45	18	40%	20	44%	20-2bd/16-3bd/10-4bd
2202 Puahala	Oahu	128	117	46	39%	55	47%	14-1bd/ 58-2bd/28-3bd/14-4bd/14-5bd
2206 Lokahi	Hilo	30	18	6	33%	8	44%	14-2bd/16-3bd
2204 Kawailehua	Kauai	26	25	19	76%	19	76%	6-1bd/ 20-2bd
2205 Ka Hale Mua	Molokai	32	27	18	67%	20	74%	12-1bd/20-2bd
2207 Ke Kumu Elua	Waikoloa	26	14	8	57%	10	71%	10-1bd/16-2bd
TOTALS		288	246	115	47%	132	54%	42-1bd/148-2bd/60-3bd/24-4bd/14-5bd

State Elderly Housing	Location	Available Units	Occupied Units	No./Pctg of Families Paying < \$250		No./Pctg of Families Paying < \$300		Unit Types
2401 Hale Poai	Oahu	206	204	111	54%	123	60%	80-studios/126-1bd
2402 Laiola	Oahu	108	105	44	42%	64	61%	60-studio/48-1bd
2403 Kamalu-Ho`olulu	Oahu	221	220	128	58%	141	64%	171-studio/50-1bd
2404 Halia Hale	Oahu	41	40	23	58%	29	73%	30—studio/11-1bd
TOTALS		576	569	306	54%	357	63%	341-studio/235-1bd

AMENDED FOR ACTION

MOTION: To Amend Board Resolution Nos. 34, 35, and 36, adopted November 18, 2010, to authorize the sale of Banyan Street Manor Apartments improvements and the sublease of the land (Tax Map Key No. (1) 7-3-031-029) to Banyan Housing LP pursuant to the purchase agreement and escrow instructions dated January 28, 2010.

I. FACTS

- A. In May 2009, the Board of Directors authorized the sale of the Banyan Street Manor Apartments, located at 1122 Banyan Street, Honolulu, Hawaii (Tax Map Key No. (1) 7-3-031-029).
- B. In January 2010, the HPHA entered into a Purchase Agreement with Banyan Housing Limited Partnership (LP) and issued escrow instructions for said sale.
- C. The sale was structured as a purchase of the improvements by Banyan Housing LP and the assumption of the ground lease issued by the City and County of Honolulu (hereinafter "City") to the HPHA by Banyan Housing LP.
- D. In October 2010 the HPHA requested that the City amend the ground lease to extend its term for an additional 48 years, make various corrections to the property description, and add mortgagee provisions required by Freddie Mac in anticipation of Banyan Housing LP assuming the ground lease.
- E. In January 2011, the City informed the HPHA that it will not be extending the existing Banyan Street Manor Apartments ground lease and will not grant an Assignment of Lease. The City, however, will grant a new ground lease for up to 55 years between the City and the HPHA, and allow a sublease to Banyan Housing LP.

II. DISCUSSION

- A. Resolution Nos. 34, 35 and 36 should be amended to reflect the revised structure of the Banyan Street Manor Apartments transaction, consisting of the purchase of the improvements by Banyan Housing LP; a new ground lease for up to 55 years between the HPHA and the City; and a sublease between the HPHA and Banyan Housing LP. Pursuant to said revised structure, the HPHA will remain the primary lessee under the new ground lease, and will remain liable for any default by the purchaser.

- B. Resolution No. 34 should also be amended to correct the Recommendation section to ratify all past actions of the HPHA and Executive Director as to the sale of Banyan Street Manor Apartments to Banyan Housing LP.
- C. Resolution No. 36 should be amended to reflect and authorize the Executive Director execute any and all contracts and documents related to said revised structure of the Banyan Street Manor Apartments sale.
- D. HUD approval should be obtained anew to continue Section 8 funds for the Banyan Street Manor Apartments under the revised structure.

III. RECOMMENDATION

That the Hawaii Public Housing Authority Board of Directors:

1. Amend Resolutions Nos. 34, 35 and 36 adopted November 18, 2010, to revise the structure of the Banyan Street Manor Apartments transaction and to authorize said revised structure, consisting of the purchase of the improvements by Banyan Housing LP; a new ground lease for up to 55 years between the HPHA and the City; and a sublease between the HPHA and Banyan Housing LP (hereinafter "revised structure").
2. Authorize the HPHA to remain the primary lessee under the new ground lease, pursuant to the revised structure.
3. Amend the Recommendation section of Resolution No. 34 to ratify all past actions of the HPHA and Executive Director as to the sale of Banyan Street Manor Apartments to Banyan Housing LP.
4. Amend Resolution No. 36 to authorize the Executive Director, or her designated representative, to execute any and all contracts and documents related to the revised structure of the sale of Banyan Street Manor Apartments.
5. Authorize the Executive Director to obtain approval from the U.S. Department of Housing and Urban Development (HUD) for the continuance of Section 8 funds to the Banyan Street Manor Apartments under the revised structure.

Attachments: Resolution Nos. 34, 35, 36; Draft Ground Lease (Version 1.0 24 August 2010).

Prepared by: Denise M. Wise, Executive Director



Travis O. Thompson
Chair

RESOLUTION NO. 34
Amendment No. 1

HAWAII PUBLIC HOUSING AUTHORITY
STATE OF HAWAII

RESOLUTION TO RATIFY ALL PAST ACTIONS OF THE HAWAII PUBLIC HOUSING AUTHORITY ("HPHA") AND THE HPHA'S EXECUTIVE DIRECTOR CONCERNING THE SALE OF BANYAN STREET MANOR APARTMENTS TO BANYAN HOUSING LP PURSUANT TO THE PURCHASE AGREEMENT AND ESCROW INSTRUCTIONS DATED JANUARY 28, 2010, AS AMENDED

WHEREAS, in May 2009, the Board of Directors of the Hawaii Public Housing Authority (HPHA) engaged the services of Alvarez & Marsal as a consultant to assist in the sale of Banyan Street Manor Apartments located at 1122 Banyan Street, Honolulu, Oahu, Hawaii and further identified as Tax Map Key No. (1) 1-7-031-029; and

WHEREAS, on July 16, 2009, the HPHA's Board of Directors authorized the staff to proceed with negotiations with Banyan Housing, LP, a Hawaii limited partnership, for the sale of Banyan Street Manor Apartments; and

WHEREAS, the HPHA, through the Department of the Attorney General and its real estate consultant, Alvarez & Marsal, negotiated the sale of the property located at Banyan Street Manor Apartments to Banyan Housing, LP; and

WHEREAS, on November 18, 2010, the HPHA Board authorized and approved the sale structure of the Banyan Street Manor Apartments as a purchase of the improvements by Banyan Housing, LP and the assumption of the existing ground lease by Banyan Housing, LP; and

WHEREAS, Resolution No. 34 is amended to revise the structure of the Banyan Street Manor Apartments transaction and to authorize the revised structure of the sale, consisting of the purchase of the improvements by Banyan Housing, LP; a new ground lease for up to 55 years between the HPHA and the City; and a sublease between the HPHA and Banyan Housing, LP; and

WHEREAS, Banyan Housing, LP agrees to maintain and operate the Banyan Street Manor Apartments in a manner consistent with the Housing Assistance Payments Contract, and any other requirement, regulatory agreement and restrictive covenants with the U.S. Department of Housing and Urban Development; and

WHEREAS, the Purchase Agreement and Escrow Instructions, as amended, were reviewed for form and legality by the Department of the Attorney General; and

NOW, THEREFORE BE IT RESOLVED, that the Board of Directors of the Hawaii Public Housing Authority do hereby ratify all past actions of the Hawaii Public Housing Authority and its Executive Director concerning the revised structure of the sale of the Banyan Street Manor

Apartments, consisting of the purchase of the improvements by Banyan Housing, LP; a new ground lease for up to 55 years between the HPHA and the City; and a sublease between the HPHA and Banyan Housing, LP, pursuant to the Purchase Agreement and Escrow Instructions Dated January 28, 2010, as amended.

The UNDERSIGNED, hereby certifies that the foregoing resolution was duly adopted by the Board of Directors of the Hawaii Public Housing Authority on November 18, 2010, and amended as indicated above on February 17, 2011 in Honolulu, Hawaii.

A handwritten signature in black ink, appearing to read 'Travis O. Thompson', written over a horizontal line.

Travis O. Thompson, Chairperson

RESOLUTION NO. 35
Amendment No. 1

HAWAII PUBLIC HOUSING AUTHORITY
STATE OF HAWAII

RESOLUTION TO AUTHORIZE THE SALE BY THE HAWAII PUBLIC HOUSING
AUTHORITY TO BANYAN HOUSING LP PURSUANT TO THE PURCHASE
AGREEMENT AND ESCROW INSTRUCTIONS DATED JANUARY 28, 2010, AS
AMENDED

WHEREAS, in May 2009, the Board of Directors of the Hawaii Public Housing Authority (HPHA) engaged the services of Alvarez & Marsal as a consultant to assist in the sale of Banyan Street Manor Apartments located at 1122 Banyan Street, Honolulu, Oahu, Hawaii and further identified as Tax Map Key No. (1) 1-7-031-029 (hereinafter "Banyan Street Manor"); and

WHEREAS, on July 16, 2009, the HPHA's Board of Directors authorized the staff to proceed with negotiations with Banyan Housing, LP, a Hawaii limited partnership, for the sale of Banyan Street Manor Apartments; and

WHEREAS, the HPHA, through the Department of the Attorney General and its real estate consultant, Alvarez & Marsal, negotiated the sale of the property located at Banyan Street Manor Apartments to Banyan Housing, LP; and

WHEREAS, on November 18, 2010, the HPHA Board authorized and approved the sale structure of the Banyan Street Manor Apartments as a purchase of the improvements by Banyan Housing, LP and the assumption of the existing ground lease by Banyan Housing, LP; and

WHEREAS, Resolution No. 35 is amended to revise the structure of the Banyan Street Manor Apartments transaction and to authorize the revised structure of the sale, consisting of the purchase of the improvements by Banyan Housing, LP; a new ground lease for up to 55 years between the HPHA and the City; and a sublease between the HPHA and Banyan Housing, LP; and

WHEREAS, Banyan Housing, LP agrees to maintain and operate the Banyan Street Manor Apartments in a manner consistent with the Housing Assistance Payments Contract, and any other requirement, regulatory agreement and restrictive covenants with the U.S. Department of Housing and Urban Development; and

WHEREAS, the Purchase Agreement and Escrow Instructions, as amended, were reviewed for form and legality by the Department of the Attorney General; and

NOW, THEREFORE BE IT RESOLVED, that the Board of Directors of the Hawaii Public Housing Authority do hereby authorize the revised structure of the sale of the Banyan Street Manor Apartments, consisting of the purchase of the improvements by Banyan Housing, LP; a

new ground lease for up to 55 years between the HPHA and the City; and a sublease between the HPHA and Banyan Housing, LP, pursuant to the Purchase Agreement and Escrow Instructions Dated January 28, 2010, as amended.

The UNDERSIGNED, hereby certifies that the foregoing resolution was duly adopted by the Board of Directors of the Hawaii Public Housing Authority on November 18, 2010 and amended as indicated above on February 17, 2011 in Honolulu, Hawaii.



Travis O. Thompson, Chairperson

RESOLUTION NO. 36
Amendment No. 1

HAWAII PUBLIC HOUSING AUTHORITY
STATE OF HAWAII

RESOLUTION TO AUTHORIZE THE HAWAII PUBLIC HOUSING AUTHORITY'S EXECUTIVE DIRECTOR, OR HIS/HER DESIGNATED REPRESENTATIVE, TO EXECUTE ANY AND ALL CONTRACTS AND DOCUMENTS RELATED TO THE SALE OF BANYAN STREET MANOR APARTMENTS PURSUANT TO THE PURCHASE AGREEMENT AND ESCROW INSTRUCTIONS DATED JANUARY 28, 2010, AS AMENDED

WHEREAS, in May 2009, the Board of Directors of the Hawaii Public Housing Authority (HPHA) authorized the sale of the Banyan Street Manor Apartments Project located at 1122 Banyan Street, Honolulu, Oahu, Hawaii and further identified as Tax Map Key No. (1) 7-3-031-029; and

WHEREAS, Banyan Housing, LP, a Hawaii limited partnership, desires to purchase the improvements on the property located at the Banyan Street Manor Apartments and to sublease the leasehold interest in the property; and

WHEREAS, Resolution No. 35 is amended to revise the structure of the Banyan Street Manor Apartments transaction and to authorize the revised structure of the sale, consisting of the purchase of the improvements by Banyan Housing, LP; a new ground lease for up to 55 years between the HPHA and the City; and a sublease between the HPHA and Banyan Housing, LP; and

WHEREAS, the HPHA must prepare a submission to the U.S. Department of Housing and Urban Development (HUD) in order to proceed with the sale of the improvements on the property located at Banyan Street Manor Apartments and the transfer of the Housing Assistance Payment Contract to Banyan Housing, LP; and

WHEREAS, the HPHA and Banyan Housing, LP agree to comply with all requirements and submittals for the sale of said property; and

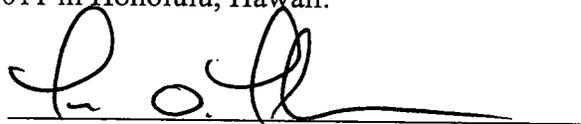
WHEREAS, the staff will submit all contracts and legal documents related to the sale of the improvements on the property located at Banyan Street Manor Apartments to the Department of the Attorney General for review and approval prior to execution; and

WHEREAS, Banyan Housing, LP agrees to maintain and operate the Banyan Street Manor Apartments in a manner consistent with the Housing Assistance Payments Contract, and any other requirement, regulatory agreement and restrictive covenants with the U.S. Department of Housing and Urban Development; and

WHEREAS, the Purchase Agreement and Escrow Instructions, as amended, were reviewed for form and legality by the Department of the Attorney General; and

NOW, THEREFORE BE IT RESOLVED, that the Board of Directors of the Hawaii Public Housing Authority do hereby authorize the Hawaii Public Housing Authority's Executive Director, or his/her designated representative, to execute any and all contracts and documents related to the revised structure of the sale of the Banyan Street Manor Apartments, consisting of the purchase of the improvements by Banyan Housing, LP; a new ground lease for up to 55 years between the HPHA and the City; and a sublease between the HPHA and Banyan Housing, LP, pursuant to the Purchase Agreement and Escrow Instructions Dated January 28, 2010, as amended.

The UNDERSIGNED, hereby certifies that the foregoing resolution was duly adopted by the Board of Directors of the Hawaii Public Housing Authority on November 18, 2010 and amended as indicated above on February 17, 2011 in Honolulu, Hawaii.

A handwritten signature in black ink, appearing to read 'T. O. Thompson', written over a horizontal line.

Travis O. Thompson, Chairperson

LAND COURT

REGULAR SYSTEM

RETURN BY MAIL PICK-UP TO:

City and County of Honolulu
Department of Community Services
715 South King Street, Suite 311
Honolulu, Hawaii 96813

TMK No. (1) 1-7-031-029

No. of Pages: _____

LEASE

THIS LEASE ("Lease") is between the CITY AND COUNTY OF HONOLULU, a municipal corporation of the State of Hawaii, the principal place of business and mailing address of which is Honolulu Hale, 530 South King Street, Honolulu, Hawaii 96813, ("City"), and HAWAII PUBLIC HOUSING AUTHORITY, a public body and body politic of the State of Hawaii, the principal place of business and mailing address of which is 1002 North School Street, Honolulu, Hawaii 96817, ("Lessee").

In consideration of the respective rights and obligations stated below, the City and Lessee agree as follows:

1. **DEMISE AND DESCRIPTION OF PROPERTY.** The City, in consideration of the rent to be paid by Lessee and of the terms stated below to be performed by Lessee, leases to Lessee, and Lessee accepts, all of the real property described "as is", a description of which is in Exhibit A, which exhibit is attached to this Lease and made a part of it ("Property") together with all improvements thereon, including, without limitation, that certain 55-unit affordable rental housing project more commonly known as Banyan Street Manor ("Project"). Lessee has inspected the Property and finds the Property in good condition and accepts the Property in its present condition.

2. **TERM AND RENTAL.** To have and to hold the Property together with the rights, easements, tenements, privileges, and appurtenances, unto Lessee for the term of fifty-five (55) years commencing on the first day of _____ 2011 and expiring on the same date fifty-five (55) years from the commencement date, unless

terminated earlier as stated below ("Term"). Lessee will pay the City rent of ONE and no/100 DOLLARS (\$1.00) per year for the Property. Rent for the full fifty-five (55) year term will be paid in full and in advance upon the commencement of this Lease.

3. QUIET ENJOYMENT. Upon payment of the rent and upon performance of the terms of this Lease by Lessee, Lessee shall peaceably hold and enjoy the Property for the Term without hindrance or interruption by the City or any other person or persons lawfully claiming by, through, or under the City, except as may be stated below.

4. AMENDMENTS TO FACILITATE FINANCING. If any actual or prospective mortgagee requires any modifications of the Lease, then Lessor shall, at Lessee's or the mortgagee's request, promptly execute and deliver to Lessee such instruments in recordable form effecting such modifications as may be approved by Lessor's director of the department of budget and finance, in his or her reasonable discretion, provided Lessor (i) shall have a reasonable opportunity to review the requested revisions, (ii) Lessee reimburses Lessor for any reasonable cost incurred in connection with such amendment, (iii) such amendment does not materially decrease Lessor's rights or materially increase Lessor's obligations, and (iv) if the request is made by a prospective mortgagee, such modification shall become effective and be recorded simultaneously with the recording of the mortgage in favor of such prospective mortgagee. It is expressly understood and agreed that the City reserves the right to reject any request for an amendment of this Lease if the proposed amendment will adversely affect the City's rights in the Property.

5. USE AND TRANSFER OF PROPERTY. The Property shall be used for affordable rental housing. Lessee covenants that except as provided in this Lease, it will not sell, assign, convey, sublease, mortgage, encumber, or transfer Lessee's interest in this Lease, or relinquish possession of any portion of the Property, without the prior written consent of the City.

Lessee may, with the City's prior written consent, enter into a contract with third parties to operate and manage the Project and Property. The services provided by an operator/manager ("Manager") may fully or partially fulfill the obligations of Lessee stated in this Lease but the acts of a Manager shall not relieve Lessee from its duty to fulfill its obligations stated in this Lease. Notwithstanding the foregoing, Lessee may from time to time without further consent of Lessor, assign this Lease by way of mortgage to any bank, insurance company or other established lending institution as mortgagee, provided that Lessee shall upon execution of such mortgage promptly deliver a true copy of such mortgage to Lessor. Subject to Section 25, the mortgagee of such mortgage shall be liable to perform the obligations herein imposed on Lessee only during the period such person has possession or ownership of the leasehold estate. Such mortgagee may further assign or transfer (after a foreclosure or a deed in lieu of foreclosure) to a purchaser at a foreclosure sale (other than such mortgagee) without Lessor's consent. Notwithstanding anything to the contrary in this Lease, Lessee shall have the right to sublet units in the Project to residential tenants in the ordinary course of business, subject only to the income restrictions set forth in any recorded declaration of restrictive covenants recorded against this Lease or the Property. Subject to Section 25, nothing contained in such mortgage

shall release or be deemed to relieve Lessee from the full and faithful performance and observance of Lessee's covenants herein contained or from any liability for the nonobservance or nonperformance thereof, nor be deemed to constitute a waiver of any rights of Lessor hereunder, and the term, covenants and conditions of this Lease shall control in case of any conflict with the provisions of such mortgage.

6. PAYMENT OF TAXES AND ASSESSMENTS. Lessee shall pay, before the same become delinquent, all real property taxes and assessments for which the Property is liable during the Term, whether payable by the City or Lessee. Taxes and assessments shall be prorated between the City and Lessee as of the dates of commencement and expiration of the Term. If any assessment is made under any betterment or improvement law which is payable in installments, Lessee shall pay only such installments, together with interest, which are due and payable during the Term.

7. PAYMENT OF RATES AND OTHER CHARGES. During the Term, Lessee shall pay all charges for electricity, gas, refuse collection, telephone, sewage disposal, water, and all other utilities or services pertaining to the Property, before the charges are delinquent.

8. OBSERVANCE OF LAWS AND COVENANTS. Lessee shall at all times keep the Property in a reasonably clean and sanitary condition, shall observe all laws, ordinances, rules and regulations now or hereafter made by any governmental authority which are applicable to the Property and will observe all covenants and restrictions affecting the Property.

Lessee shall comply with all City, State and Federal laws, rules, and regulations and any amendments thereto including 24 Code of Federal Regulations, Part 8, relating to "Nondiscrimination Based on Handicap in Federal Assisted Programs and Activities of the Department of Housing and Urban Development".

9. REPAIR AND MAINTENANCE. Lessee shall at all times during the Term, at its own expense, substantially repair, maintain, and keep the Property in good order and condition, reasonable wear and tear excepted.

10. IMPROVEMENTS REQUIRED BY LAW. Subject to Section 11 below, Lessee shall build, maintain, and repair, at its sole expense, all improvements which may be required by law in connection with its use of the Property.

11. CONSTRUCTION OF IMPROVEMENTS. All improvements shall be owned by Lessee. Lessee shall have the unfettered right, without the further consent or approval of Lessor, to alter, improve and modify the premises, buildings and improvements, and to otherwise remodel, reconstruct, demolish or subtract from the premises or construct or place on said premises, buildings or improvements such additions to or alterations thereof as necessary.

12. WASTE AND UNLAWFUL USE. Lessee will not make or suffer any strip,

waste, or unlawful, improper, or offensive use of the Property.

13. INSPECTION. The City and its agents may enter and inspect the Property at all reasonable times during the Term. Subject to the provisions of Sections 9 and 10 above, Lessee shall, at its own expense, repair all defects in the Property within thirty (30) days after the City gives written notice thereof to Lessee, or shall, if any repair cannot reasonably be completed within thirty (30) days, commence such repair within that time period and act with diligence until the repair is completed. If Lessee shall fail to commence or complete the repairs within the period provided above, the City may make such repairs. If the City makes such repairs, Lessee shall pay to the City the cost thereof plus interest at the rate of twelve percent (12%) per annum on demand. The City shall not be responsible to Lessee for any loss or damage that may be caused to the Property or business of Lessee by reason thereof.

14. AUDITS. All of Lessee's records relating to the Property will be available for examination during normal business hours by the City, HUD, and/or representatives of the Comptroller General of the United States.

15. NEITHER PARTY AGENT, JOINT VENTURER OR PARTNER OF THE OTHER. Neither party hereto shall be construed to be an agent of, or a joint venturer or partner with, the other party.

16. BOND. Before the commencement of construction of any improvement on the Property exceeding \$500,000.00 in costs, Lessee will obtain and deposit with the City, a good and sufficient surety bond naming the City as an additional obligee, in a penal sum of not less than one hundred percent (100%) of the cost for all labor and materials to be furnished and used for such construction, with a corporate surety authorized to do business in Hawaii guaranteeing (1) the full and faithful performance and completion of the construction contract and (2) completion of the construction free and clear of all mechanics' and materialmen's liens.

17. PROPERTY INSURANCE. During the Term, Lessee shall be responsible for any and all loss or damage to Lessee's personal property, including all goods, materials, supplies, tools, machinery, equipment, furnishings, or other property, and at Lessee's discretion, may insure such property. Lessee waives any right of recovery against the City for any loss or damage to Lessee's property.

During the Term, the City may, at its own expense and in its sole discretion, keep all buildings now or hereafter erected on the Property, insured against loss or damage by fire with extended coverage. If there is any casualty to the Property normally covered by such insurance, the City shall have the sole discretion to determine whether to repair, rebuild, or replace the building. The City shall provide written notice to Lessee of such election, at which time Lessee shall, after payment to the City of all accrued rent and unpaid taxes and all other required payments, be relieved of any further obligation hereunder. The City waives any right of recovery against Lessee for any casualty to the Property unless caused, in whole or in part, by the Lessee.

Lessee shall report the occurrence of any loss or damage to the Property to the City as soon as practicable within 48 hours after such occurrence.

18. LIABILITY INSURANCE. Lessee will procure and maintain at all times during the term of this Lease any and all insurance required under any federal, state or local law, statute, ordinance, or rules and regulations as may be applicable to Lessee's operations and activities hereunder, including but not limited to workers compensation insurance. In addition, Lessee shall procure and maintain Commercial General Liability (CGL) insurance covering the premises, covering against bodily injury and property damage, with limits of not less than \$1,000,000 per occurrence and general aggregate, with the following extensions: (1) contractual liability to cover liability assumed under this Lease; (2) personal injury liability with the "employee" and "contractual" exclusions deleted; and (3) products and completed operations coverage. This policy shall name the City, its elected and appointed officials, employees and agents as additional insureds; provide that this insurance is primary coverage with respect to all insureds; contain a severability of interest clause providing that the insurance applies separately to each insured and that the policies cover claims or suits by one insured against another; and provide that the policy will not be cancelled, or terminated without sixty (60) days prior written notice to the City.

Lessee will provide the City with current certificates of insurance for all policies and/or coverages required herein. The City reserves the right to review these requirements from time to time and require additional amounts or types of insurance.

19. CITY'S COSTS AND EXPENSES. Lessee shall pay to the City on demand all costs, including reasonable attorneys' fees, incurred by the City in enforcing any of the terms of this Lease, in remedying any breach of the terms of this Lease by Lessee, in recovering possession of the Property, in collecting any delinquent rent, taxes or other charges hereunder payable by Lessee, or in connection with any litigation commenced by or against Lessee to which the City shall be made a party without any fault on its part.

20. INDEMNITY. Lessee will indemnify and defend the City, and hold the City harmless against all claims whatsoever for: (a) the failure of Lessee or its occupants, its clients, agents, employees, tenants, contractors, or subcontractors to observe all applicable laws and covenants as stated in Section 8, above, (b) the failure of Lessee to observe and perform its obligations stated in this Lease; and (c) loss or damage, including property damage, bodily injury, and wrongful death, arising out of or in connection with the use or occupancy of the Property by Lessee or any client, tenant, occupant, or other person claiming by, through or under Lessee, or any accident or fire on the Property, or any nuisance made or suffered thereon, or any failure by Lessee to keep the Property in a safe condition, or any other liability whatsoever on account of the Property, or on account of the acts or omissions of Lessee, its employees, agents, contractors, subcontractors, tenants, occupants, clients, or any other persons present upon the Property in connection with Lessee's use or occupancy thereof. In connection with the foregoing, the Lessee will reimburse the City for all its costs and expenses including but not limited to reasonable attorneys' fees incurred in connection with the defense of any such claims, and will hold all

goods, materials, furniture, fixtures, equipment, machinery and other property whatsoever within the Property at the sole risk of Lessee and hold the City harmless for any loss or damage thereto by any cause whatsoever.

21. LIENS. Lessee will keep the Property free of all liens and encumbrances arising out of its activities. Should any such lien or encumbrance attach to the Property then: (a) Lessee shall immediately notify the City of such attachment, and (b) Lessee shall pay the claim and cause the same to be satisfied and discharged of record, and if Lessee shall not pay the same and cause it to be satisfied and discharged of record promptly, City may, at its option, pay the same and any amount paid by the City shall become immediately due and payable by Lessee to City as additional rent. Lessee will indemnify and hold the City harmless against such lien or encumbrance and all expenses incurred by the City including but not limited to reasonable attorneys' fees.

22. SURRENDER. At the end of the Term, Lessee will peaceably deliver up to the City possession of the Property and all improvements in good condition except for reasonable wear and tear, free and clear of encumbrances which were placed on the Property during the Term, which shall include, without being limited to, all claims, liens, charges or liabilities.

23. CONDEMNATION. In case at any time or times during the Term, the Property or any part thereof shall be required, taken, or condemned by any authority having the power of eminent domain, then and in every such case the estate and interest of Lessee in the Property so required, taken or condemned shall at once cease and terminate, and Lessee shall not by reason thereof be entitled to any claim against the City or others for compensation or indemnity for the leasehold interest, and all compensation and damages payable for or on account of the Property or portion thereof shall be payable to and be the sole property of the City.

24. TRANSFER BY CITY. City may transfer, assign, or sell this Lease, or any interest in this Lease or the Property, at any time, with prior notice to Lessee, upon which transfer, assignment or sale, City shall be released of all liability hereunder. Lessee shall attorn to the transferee, assignee, or purchaser, and shall perform all obligations required to be performed by Lessee under this Lease after the date Lessee is notified of the transfer, assignment, or sale, as though the transferee, assignee or purchaser was the original Lessor named in this Lease.

25. PROTECTION OF MORTGAGEE. Notwithstanding anything in this Lease to the contrary, the following provisions will apply:

a. This Lease shall not be amended, altered, modified or rescinded by Lessor and Lessee, prior to the expiration of the term of any mortgage authorized under this Lease, without the prior written consent of the mortgagee. If such a mortgage is in effect, this Lease may be terminated only in accordance with the provisions of this Section 25.

b. Lessor shall serve Lessee with written notice of any notice of default with respect to the provisions of this Lease (including any monetary default) and, at the same time serve a copy of such notice upon the mortgagee, by registered mail, addressed to it at the address shown in the mortgage or such other address as the mortgagee shall inform Lessor. No notice by Lessor to Lessee shall be deemed to have been duly given hereunder, and Lessor is not entitled to exercise its remedies for any default, unless and until a copy thereof has been so served upon the mortgagee. Further, Lessor shall forward copies of any notice it sends to Lessee, other than rent and other periodic billing notices, to the mortgagee.

c. If Lessee is in default hereunder, and Lessee has not cured such default within the time period provided, the mortgagee shall have the right (but shall not be obligated) to remedy such default or to cause the same to be remedied within the time period described in this Subsection 25.c, and Lessor shall accept such performance by or at the instigation of the mortgagee as if the same had been done by Lessee. The mortgagee shall have one hundred twenty (120) days from the time the mortgagee receives written notice from Lessor that Lessee has not cured such default within the time period provided for Lessee to cure such default. The mortgagee shall be deemed to have cured any default on the part of Lessee in the performance of work required to be performed, or acts to be done or conditions to be remedied, shall be deemed to exist, if in good faith, steps have been commenced promptly by Lessee, the mortgagee or on behalf of the mortgagee, to rectify the same and are prosecuted to completion with diligence and continuity. For purposes of the immediately preceding sentence, the mortgagee's initiation of any action to obtain possession and to foreclose the mortgagee's interest in and to the Lease shall be deemed to be "commencement" of cure. If there is a default that can be cured by the mortgagee only by obtaining possession, the mortgagee shall be entitled (but not required) to institute proceedings within the one hundred twenty (120) day period to obtain possession and then be afforded the opportunity to cure such default, as are then reasonably capable of being cured, after obtaining possession. If there is a default that the mortgagee cannot reasonably cure and the mortgagee has diligently exercised its rights and remedies and cured any curable defaults within the applicable cure period, Lessor must waive the default. Lessor will not terminate the Lease as a result of status or other Lessee defaults that are not capable of being cured by the mortgagee, provided that the mortgagee continues to pay rent to Lessor.

d. In the event of any default of Lessee hereunder (including those relating to bankruptcy or insolvency) other than a default in the payment of money or a default reasonably susceptible of being cured by the payment of money, the Lessor shall not take any action to effect a termination of this Lease or any modification thereof or agreement relating thereto, whether by service of a notice of termination or otherwise, due to such default, without allowing the mortgagee (or a receiver appointed at the mortgagee's request or an independent contractor to the mortgagee) a reasonable time within which to either (a) obtain possession of the premises and the interests of Lessee under this Lease and cure the default, where the default is reasonably susceptible of being cured after obtaining such possession by the mortgagee, receiver or independent contractor, (b) obtain relief from any bankruptcy stay in Lessee's bankruptcy, (c) obtain the appointment of a

receiver, (d) institute and complete foreclosure proceedings or otherwise sell or acquire Lessee's interest in the premises and in this Lease, or (e) secure other remedies necessary to enable the mortgagee to cure the default, and any such default shall be considered as having been waived by Lessor upon the completion of foreclosure or such sale or acquisition of Lessee's interest. The foreclosing mortgagee and purchasers at a foreclosure sale or transferee who receive an assignment in lieu of foreclosure shall be automatically released from such default under the Lease.

e. The mortgagee shall not become personally liable under the agreements, terms, covenants or conditions of this Lease, unless and until such time as the mortgagee becomes, and then only for so long as it remains, the owner of the leasehold estate or the tenant under a new lease as provided below. Any liability of the mortgagee and its assigns to Lessor shall be limited to the value of the mortgagee's interest in the leasehold interest and fee interest. Upon transfer of title to the leasehold estate to the mortgagee or purchaser at a foreclosure sale or by deed in lieu of foreclosure (or granting of a new lease as provided below), the mortgagee or new Lessee shall succeed to all rights of Lessee including, without limitation, rights, if any, to extend the term or purchase the premises without the joinder of Lessee.

f. If for any reason (including but not limited to rejection or deemed rejection in bankruptcy, the mortgagee's inability to cure a default, merger of title or attempted surrender by Lessee) this Lease or of any succeeding lease made pursuant to the provisions of this Section 25 is terminated prior to its stated expiration date, Lessor will enter into a new lease with the mortgagee, or, if there is more than one mortgage, then with the mortgagee entitled under Section 25.f(ii), for the remainder of the Term, effective as of the date of such termination, at the rent and upon the covenants, agreements, terms, provisions and limitations contained in this Lease. The new lease issued in accordance with this Section 25.f shall have the same relative priority in time and rights as this Lease. Lessor shall issue the new lease, provided:

(i) the mortgagee makes written request upon Lessor for such new lease within forty (40) days from the date of such termination; and

(ii) if the mortgagee makes a written request upon Lessor in accordance with the provisions of Section 25.f(i), the new lease shall be delivered to the mortgagee requesting such new lease whose mortgage is prior in lien, and the written request of the mortgagee whose mortgage is subordinate in lien shall be void and of no force or effect.

g. Upon the execution and delivery of such new lease in accordance with the provisions of Section 25.f, all subleases and other agreements with sub-lessees or others which theretofore may have been assigned and transferred to Lessor shall thereupon be assigned and transferred without recourse by Lessor to the mortgagee, as the new lessee.

h. No merger of the fee interest with the leasehold interest under any

circumstances (whether voluntary or involuntary or effected by the Lessor or Lessee) will result in the termination of the Lease, any modification or other agreement relating thereto or an extinguishment of any leasehold mortgage.

i. The mortgagee may request an estoppel certificate related to the Lease from Lessor at any time. Upon the mortgagee's written request, Lessor will supply the mortgagee with an estoppel certificate providing, among other things:

- (i) A confirmation that Lessor consents to the mortgagee's leasehold mortgage;
- (ii) Identifying the terms of the Lease;
- (iii) Identifying all of the documents that evidence the Lease;
- (iv) Certifying that there have been no unapproved changes or modifications to the Lease;
- (v) Certifying that this Lease is in full force and effect;
- (vi) Certifying that there are no known or pending defaults and no conditions existing, which but for the passage of time or the giving of notice would result in a default under the Lease;
- (vii) Certifying the date through which rent has been paid; and
- (viii) Certifying any other provision necessary to satisfy any requirement not already contained in the Lease.

j. Lessor is prohibited from subsequently mortgaging its leasehold or fee interest in the Property unless such mortgage is expressly subordinated to Lessee's leasehold interest in the Property. Lessee is prohibited from subordinating its leasehold interest in the Property and its interests in subleases and subrents to any subsequent mortgage of the leasehold or fee interest in the Property by the Lessor.

k. Lessee may not exercise the following rights, as applicable, without the prior, express written consent of the mortgagee:

(i) Right of Lessee to treat the Lease as terminated in the event of the Lessor's bankruptcy under Section 365(h)(A)(i) of Chapter 11 of the U.S. Bankruptcy Code or any successor statute; and

(ii) Right of the Lessee to amend, modify, restate, terminate, surrender or cancel the Lease.

The mortgagee, at its option, may consider the Lessee's exercise of any of the above rights without the mortgagee's prior express written consent as void.

I. To the extent this Lease contains an option to renew the Lease and/or an option to purchase the fee interest in the Property, mortgagee shall have the right to receive notice of Lessee's failure to exercise such option. For thirty (30) days after the date mortgagee receives such notice, mortgagee shall have the right to exercise such option itself. In the event such purchase option is exercised, the leasehold mortgage shall become a first lien on the fee interest in the Property.

m. Lessee may not exercise the following rights, as applicable, without the prior, express written consent of the mortgagee:

(i) Right of Lessee to treat this Lease as terminated in the event of the Lessor's bankruptcy under Section 365(h)(A)(i) of Chapter 11 of the U.S. Bankruptcy Code or any successor statute; and

(ii) Right of the Lessee to amend, modify, restate, terminate, surrender or cancel this Lease.

(iii) Mortgagee, at its option, may consider the Lessee's exercise of any of the above rights without mortgagee's prior, express written consent void.

n. Notwithstanding anything in this Lease to the contrary:

(i) In the event of damage, destruction or condemnation of the improvements to the Premises, this Lease shall not be terminated, and Lessor shall not receive any insurance proceeds relating thereto until the improvements and Premises are restored or the leasehold mortgage is paid in full;

(ii) The mortgagee shall have the right to fully participate in the adjustment of losses as to any casualty insurance proceeds; and

(iii) Payment of hazard insurance proceeds from policies procured by Lessee shall be made to the mortgagee or an independent trustee acceptable to the mortgagee and shall be used to restore the improvements. Insurance proceeds that remain after restoration is completed shall be paid to Lessee (subject to the mortgagee's lien). Lessee's obligation to rebuild or restore the improvements shall be limited to the amount of available insurance proceeds.

26. **DEFAULT.** Lessee shall be in default of its obligations under this Lease upon occurrence of any of the following events (hereinafter called "events of default"):

1. **Failure to Pay Rent.** Lessee's failure to pay rent or other charges required to be paid by Lessee under this Lease within ten days of its due date; or

2. **Failure to Comply.** Lessee's failure to comply with any other provision

of this Lease which Lessee is obligated to comply with within thirty days of written notice from City to Lessee of such non-compliance, provided that if the cure cannot be completed within thirty days, then so long as Lessee has commenced the action to comply and diligently prosecutes the same, Lessee shall not be in default; or

3. Abandonment. Lessee's abandonment of the Property, for a period of thirty (30) consecutive days or more; or

4. Assignment to Creditors. Lessee's assignment of this Lease for the benefit of creditors, except as allowed in Section 5 of this Lease; or

5. Writ of Execution. Lessee's interest in this Lease, or any interest in it, being taken under a writ of execution; or

6. Bankruptcy. Lessee's seeking voluntarily or the filing of an involuntary bankruptcy against Lessee, seeking the protection of the bankruptcy laws of the United States or any similar law for the relief of debtors; or

7. Breach of Covenant. Lessee's breach of any covenant, warranty, promise or representation herein contained and the continuance of such breach for a period of thirty days after written notice to Lessee; or

8. Misrepresentation. Any material representation or warranty of Lessee contained herein or any material representation to City concerning the financial condition or credit standing of either Lessee or any party ("Guarantor") obligated to City under any agreement guaranteeing performance of any of the obligations of Lessee referred to herein proves to be false or misleading, or City reasonably determines that its position as City is threatened by reason of a material adverse change in the financial condition or credit standing of either Lessee or of any Guarantor.

27. REMEDIES.

1. Interest and Late Payment Charge. If Lessee shall be delinquent in payment of the rent or the payment of any other charge required to be paid by Lessee under this Lease, Lessee shall pay, with each overdue payment, interest on the overdue payment at the rate of twelve percent (12%) per year. In addition to interest, Lessee shall also pay to City a late fee equal to five percent (5%) of the overdue payment to cover City's administration costs of processing such overdue payment.

2. Remedies Upon Default. Upon occurrence of any event of default, City may exercise any of the following remedies:

a. Re-entry: Termination. City may elect to terminate this Lease, but only by specific written notice of its election to Lessee, and may terminate the rights of Lessee to this Lease and the Property, and may reenter the Property to take possession of it;

b. Re-entry: No Termination. Without terminating this Lease, City may reenter the Property and occupy it and may, but is not obligated to, relet any portion or all of the Property for the account of Lessee; provided that City may terminate this Lease at any time after Lessee's default, even if City has relet any portion of the Property for the account of Lessee.

c. Cure. City may but shall not be obligated to cure any event of default and to charge Lessee for the cost of effecting such cure.

3. Exercising City's Remedies. Upon City exercising any of its above-listed remedies, Lessee agrees to the following:

a. Removal of Persons and Property. If City reenters the Property, it may remove all persons from the Property by any lawful means available. City may also remove all property of Lessee from the Property, and may enforce its right against that property, or may store the property at the expense of Lessee, or may dispose of the property if Lessee does not reclaim the property within thirty (30) days after City has reentered the Property.

b. No Termination. City's re-entry into the Property or its action to obtain possession of the Property shall not be deemed to constitute a termination of this Lease, or a termination of Lessee's obligation to pay rent or any other charge required to be paid by Lessee under this Lease, or a termination of any other liability of Lessee under this Lease, including, but not limited to Lessee's liability for damages.

c. Reletting. If City elects to relet the Property to a replacement Lessee, with or without terminating this Lease, City may enter into an agreement with the replacement Lessee for such rent and on such terms as City in its sole discretion deems appropriate. City may repair or alter the Property to suit the purposes of the replacement Lessee or to enable City to relet the Property or any portion of the Property.

d. Application of Rent. City shall apply the rent and other payments received from the replacement Lessee, in the following order and priority: (1) to the costs incurred by City to recover possession of the Property, including but not limited to reasonable attorney's fees and costs; (2) to the costs incurred by City to relet the Property, including but not limited to the costs of repairs and alterations, and broker's commissions; (3) to the unpaid rent and other payments required to be paid by Lessee under this Lease. If there shall be a surplus, City may retain such surplus to pay subsequent amounts which become due and payable by Lessee under this Lease, and if there shall be any surplus at the expiration of this Lease, City shall pay such surplus to Lessee at the expiration of this Lease. If there shall be any deficiency between the rent and payments received from the replacement Lessee and the amount required to pay the items described in subparagraphs (1), (2), and (3) of this paragraph, Lessee shall be liable to City for such deficiency.

e. Legal Action. City may initiate legal action against Lessee at any time to recover amounts owed to City under this Lease, even though such action is

initiated prior to termination of this Lease or prior to a final determination of amounts owed to City by Lessee. Initiating an action pursuant to this provision shall not be deemed a termination of this Lease and shall not preclude City from initiating subsequent actions against Lessee to recover any amounts due from Lessee.

f. Additional Remedies. If City terminates this Lease, then in addition to any other remedy available to City, City may recover from Lessee either (1) all damage sustained by City as a result of Lessee's default, and (2) the amount by which the total rent and other amounts payable for the remainder of the term of this Lease exceed the rent that City can be expected to receive for the Property for such period, together with the costs of recovering possession of the Property, the anticipated costs of reletting the Property, and reasonable attorney's fees and costs incurred by City.

g. Remedies Cumulative. The remedies available to the City are cumulative and not exclusive, and the exercise of any remedy by City shall not preclude its exercise of any other available remedies.

h. Costs and Attorney's Fees. City shall be entitled to recover from Lessee all costs incurred by City in enforcing any provision of this Lease which Lessee is required to comply with, including but not limited to reasonable attorney's fees and costs.

28. SURRENDER: HOLDING OVER.

1. Surrender. Upon expiration or earlier termination of this Lease, Lessee shall immediately vacate and surrender the Property to City, together with all improvements, additions and fixtures then on the Property, whether installed by City or by Lessee, including any air conditioning units or systems, all in reasonably good condition, ordinary wear and tear excepted. Lessee shall remove all of its personal property before surrendering the Property and shall repair any damage to the Property caused thereby. Lessee's obligation to observe or perform this covenant shall survive the expiration or other termination of the term of this Lease. Personal property is defined as inventory, operating equipment or other property not affixed to the Property.

2. Failure to Restore. If Lessee fails to complete the removal and the restoration in the manner and within the time specified, City may complete such removal and restoration in which event Lessee shall be liable to City for all costs incurred by City which amount shall be immediately due and payable after notice to Lessee by City of the amount due.

3. Holding Over. If Lessee remains in possession of the Property after the expiration or earlier termination of this Lease without the consent of City, Lessee shall be liable (1) for two times the Rent payable by Lessee at the expiration or earlier termination of this Lease, (2) for all other charges payable by Lessee pursuant to other provisions of this Lease, and (3) for all other damages City may sustain as a result of such wrongful holdover. Acceptance of rent or other payments by City from Lessee during any

holdover period shall not be deemed to create a new tenancy in favor of Lessee, but to the contrary, City may initiate action against Lessee at any time to recover possession of the Property, and to recover all damages sustained by City as a result of Lessee's wrongful holdover.

29. DISSOLUTION OF LESSEE. In the event of the corporate dissolution of Lessee, the City may terminate this Lease.

30. HAZARDOUS SUBSTANCES. Lessee shall not cause, permit, or allow the storage, use, escape, disposal or release of any hazardous substances or materials in or about the Property by Lessee, Lessee's agents, employees, contractors, invitees or licensees, except in full compliance with all hazardous materials laws. Hazardous substances and materials shall include those described in the Hazardous Materials Laws. "Hazardous Materials Laws" shall include, but not be limited to, the Comprehensive Environmental Response Compensation and Liability Act of 1980, as amended, 42 U.S.C. Section 9601 et seq., the Resource Conservation and Recovery Act, as amended, 42 USC Section 6901 et seq., the Hazardous Materials Transportation Act, the Clean Water Act, the Clean Air Act, the Toxic Substances Control Act and the Safe Drinking Water Act, the Hawaii Environmental Response Law, Hawaii Revised Statutes Chapter 128D, as well as any similar state and local laws and ordinances and regulations now or hereafter adopted, published and/or promulgated pursuant thereto as the same may be amended from time to time. If any lender or governmental agency shall ever require testing to ascertain whether or not there has been any storage, presence or release of hazardous substances or materials, then the reasonable costs thereof shall be reimbursed by Lessee to the City upon demand as additional charges if such requirement applies to the Property. In addition, Lessee shall execute affidavits, representations and the like from time to time at the City's request concerning Lessee's best knowledge and belief regarding the presence of hazardous substances or materials on the Property. In all events, Lessee shall defend, indemnify and hold harmless the City, its employees, agents, successors and assigns from and against any claims, demands, actions, lawsuits, proceedings, losses, damages, liabilities, fines, penalties, judgments, awards, costs and expenses directly or indirectly arising out of or attributable to the use, generation, manufacture, treatment, handling, refining, production, processing, storage, release, threatened release, discharge, disposal, removal or presence of hazardous substances or materials on or under or about the Property by Lessee or attributable to Lessee including, but not limited to any damages, the cost of clean up or detoxification of the Property and the preparation and implementation of any closure or remedial or other required plans and all reasonable costs and expenses incurred by the City in connection with such items including, but not limited to, attorneys' fees and costs. The foregoing covenants shall survive the expiration or earlier termination of this Lease.

31. ADA COMPLIANCE. As between the City and Lessee, Lessee shall be responsible for ensuring that the Property, all alterations and improvements in the Property, and Lessee's use and occupancy of the Property complies with the requirements of the Americans with Disabilities Act of 1990 (42 U.S.C. 12181, *et seq.*), and all regulations promulgated thereunder, and all amendments, revisions or modifications thereto now or

hereafter adopted or in effect therewith (the "ADA"). However, Lessee shall not make any such alterations or improvements except in accordance with the provisions of Sections 11 and 16.

32. SEXUAL HARASSMENT POLICY FOR EMPLOYER HAVING A CONTRACT WITH THE CITY. All entities having a contract with the City (referred to in this Section as a "Contractor") must comply with City Ordinance 93-84 on sexual harassment. All Contractors shall have and enforce a policy prohibiting sexual harassment. The Contractor's sexual harassment policy must set forth the same or greater protection than those contained or required by the ordinance. The ordinance is applicable to the Contractor's business and includes the following:

a. Prohibitions against an officer's or employee's sexual harassment of the following:

- (i) Another officer or employee of the employer;
- (ii) An individual under consideration for employment with the employer; or
- (iii) An individual doing business with the employer;

b. A provision prohibiting a management or supervisory officer or employee from knowingly permitting a subordinate officer or employee to engage in the sexual harassment prohibited under Subdivision a of the ordinance;

c. A prohibition against retaliation towards an officer, employee, or individual who has complained of sexual harassment, conducted an investigation of a complaint, or acted as a witness during an investigation of a complaint;

d. A prohibition against a malicious false complaint of sexual harassment by an officer, employee, or individual;

e. Provisions allowing an officer, employee, or individual to make a sexual harassment complaint to an appropriate management, supervisory, or personnel officer or employee;

f. Procedures for investigating a sexual harassment complaint in an unbiased, fair, and discreet manner with appropriate safeguards to maintain confidentiality and protection from embarrassment;

g. A provision requiring the use of the "reasonable person of the same gender standard," to determine if sexual harassment has occurred. Under the standard, sexual harassment shall be deemed to have occurred if the alleged offender's conduct would be considered sexual harassment from the perspective of a reasonable person of the same gender as the alleged victim. If the alleged victim is a woman, the "reasonable person of the same gender standard" shall be equivalent to and may be called the "reasonable woman standard;"

h. Disciplinary action which may be imposed on an officer or employee who committed a prohibited act; and

(i) For a Contractor with at least five (5) employees, a provision requiring the annual viewing of a video on the sexual harassment policy by each management or supervisory officer or employee.

The policy required under this section shall be in effect for at least the duration of the Contractor's contract with the City. The action of the bidder or proposer in submitting its bid, proposal or signing of the contract shall constitute its pledge and acceptance of the provisions for the sexual harassment policy as required by City Ordinance 93-84. City Ordinance 93-84 is on file and available for viewing in the Purchasing Division. Contractors needing a copy must pick up the copy from the Office of the City Clerk, Room 203, City Hall, 530 South King Street, Honolulu, Hawaii, 96813.

33. MISCELLANEOUS PROVISIONS

a. Amendment. The provisions of this Lease may be amended only by each party executing a subsequent written amendment which states each amended provision.

b. Applicable Law. The provisions of this Lease shall be interpreted in accordance with the law of the State of Hawaii as that law is construed and amended from time to time.

c. Authorization. Each party warrants to each other party that the individuals executing this Lease are authorized to do so. Lessee further represents and warrants that there are no restrictions, agreements, or limitations on its right or ability to enter into and perform the terms of this Lease.

d. Binding Effect. Upon its execution by each party, this Lease shall become binding and enforceable according to its provisions. If more than one party is obligated to perform an act by any provisions stated in this Lease, those parties shall be jointly and severally liable and obligated for the performance of those acts. The rights and obligations of each party named in this Lease shall bind and inure to the benefit of each party, respectively, and the respective heirs, personal representatives, successors, and assigns of each party.

e. City's Right to Amend. Any provision herein to the contrary notwithstanding, during the term of this Lease, the City reserves the right, at any time, to amend this Lease in order to assure compliance with all HUD, City and County of Honolulu, State of Hawaii and other federal statutes, laws and regulations. All such amendments shall be within the general scope of this Lease and comply with the requirements of Section 33.a of this Lease. The City shall provide all such amendments in writing to the Lessee. The Lessee agrees that it shall immediately take any and all reasonable steps to

comply with such amendments.

f. Consent: Subsequent Agreement. If a subsequent consent required of any party by the provisions of this Lease is requested by a party, it shall not be unreasonably withheld by the party to whom the request is made.

g. Construction. Each party named in this Lease acknowledges and agrees that (i) each party is of equal bargaining strength; (ii) each party has actively participated in the negotiation and preparation of this Lease; (iii) each party has consulted with their respective legal counsel and other professional advisors as each party has deemed appropriate; (iv) each party and the party's legal counsel and advisors have reviewed this Lease; and (v) each party has agreed to be bound by the terms stated in this Lease following its review and obtaining advice.

h. Counterparts. This Lease may be executed by the parties in counterparts. The counterparts executed by the parties named in this Lease and properly acknowledged, if necessary, taken together, shall constitute a single Lease.

i. Dates. If any dates stated in this Lease fall on a Saturday, Sunday, or legal holiday, such date shall be the next following business day.

j. Defined Terms. Certain terms where they initially are used in this Lease are set off by quotation marks enclosed in parentheses and are subsequently capitalized. Those designated terms shall have the same meaning throughout this Lease, unless otherwise specifically stated or clearly inappropriate in the context.

k. Force Majeure. If any party is prevented from performing its obligations stated in this Lease by any event not within the reasonable control of that party, including, but not limited to an act of God, public enemy, or war, fire, an act or failure to act of a government entity (except on the part of the City), unavailability of materials, or actions by or against labor unions, it shall not be in default in the performance of its obligations stated in this Lease. PROVIDED, HOWEVER, any party delayed by such an event shall request an extension of time to perform its obligations stated in this Lease by notifying the party to which it is obligated within ten days following the event. If the notified party agrees that the event was the cause of the delay, the time to perform the obligations stated in this Lease shall be extended by the number of days of delay caused by the event. If the required notice is not given by the delayed party, no time extension shall be granted.

l. Gender: Number. In this Lease, the use of any gender shall include all genders and the use of any number in reference to nouns and pronouns shall include the singular or plural, as the context dictates.

m. Independent Contractor/Non-Agency. The parties acknowledge that Lessee is an independent contractor, and neither party hereto is a partner, agent and/or employee of the other.

n. Integration. This Lease contains all of the provisions of the agreement between the parties pertaining to the subject matter stated in this Lease. Each party acknowledges that no person or entity made any oral or written representations on which a party has relied as a basis to enter into the agreement stated in this Lease which is not included as a provision in it.

o. Legal Action and Fees. In the event of any controversy, claim or dispute between the parties hereto arising out of or relating to this Lease, the prevailing party shall be entitled to recover from the non-prevailing party its reasonable expenses, including attorneys' fees and costs.

p. No Drafter. No party shall be deemed to have drafted this Lease. No provision stated in this Lease shall be construed against any party as its drafter.

q. No Offer. The provisions stated in this Lease shall not bind any party until each party has executed it. The mere delivery of this Lease is not an offer.

r. No Obligations to Third Parties. Unless there is a provision stated in this Lease to the contrary, the execution and delivery of this Lease shall not confer rights on any person or entity except the parties or obligate the party to any person or entity except another party.

s. No Waiver. No consent or waiver, expressed or implied, by either party to or of any breach or default by the other party in the performance of its obligations hereunder, shall be valid unless in writing. No such consent or waiver shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance by such other party of any other obligations of such party hereunder. The failure of any party to declare the other party in default shall not constitute a waiver by such party of its rights hereunder, irrespective of how long such failure continues.

t. Notice. Any notice required or permitted by the provisions of this Lease to be given by a party to any other party, shall be written and either shall be delivered personally or mailed postage prepaid by certified mail, return receipt requested, to each other party at the address and to the person designated below. No other method of notice shall be effective.

a. CITY AND COUNTY OF HONOLULU:
Department of Community Services
715 South King Street, Suite 311
Honolulu, Hawaii 96813
Attention: Director

b. HAWAII PUBLIC HOUSING AUTHORITY
1002 North School Street
Honolulu, Hawaii 96817

Attention: _____, _____

u. Paragraph Titles. The titles of provisions stated in this Lease are included only for the convenience of the parties. They shall not be considered in the construction of the provisions stated in this Lease.

v. Required Actions by the Parties. Each party named in this Lease agrees to execute the Lease and to diligently undertake the acts necessary to consummate the transaction contemplated by this Lease. Each party shall use its best efforts to consummate the transaction contemplated by this Lease.

w. Severability. If any provision stated in this Lease subsequently is determined to be invalid, illegal, or unenforceable, that determination shall not affect the validity, legality, or enforceability of the remaining provisions stated in this Lease unless that effect is made impossible by the absence of the omitted provision.

x. Successors and Assigns. This Lease shall be binding upon and shall inure to the benefit of the respective successors and assigns of the parties hereto (as permitted pursuant to the provisions of this Lease).

y. Survival. Any representation and warranty stated in this Lease made by a party shall survive the termination of the agreement stated in this Lease, unless otherwise specifically stated.

z. Time is of the Essence. Time is of the essence with respect to Lessee's obligations under this Lease.

34. Regulatory Agreement. All covenants, conditions and restrictions regarding the income qualifications of and rents chargeable to tenants of the Project shall be governed solely by the covenants, conditions and restrictions set forth in that certain Regulatory Agreement for Insured Multi-Family Housing Projects dated October 14, 1976, recorded at the Bureau as Document No. 90-178890 or any similar replacement or later recorded regulatory agreement or any other agreement concerning U.S. Department of Housing and Urban Development's Section 8 housing assistance payment contracts (collectively, the "Regulatory Agreement"). Any inconsistencies between the Regulatory Agreement and this Lease or any prior recorded regulatory agreement shall be governed solely by the last recorded Regulatory Agreement.

35. Option to Purchase Fee Interest. Lessee shall have the option to purchase the fee interest in the Property from the City, as provided herein. This option may be exercised at any time after the commencement of the Lease by Lessee giving Lessor written notice of the exercise of this option. If the Lessee delivers Lessor notice of the exercise of this option, the following terms shall govern Lessee's purchase:

a. Purchase Price. The purchase price shall be seventy-five percent (75%) of the fair market value of the Property (not including any improvements,

personal property or fixtures) at the time of purchase ("Purchase Price") as determined by mutual agreement between Lessor and Lessee. If, however, the parties do not agree upon the fair market value, the fair market value will be determined by appraisal as set forth in this Section 35.

b. Appraisal. If Lessor and Lessee are unable to agree on the fair market value of the Property, the fair market value shall be determined by three (3) qualified real estate appraisers each of whom shall be a real estate appraiser who shall be duly licensed in the State of Hawai'i and who shall be a member of the American Institute of Real Estate Appraisers ("MAI") or of the Society of Real Estate Appraisers ("SRA") or any successor to either of such organizations. To invoke appraisal Lessor or Lessee shall name one (1) such appraiser and give written notice thereof to the other party to name an appraiser, and in case the second party shall fail to do so within ten (10) days after such notice of the appointment of the first appraiser, the party naming the first appraiser may apply to any person then sitting as a judge of the First Circuit Court of the State of Hawai'i for appointment of a second appraiser, and the two appraisers thus appointed in either manner shall appoint a third appraiser, and in case of their failure to do so within ten (10) days after appointment of the second appraiser, either party may have the third appraiser appointed by such judge, and the three appraisers so appointed shall proceed to determine the matter or matters in question. Lessor and Lessee hereby waive any legal and factual objections as to either of the first two appraisers who shall have been selected by Lessor and Lessee, respectively, and to otherwise disqualify such appraisers. The decision of such appraisers or a majority of them shall be final, conclusive and binding on both parties hereto, unless the same shall be modified, vacated or corrected in accordance with Chapter 658A, Hawai'i Revised Statutes, as the same may be amended from time to time. The process or method of appraisal shall be that receiving general acceptance among competent, experienced and recognized appraisers in the field of real estate valuation in the State of Hawaii. Lessor and Lessee each shall pay one-half (1/2) of all proper costs and expenses of such appraisal other than attorneys' and witnesses' fees which shall be paid by the party incurring them. Any such appraisal shall be conducted in accordance with the commercial rules of arbitration of the American Arbitration Association then in effect.

c. Additional Fee. In addition to the Purchase Price, Lessee shall pay to the City the sum of \$5,261.64, which was paid by the City to the original developer of the Property as described in that certain Agreement dated October 5, 1973 and recorded in the Bureau of Conveyances of the State of Hawaii in Liber 11366 at Page 189.

d. Closing. The purchase of the fee interest shall close within sixty (60) days of the issuance of the decision of the appraisers described in Subsection 35.b. The Purchase Price shall be paid in cash. Lessor and Lessee each shall pay one-half (1/2) of all closing costs.

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THE CITY AND COUNTY OF HONOLULU and HAWAII PUBLIC HOUSING AUTHORITY have executed this Lease on _____, 20_____.

APPROVED AS TO FORM AND LEGALITY: CITY AND COUNTY OF HONOLULU

By _____
Deputy Corporation Counsel
City and County of Honolulu

By _____
Name _____
Its _____

APPROVAL RECOMMENDED:

By _____
Director of Community Services

APPROVED AS TO FORM AND LEGALITY: HAWAII PUBLIC HOUSING AUTHORITY

By _____
Deputy Attorney General

By _____
Name _____
Its _____

STATE OF HAWAII

CITY AND COUNTY OF HONOLULU

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) SS
)

On this _ day of _____, 2011, before me personally appeared _____, to me personally known, who, being by me duly sworn or affirmed, did say that such person executed the foregoing instrument as the free act and deed of such person, and if applicable in the capacities shown, having been duly authorized to execute such instrument in such capacities.

Notary Public, State of Hawaii

Print Name: _____

My commission expires: _____

Date: _____	# of Pages: _____
Name: _____	Circuit _____
Doc. Description: _____	
_____ (Stamp or Seal)	
Notary Signature	
NOTARY CERTIFICATION	

STATE OF HAWAII

CITY AND COUNTY OF HONOLULU

)
) SS
)

On this _ day of _____, 2011, before me personally appeared _____, to me personally known, who, being by me duly sworn or affirmed, did say that such person executed the foregoing instrument as the free act and deed of such person, and if applicable in the capacities shown, having been duly authorized to execute such instrument in such capacities.

Notary Public, State of Hawaii

(Stamp or Seal)

Print Name: _____

My commission expires: _____

Date: _____	# of Pages: _____
Name: _____	Circuit _____
Doc. Description: _____	
_____ (Stamp or Seal)	
Notary Signature _____	
NOTARY CERTIFICATION	