

SECURITY COMMITTEE
JULY 2, 2007
MINUTES

ATTENDANCE:

Edd Siler
Félix Santoni
Erasmus Reyes
Agustín García
Antonio Maldonado
Luis López
Daniel Vasse

I. CALL TO ORDER

Meeting was called to order at 6:45 pm by Antonio Maldonado.

II. APPROVAL OF MINUTES

Minutes of the May 21, 2007 meeting were approved upon a motion by Agapito Cosme seconded by Agustín García.

III. SUMMARY OF DISCUSSIONS

A. Statistics

Crime/delinquency activity for the month of June were reviewed. There were no homicides, sexual aggressions, robberies or vehicles thefts reported. Two burglaries and three illegal appropriations were reported. Year to date criminal and delinquency activity is tracking well below last year's rate.

B. Security Services Company

PHA has received official notification from Palmas Security and Protection Company that the company is being dissolved and their security services contract with PHA will be terminated on July 31, 2007. PHA immediately initiated steps to look for a qualified

replacement company. As part of the process that ended up with the selection of Palmas Security and Protection Services, PHA evaluated several other companies and pre-qualified them in the event one of them had to be used on an emergency basis to replace Palmas Security and Protection Services. The two pre-qualified companies were St. James Security and Caribbean Security based on the order of merit of quality of service, financial stability and ability to provide serious on a short-term basis.

The Security Committee has been in agreement about the need to increase the quality of services at Palmas del Mar even if it cost more money. Also, last month the Committee developed a general scope of work to be used as part of the contractual requirements with a new company. That scope of work has been further developed with more specific and incorporated as attachments to the draft contract.

Mr. Erasmo Reyes indicated that the cancellation of the contract and the demise of the Palmas Security and Protection Agency presents PHA with an excellent opportunity to implement the initiatives that the Security Committee has been discussing for quite a while. Mr. Daniel Vasse echoed Mr. Reyes comments indicating that the financial position and wages being paid by the current company makes it difficult to recruit top quality individuals. The new company that comes in must pay the guards sufficient money to incentivate employees to do a good job and to reduce the typical turn-over in personnel that takes place in this service industry.

A proposal has been requested from St. James to provide the security services at Palmas del Mar. Their hourly rate are much higher, however, their quality of service is also considered far superior. St. James is number one company in Puerto Rico in terms of number of employees and financial position. This company fits the profile for the quality of services PHA seeks for Palmas del Mar.

Mr. Edd Siler suggested again that the security services be paid in advance. This provides the company the ability to pay the employees and equipment. Also, he suggests the new company provides us an opportunity to clean house and to get rid of personnel that do not fit the mold we want for Palmas security. Mr. Félix Santoni indicated that he knows St. James company well and it's a very solid financial institution and it is run extremely well. They do not require payment in advance and can be relied upon to deliver the required services according to specifications. They are the security service providers to Banco Popular de Puerto Rico and to the Torrimar residential area and to several pharmaceutical companies and these customers have expressed their satisfaction with the services provided.

Mr. Agustín García discussed the procedures used for rating the companies during the process used to select the current service provider. All companies met the criteria provided and basically the cost was used as the determining factor for making a final selection. He understands that other companies evaluated at that time presented lower rates than Sr. James. It was clarified that although other companies may have presented at that time cheaper cost proposals, in evaluating the current situation, as recommended previously by the Security Committee and as concluded by the PHA Board, the primary standard in selecting a new service provider should be the ability to deliver quality security services in accordance with much higher standards to be implemented. In this regard lower cost of services may not necessarily produce the quality standards being sought.

Mr. Maldonado pointed out that PHA is on an emergency mode to look for a replacement company that can deliver the quality services it seeks for the Palmas community. There is no time for a normal bid process thus the approach will be to go with known high quality service company and try to negotiate the best possible rates without impacting the quality of services to be provided.

Mr. Edd Siler indicated that PHA management should be given the latitude to seek the best possible service provider. If possible, a six-month contract should be pursued to allow PHA to evaluate those services and make the necessary adjustments during the budget cycle. The Security Committee concurred with Mr. Siler's recommendation and recommends to the PHA Board that St. James be contracted as the security service provider for Palmas. Such a service should be based on a scope of work that details the services to be provided in a manner that insures the quality standard being sought. The selected company must be financially solvent to be able to handle the initial investment to provide the services required.

Mr. Maldonado will present the Security Committee recommendations to the PHA Executive Committee and to the PHA Board for a final decision.

IV.ADJOURN

The Security Committee adjourned at 7:45 pm.