

**LAND ASSEMBLAGE REDEVELOPMENT AUTHORITY
MINUTES OF BOARD MEETING
HOUSTON, TEXAS**

June 23, 2006

A meeting of the Board Of Directors (“the Board”) of the Land Assemblage Redevelopment Authority (“LARA”), a Texas non-profit corporation created and organized by the City of Houston as a local government corporation pursuant to the Texas Transportation Code Annotated, Section 431.101, et seq., and the Texas Local Government Code Annotated, Section 394.001 et seq., was held in the Houston City Hall Annex Council Chambers, Public Level, 900 Bagby Street, Houston, Harris County, Texas, on Friday, June 23, 2006. Written notice of the meeting, including the date, hour, place and agenda for the meeting was posted in accordance with the Texas Open Meetings Act.

Board members in attendance were:

David Collins, Chairman of the Board
Reginald Adams, President
Cheryl Armitige
Tyrone Dorian
James Harrison, III
Jolanda Jones
Teresa Morales
Jeremy Ratcliff

Board members absent were:

Ray Fisher
Antoinette Jackson
Reverend James Nash
Yolanda Black-Navarro
Craig Presley

Others in attendance included: Steve Tinnermon and Pat McFarland of the Neighborhoods and Housing Division of the Mayor’s Office; Lynn Henson and Allen Parker of the City of Houston's Planning and Development Department; Randy Naquin of the City of Houston's Housing and Community Development Department; Archana Singh of Winstead Sechrest & Minick P.C., the Authority’s General Counsel; Leah Stolar of Linebarger, Goggan, Blair and Sampson; Charles Rencher of Horizon Southwest Properties; and Tene Thomas of McConnell Jones Lanier and Murphy.

I. Call to Order

The meeting was called to order by Mr. Collins, the Board Chairman, at 2:06 o'clock p.m.

II. Review and Approval of Minutes from the May 26, 2006 Board Meeting

Mr. Collins directed the Board to review the minutes of the May 26, 2006 meeting. Upon a motion by Ms. Jones, duly seconded by Mr. Adams, the minutes of the May 26, 2006 meeting were unanimously approved.

III. Old Business

a. Treasurer's Report

Ms. Morales addressed the Board and distributed copies of the Treasurer's Report to the Board members. She reported the LARA funds designated for property acquisition were nearing a low point. Mr. Collins explained that additional funds have been authorized under the Revolving Loan Agreement between LARA and the Houston Housing Finance Corporation ("HHFC"). He stated that the first transfer of \$400,000, part of the total loan amount of \$2 million, has been made, thereby replenishing the LARA property acquisition fund.

Next, Ms. Morales explained that LARA holds two different categories of monies: one category of funds is dedicated to the purchase of property while the other category consists of administrative funds. She stated that she would like to put into place procedures to keep the two categories distinct. After a motion by Ms. Jones, duly seconded by Mr. Adams, the Treasurer's report was approved.

b. Auction Update by Linebarger, Goggan, Blair and Sampson

Ms. Stolar addressed the Board and reported that LARA acquired sixty-four (64) properties, evenly split between acquisition through strike-off and acquisition through purchase, at the June tax auction. Ms. Stolar further stated that no tax auction would take place in July due to the July 4th holiday. She added that the tax auction would resume in August.

Mr. Adams asked Ms. Stolar how many LARA Pilot Program properties had yet to be acquired. Ms. Stolar replied that seventy-seven (77) such properties remained. Mr. Adams then asked Ms. Stolar if she could offer a projection as to when LARA's acquisition of the LARA Pilot Program properties would be complete. Ms. Stolar estimated that such acquisitions would be complete within six months.

IV. Committee Reports

There were no committee reports presented at this time.

V. New Business

a. Consideration and possible action regarding the approval of the engagement letter for accounting services from McConnell Jones Lanier & Murphy, LLP

Ms. Morales directed the Board's attention to a Letter of Agreement from McConnell Jones Lanier & Murphy, LLP ("McConnell & Jones"), an accounting firm, detailing the accounting services the firm proposes to provide. Mr. Dorian inquired as to whether

McConnell & Jones would perform bookkeeping functions. Ms. Morales replied that bookkeeping services would be included in the group of services provided. Discussion from various Board members regarding the benefits of accepting McConnell and Jones' proposal followed. There being no questions, upon a motion from Ms. Jones and duly seconded by Ms. Armitige, the Board accepted McConnell & Jones' proposal to provide accounting services for a term of 12 months.

b. Update on release of LARA Request for Proposal (RFP)

Mr. Collins addressed the Board and provided a brief update on the status of the LARA Request for Proposal ("RFP"). He reported that a notice, distributed via email, was sent to all members of the Greater Houston Builders Association on June 6th. Mr. Collins next stated that roughly 1,200 builders and contractors received notification of the availability of the RFP in an e-newsletter sent on June 9th and roughly 100 community development corporations ("CDCs") received notification through the Community Development Association of Greater Houston (CDAGH), Houston Local Initiatives Support Corporation ("LISC") and the City of Houston Department of Housing and Community Development. Additionally, a list of registered builders in Houston, provided by the Texas Residential Construction Commission ("TRCC"), received notification of the RFP's release via faxed notice on June 9th, and again on June 15th. Mr. Collins added that a link to the RFP is currently available on the home page of the City of Houston website, the LARA website, the Department of Housing and Community Development website and the Department of Planning and Development website.

Mr. Tinnermon then addressed the Board and reported that fourteen (14) CDCs have successfully completed the Request for Qualifications ("RFQ"). He also reported that on June 22nd, approximately eighty (80) builders who have expressed an interest in completing the RFP attended an informational meeting.

Next, Ms. Morales asked if CDCs were required to enter into partnership with builders in order to qualify to participate in the redevelopment process. Mr. Tinnermon responded that a CDC could either qualify as a builder and participate without partnering with a for-profit builder or, alternatively, a CDC could enter into a partnership with a builder. He added that, conversely, any for-profit builders are required to enter into a partnership with a CDC. Ms. Jones inquired as to whether a for-profit builder who created a CDC expressly with the goal of qualifying to building LARA housing would be permitted to participate in the process. Mr. Tinnermon replied that in order to qualify a CDC must have been in existence for at least 3 years, thereby excluding CDCs formed recently for the sole purpose of qualifying to participate in the LARA redevelopment process. Mr. Tinnermon also stated that a list of qualified CDCs, along with their geographic areas of interest, has been made available to interested builders. He added that an addendum to the RFP will require builders to submit background information about themselves for the benefit of the CDCs, and that CDCs are also encouraged to request such information from builders.

Ms. Jones restated for clarification that the only entity that will be permitted to build without entering into a partnership is a CDC that also qualifies as a builder. She added that if a for-profit builder hoped to build LARA housing, it must partner with a CDC. Mr. Tinnermon said that Ms. Jones was correct in stating that a for-profit builder must partner with a CDC and

that builders who are interested in such a partnership may contact a CDC. He reiterated that when a CDC is contacted it should request certain background information from the builder.

Ms. Jones expressed concern that certain policies, such as the decision to include an addendum to the RFP requiring background information of the builders, are promulgated without the Board members' input. Mr. Collins reported that discussion regarding the arose only one day prior, on June 22nd. Ms. Morales then inquired as to whether the Board members are notified when all meetings are held. Mr. Tinnermon stated that the meeting was at the initiative of Mayor Bill White and that the Board would be notified of future meetings.

At this time, Mr. Collins introduced Tene Thomas from McConnell & Jones and Randy Naquin of the City of Houston's Housing and Community Development Department.

The Board then turned to a discussion of LARA's finances. Ms. Morales reported the possibility of a shortage of administrative funds for the month of July, especially in light of the numerous environmental studies being performed. Mr. Tinnermon noted that new administrative funds would soon be issued.

Mr. Adams inquired as to whether LARA would issue an annual report. Mr. Tinnermon replied that LARA would issue an annual report as part of an annual audit. Mr. Ratcliff stated that an annual report would be a useful item for Board members to exhibit to the entities which they represented.

Mr. Collins introduced Houston City Council member Sue Lovell.

VI. Chairman's Report

Mr. Collins stated that he had no additional matters to report.

VII. Public Comments

Mr. Collins opened the meeting to comments from the general public.

Reverend Joe Hubbard, the director of Guiding Light CDC, inquired as to whether a CDC that was not approached by a builder could proceed by bidding on a property and then contacting a builder. Mr. Tinnermon replied that a CDC could not bid on a property and then contact a builder, but the CDC could either contact a builder and form a partnership prior to bidding, or the CDC could qualify as a builder itself, which required having built at least 12 houses in the past five years. Reverend Hubbard then asked if the CDCs would have access to a list of builders. Mr. Tinnermon affirmed that a list of builders would be available to the CDCs.

Ms. Jones suggested that the CDCs be notified of qualified builders. Mr. Collins added that he felt networking between CDCs and builders should begin as soon as possible because the next RFP is scheduled for release in September. Mr. Parker stated that he would send a list of the currently qualified builders to the CDCs. Mr. Tinnermon explained that although there are over 500 builders registered with the state, there are additional requirements to be considered "qualified" by LARA. He stated that he encourages CDCs to conduct due diligence of their own as to the builders with whom they'd like to partner. Mr. Tinnermon added that a builder's status

as "qualified" could change over time. Mr. Collins suggested that Reverend Hubbard confer with Mr. Tinnermon as to which builder would be a good fit for Guiding Light CDC.

Mr. Harrison stated that he felt that if CDCs were to be a driving force in the redevelopment process of the LARA program, a qualified CDC should not be excluded for lack of partnership with a builder. Mr. Dorian voiced his agreement, stating that he felt a CDC should be permitted to acquire the property and later develop a partnership with a builder. Mr. Tinnermon reiterated that a CDC can itself qualify as a builder if it has built 12 houses within five years, thereby eliminating the need for a partnership with a for-profit builder.

Mr. Harrison stated that it was his preference that CDCs be permitted to acquire property regardless of whether they have a relationship with a builder. Ms. Jones added that she has been concerned that the bidding process will leave CDCs beholden to builders because the builders are awarded the land. Mr. Collins then suggested that each Board member review the RFP and provide a response.

Next, discussion turned to the topic of the [] Conference. Ms. Armitage said that she would like Board members to be included on the Planning Committee for the conference. Mr. Tinnermon stated that the Housing and Community Development Department spearheaded the previous conference.

Mr. Adams then expressed concern that meetings are held without notifying Board members. Mr. Tinnermon stated that Board members would be notified of meetings in the future.

VIII. Executive Session under Section 555.072 of the Texas Open Meetings Act

No matters were posted for discussion in the Executive Session and no Executive Session was held.

IX. Adjournment

On a motion by Mr. Harrison, seconded by Ms. Armitage, the meeting was adjourned at 3:06 o'clock p.m.

Minutes prepared by:
Jim Lemond and Archana Singh
Winstead Sechrest & Minick, P.C.

Signed on the _____ day of _____, 2006.

Reginald Adams, President

Jolanda Jones, Secretary