

LAND ASSEMBLAGE REDEVELOPMENT AUTHORITY
MINUTES OF BOARD MEETING
HOUSTON, TEXAS

May 26, 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, May 26, 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
Jolonda Jones
Teresa Morales
Tyrone Dorian
Craig Presley
Jeremy Ratcliff
Yolanda Black-Navarro
Reverend James Nash

Board Members absent were:

Ray Fisher
Antoinette Jackson
James Harrison, III

Others in attendance included: Steve Tinnermon and Pat McFarland of the Neighborhoods and Housing Division of the Mayor’s Office; Jim Lemond, Monique Saulter and Archana Singh of Winstead, Sechrest & Minick, P.C., the Authority’s General Counsel; Leah Stolar of Linebarger, Goggan, Blair and Sampson; Jean White of the City Attorney’s Office and Lyn Henson of the City of Houston’s Planning and Development Department.

I. Call to Order

The meeting was called to order by Mr. Collins, the Board Chairman, at 2:12 p.m. Mr. Lemond introduced Monique Saulter, a banking attorney with the Authority's General Counsel.

II. Review and approval of Minutes from the April 21, 2006 Board meeting

Upon a motion by Mr. Adams, seconded by Ms. Morales, the Minutes of the April 21, 2006 Board meeting were unanimously approved.

III. Old Business

a. Treasurer's report

Ms. Morales pointed that in the April financial report the expenses were overstated due to overpayment to Neighborhood Protection. The change will be reflected on next statement. After motion by Ms. Black-Navarro, seconded by Mr. Adams, the report was approved.

b. Auction update by Linbarger, Goggan, Blair and Sampson

Ms. Stolar reported that LARA acquired 24 properties, 15 through strike off, at the previous month's auction. She added that there were roughly 100 properties available for purchase at the June auction.

The following item was taken out of order.

V. New Business

a. Consideration and possible action regarding the approval of Horizon Southwest Properties' proposal to provide real estate consulting services for LARA

Mr. Dorian stated he had discussed the proposal to provide real estate services with Mr. Rencher, who itemized the expenses and was present at the meeting to answer any questions.

At this point Mayor Bill White joined the meeting.

Ms. Morales pointed out that Mr. Rencher's bid is higher than other bids but that he offers a significant number of services. She asked Mr. Rencher why he mandated a \$2,500 minimum fee. Mr. Rencher replied that he had to reserve a certain amount of time in advance to complete the LARA bidding. Ms. Morales inquired as to what the bill would reflect if Mr. Rencher performed significantly fewer hours of work during one month than the predicted number. Mr. Rencher explained that the minimum billing amount would remain the same as it reflected the standard number of hours necessary to complete the LARA work. He stated that if set aside fewer hours and LARA required

more hours during that month, the additional time might not be available because it had been allotted to another project.

Mr. Tinnermon pointed out that the expectation is that there will only be more properties as time goes on. Mr. Rencher agreed, stating that as LARA embarked on direct acquisitions there would be more hours of real estate services required.

Ms. Jones stated that four board members met extensively on the previous day to discuss the proposal for real estate services and she believed that Mr. Rencher had been undercharging rather than overcharging LARA.

After a motion duly seconded, Horizon Southwest Properties' proposal to provide real estate consulting services for LARA was accepted.

b. Consideration and possible action regarding the approval of the LARA RFP, as revised, for release to the general public.

Mr. Dorian provided the report of RFP committee meeting. He requested that if anyone had comments they forward them to Pat McFarland this week. He stated that one remaining concern was the issue of the Selection Panel. The LARA Board would like one member from each jurisdiction on the selection panel.

The Mayor stated that as the Board is an important resource with a lot of talent that was an appropriate comment. The Mayor added that he could recall visiting many parts of the city and asking people if they wanted their home built by expert or a first time builder. They answered that they wanted quality housing.

The Mayor stated that LARA wanted fair bargaining and negotiations and if there is a breach of confidentiality that person responsible will be indicted. The Mayor went on to say that if he committed a breach of confidentiality, he wanted Mr. Collins to call the district attorney and have him indicted.

In regards to the composition of the selection panel, the Mayor said that the City of Houston is the only one paying the infrastructure costs. He respectfully asked the Board to look at how much the legal entity of the City of Houston has contributed versus HCC, for example.

Mr. Collins said that he felt the LARA Board simply wanted to participate in the selection process. The Mayor acknowledged Mr. Collins's point, but maintained that the taxing jurisdiction that has contributed the most should have the most representation on the selection panel.

Ms. Jones stated her view that LARA should be more strongly represented on the selection panel than the other entities as the Board members have spent a great deal of volunteer time on the project and are stakeholders in their neighborhoods. She then requested that the Mayor elaborate on why having LARA Board members on the selection panel would minimize the ability to negotiate.

The Mayor answered that with a large group, sometimes people attempt to unduly influence the selection panel. Some people may try to lobby members of the Selection Committee. He stated that there were certain discussions members of the selection panel could not have.

Mr. Adams expressed his concern over a sentence in the RFP that no one could overrule the selection panel. The Mayor replied that because of his confidence in the LARA Board he could keep or delete this line. Mr. Collins explained that he did not think the Board members wanted to delete it, but rather they wanted to ensure City didn't remove the power to overrule. The Mayor said that the line could be deleted if everyone agreed that this can't be political. He added that including the sentence would take the lobbying pressure off Board members. Ms. Jones stated that because of her concerns that if selection panel did something she did not agree with the Board would be liable she would like the sentence deleted. Ms. Jones added that she felt the power seems to have shifted from CDCs to builders. She said that while builders are not inherently bad, she trusted CDCs because their heart is in the right place.

The Mayor stated that as to the legal liability issue, usually when you delegate authority, you're less liable than when you assume it yourself, but he would be happy to delete the sentence in question. He went on to say that he and some of the people in meetings with him week after week may not have explained fully but they were empowering CDCs. There would be absolute protection as to price of house and maximum monthly payments and every lot would have CDC involvement. He added that if a CDC OR builder wants to build something with over an \$850-\$950 payment or build without a CDC, they would be out of luck.

Mr. Dorian stated the issue was the only major item on which the Board needed clarification. Ms. Jones disagreed, stating that she felt there were several unanswered questions.

Ms. Morales asked who would be responsible for survey costs. Mr. Tinnermon responded that the expense was categorized under "soft costs."

MS. Black-Navarro suggested that the RFP be sent out with item number twelve deleted. Mr. Lemond stated that the RFP contained all the exhibits and while there was nothing improper or inconsistent with the law, there still may be policy questions. He added that the covenants represented legal implications he would like to discuss with the City Attorney..

Ms. Black-Navarro made a motion to delete Item 12 "Award Process." Mr. Tinnermon said that he felt people will want to know what the selection process involves. He suggested accepting the RFP as it was, and later issuing an addendum with the revised Item 12. Ms. Black-Navarro rescinded her motion.

Ms. Jones said that she felt the Board had not discussed all the issues adequately.

Mr. Dorian asked Mr. Lemond if the statements in question should be included in the RFP for legal reasons?

Mr. Lemond replied that it need not be included, but that he endorsed Mr. Tinnermon's views on the desirability of including the item in the released RFP. Ms. Morales said that she had reviewed the RFP extensively on numerous occasions and felt comfortable with it.

Mr. Lemond inquired as to the time frame in which the Board would modify Item 12. Mr. Tinnermon responded that before next board meeting, he would like to use the executive committee or the RFP committee to make a recommendation. Mr. Adams clarified that revisions to Item 12 would be issued as an addendum. He then made a motion to issue the RFP as presented, which was seconded by Ms. Black-Navarro. Ms. Jones abstained from the vote. The RFP was approved.

Ms. Jean White, the senior assistant city attorney, stated that she would be available to discuss the RFP with LARA's general counsel.

b. Consideration and possible action regarding the approval of the Revolving Loan Agreement between LARA and the Houston Housing Finance Corporation (HHFC)

Mr. Tinnermon summarized the terms of the Revolving Loan Agreement between LARA and the Houston Housing Finance Corporation. The loan of \$2 million has a 0% interest rate and would mature in four years. There is no security required and the funds were available for use in either the direct acquisition of properties or at auction.

Mr. Adams asked if there was a limit to how much LARA could spend on any one direct acquisition. Mr. Tinnermon stated that the limit was \$10,000. He clarified that LARA could pay over \$10,000 for a lot, but it could not use over \$10,000 from this source. Mr. Adams asked for clarification regarding whether a direct acquisition property must be tax delinquent. MR. Tinnermon answered that the property would not have to be tax delinquent.

Mr. Collins called for any additional comments or questions. There were none. After a motion by Mr. Adams, seconded by Ms. Black-Navarro, the loan agreement was approved.

Mr. Lemond noted there remained minor adjustments to be made in the form of the agreement but nothing that would affect substance.

Ms.. Morales asked if the agreement would be in place before June 1? Mr. Tinnermon replied that the agreement would be in place by that date as there are 100 properties available in June so LARA would need the funds provided under the agreement.

Mr. Dorian suggested that a member of the finance committee approve the draw requests.

Mr. Collins noted that Ms. Morales could sign a draw request. Mr. Tinnermon pointed out that LARA could not wait for a committee meeting to have a draw request

authorized. After a motion by Ms. Black-Navarro, duly seconded by Mr. Adams, Ms. Morales was authorized to sign draw requests.

The meeting returned to the posted order of the agenda.

IV. Committee Reports

There were no committee reports presented at this time.

VI. Chairman's Report

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

VII. Public Comments

Mr. Collins called for public comments. Mr. Otto Glaser updated the Board on the new designs from his company.

Faheem Hameed, of the CDC Association of Greater Houston stated that the past week the CDCAGH, in collaboration with the Greater Houston Builders' Association, held a successful conference, sponsored by Chase Bank and Amegy Bank, which about 90 people attended.

VIII. Executive Session

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

IX. Adjournment

On a motion by Ms. Black-Navarro, seconded by Mr. Adams, the meeting was adjourned at 3:33 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

