

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

December 21, 2007

A meeting of the Board Of Directors (the "Board") of the Land Assemblage Redevelopment Authority ("LARA" or the "Authority"), 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, December 21, 2007. Written notice of the meeting, which included the date, hour, place and agenda for the meeting, was posted in accordance with the Texas Open Meetings Act.

Board members in attendance were:

Teresa Morales, Acting Chairman
Reginald Adams, President
Yolanda Black-Navarro
Tyrone Dorian
Jeremy Ratcliff
James Harrison III
Jolanda Jones
Reverend John W. Bowie
Antoinette Jackson and Michael Harris

Board Members absent were:

David Collins and Raymond Fisher

Others in attendance included: Steve Tinnermon, Pat McFarland, and Agatha Collins of the Neighborhoods and Housing Division of the Mayor's Office ("NHD"); Jim Lemond and Tonja King of Winstead PC, the Authority's General Counsel; Leah Stolar of Linebarger, Goggan, Blair and Sampson, L.L.P.; Chris Butler, special assistant to the Mayor of Houston for property construction; and Lynn Henson of the City of Houston's Planning and Development Department.

I. Call to Order

Ms. Morales, as acting chairman, called the Board Meeting to order at 2:04 p.m.

II. Review and Approval of Minutes from the October 26, 2007 Board Meeting

Ms. Morales tabled the review and approval of the minutes from the October 26, 2007 Board Meeting to allow sufficient time for Mayor Bill White to address the Board.

III. Comments from the Mayor of the City of Houston

Mayor Bill White addressed the Board and congratulated the Board Members and the City Senior Staff Members for their success with the LARA initiative. He specifically thanked Ms. Stolar and her firm for their assistance with foreclosures and Mr. Butler and Mr. Tinnermon for their work with the Community Development Corporations. Mayor White encouraged the Board Members to continue to focus on advancing the Houston Hope revitalization efforts and challenged the Board Members to exceed their own expectations for 2008.

IV. Auction Update by Linebarger, Goggan, Blair and Sampson, L.L.P.

Ms. Stolar distributed the monthly Auction Report as prepared by her firm and pointed out that 6 properties were acquired by LARA at the December auction. She added that 12 properties are available for the next auction and are identified on the last page of the Property Lot Foreclosure Activity Report.

V. Committee Reports

1. Executive Committee Reports.

Mr. Adams reported that the Executive Committee had met prior to the scheduled Board meeting. The Committee discussed the proposed approval of an authorization to enter into contracts with Greater Houston Development, Inc., Catholic Charities and Mayberry Homes. A motion to recommend the authorization was approved by the Committee. Additionally, the Committee discussed the adoption of a Board Policy which by Resolution would require LARA to refrain from entering into contracts with vendors or persons owing delinquent property taxes, or other indebtedness, to any of LARA's inter-local partners, in accordance with the *City of Houston Ordinance no. 2003-0318*. The Committee voted to recommend that the Resolution be adopted by the full LARA Board. The Committee also recommended the approval of the issuance of a new LARA Request for Proposals (RFP) for the development of affordable housing for the period commencing January 7, 2008 and ending December 31, 2008. The Committee additionally discussed possible action regarding the encroachment of a foundation poured on LARA property by C.O.M.B. Construction and recommended that Mr. Lemond make a presentation to the full board for its consideration. Finally, the Committee discussed the process that should be utilized in the selection of a Houston Association of Realtors (HAR)-licensed real estate agent to facilitate the listing of LARA houses and lots on the HAR website. The selected broker or brokers would be required to utilize the HAR Multiple Listing Service (MLS) to market LARA houses and lots in Houston Hope neighborhoods.

2. Builder Selection Committee Report.

Mr. Butler provided a status report regarding homes under construction by Greater Houston Development, Inc. ("GHDI"), Catholic Charities and Mayberry Homes. He advised the board that Ms. Robin Curtis of GHDI was in attendance, and could address the board at the appropriate time. He stated that Catholic Charities had requested that it be allowed to purchase seven lots in Independent Heights, and that Mayberry Homes was seeking to amend its contract to receive two lots immediately and two additional lots within 90 days.

3. **LARA/Houston Hope construction update**

Mr. Butler distributed a Houston Hope Study matrix with up-to-date statistics on the status of vacant parcels in certain Houston Hope neighborhoods. He also presented a Production Status Report on Houston Hope lots contracted to builders and of homes currently under construction. Mr. Butler advised the board that the construction report would continue to be updated regularly and presented to the board on a monthly basis. Mr. Butler concluded his report with the presentation of a compilation of the 2007 LARA. Houston Hope accomplishments.

VI. **Consideration and establishment of authorization to enter into contracts with Greater Houston Development, Inc., Catholic Charities and Mayberry Homes (Amendment).**

Ms. Morales opened the floor for discussion. Ms. Curtis addressed the board on behalf of GHDI. She stated that GHDI was behind schedule on homes to be constructed on lots originally awarded to it by LARA as a result of financing issues and rain delays. She reported, however, that those issues had been resolved and construction was well underway on the two lots that GHDI had previously purchased. She noted that one of the GHDI residences was scheduled to close in January, and the other in March. Ms. Curtis, on behalf of GHDI, requested two additional lots for immediate development, and advised the board that GHDI wished to renew its original contract with LARA, including the reinstatement of its option to develop 17 additional lots. Mr. Bowie inquired as to whether funding was available for the two lots being requested for immediate development, and Ms. Curtis stated that financing has been arranged. Ms. Jones stated her concern with awarding additional lots to GHDI is based on the amount of time it has taken for GHDI to develop the two initial lots it was awarded. Ms. Curtis responded that, with improved weather conditions and a surplus of qualified buyers, she felt confident that GHDI could develop the lots in a timely fashion. After no additional questions were presented, Ms. Morales called for a motion. Upon motion by Mr. Dorian, seconded by Mr. Ratcliff, the Board unanimously approved the renewal of the original purchase contract with GHDI, including the option allowing for the purchase of 17 additional lots.

Ms. Morales called for discussion regarding the prospective contracts with Catholic Charities. Ms. Jones moved to authorize the request, and Ms. Black-Navarro seconded the motion. The motion carried.

Ms. Morales called for discussion regarding the prospective amendment to the Mayberry Homes request. Upon motion by Ms. Jones, seconded by Mr. Dorian, the board unanimously approved the amendment.

VII. **Consideration and establishment of Board Resolution/ Policy to refuse to enter into contracts with vendors or persons owing delinquent property taxes to any of L.A.R.A.'s inter-local partners (i.e. City of Houston, Harris County and Houston Independent School District), in accordance with the City of Houston Ordinance no. 2003-0318.**

Ms. Morales requested that Mr. Lemond comment on the proposed Resolution. Mr. Lemond explained that both the City of Houston and Harris County have adopted policies that

prohibit these governmental bodies from entering into contracts with vendors or persons owing delinquent ad valorem taxes, or which are otherwise indebted, to the jurisdictions. He explained that the Executive Committee had requested the adoption and implementation of a similar policy by LARA, which would prohibit it from doing business with persons or businesses having outstanding fiscal liabilities to the LARA or to any of its inter-local partners, which include the City of Houston, Harris County and the Houston Independent School District. Ms. Jackson moved that the board adopt a policy that prohibits any person or business owing delinquent taxes or other money to any Harris County taxing jurisdiction, or to LARA from entering into any contract to do business with LARA. Ms. Jones seconded the motion, and the motion carried.

VIII. Consideration and approval of new L.A.R.A. Request for Proposals for new affordable housing for the period commencing January 7, 2008 and ending December 31, 2008.

Mr. Butler advised the Board that the proposed 2008 RFP reflects several changes to the 2007 RFP, which expires on December 31, 2007. He highlighted the following proposed changes to the 2008 RFP: (1) The maximum allowance for construction costs would be increased from \$99,000 to \$109,000 in response to the builders' contention that the construction cost of a four-bedroom home justifies the additional expense; (2) The eligibility requirement that builders must have built twelve homes in the past five years would be changed to include a provision for the award of contracts to qualified, experienced builders upon the recommendation of the Builder Selection Committee; (3) Production home builders with a track record of having built at least 50 homes a year would be allowed to purchase LARA lots for the construction of affordable homes meeting LARA criteria; and (4) All LARA homes constructed in 2008 and thereafter must be *Energy-Star-Certified*TM

Ms. Morales opened the floor for discussion.

Ms. Jones asked whether the proposed construction-cost increase would affect the affordability of LARA homes, if at all. Mr. Butler stated that the proposed \$10,000 increase is expected to result in a mortgage payment increase to homeowners of between \$15-\$20 per month.

Ms. Black-Navarro asked for an estimate of the number of homes out of 200 that would have four bedrooms. Mr. Butler responded that six builders have requested approval to build four-bedroom homes. He stated that some of the lots are perfect for the larger homes, particularly in the Settegast area. Mr. Dorian inquired as to the square footage of the four-bedroom residences. Mr. Butler stated that the four-bedroom homes to be constructed would vary in size from 17,000 to 19,000 square feet.

With no other questions or comments pending, Ms. Black-Navarro made a motion to approve the issuance of the 2008 RFP. Mr. Harrison seconded the motion, and the motion carried.

IX. Discussion and possible action regarding the encroachment on LARA property by C.O.M.B. Construction, LLC

Mr. Lemond referred to the October 26, 2007 meeting wherein the Board was first

apprised of the encroachment on one of its properties. Mr. Milton Thomas, on behalf of C.O.M.B. Construction, addressed questions from the Board regarding the encroachment. Mr. Lemond explained that Mr. Thomas' company had inadvertently poured a concrete slab onto a portion of a LARA lot, and that the Board, at its October meeting, had requested Mr. Lemond to seek a resolution of the problem with Mr. Thomas. Mr. Tinnermon and Mr. Lemond are now recommending that the board authorize the sale of a portion of the existing LARA lot which contains the encroachment, up to a frontage width of 30 feet, to Mr. Thomas' company. Such a sale, at a pro-rated price consistent with LARA's purchase price for the property, would still leave adequate room for the construction of a new home by a LARA builder on the remaining portion of the LARA lot.

Ms. Jackson asked whether re-platting would be necessary. Mr. Lemond advised that the property would indeed require re-platting and all costs associated with re-platting, surveying, and the corresponding legal and paperwork, would have to be borne by Mr. Thomas. Mr. Thomas apologized for his company's error and assured the Board that he was willing to accept all responsibility for rectification. Mr. Lemond suggested that Winstead PC could determine what steps should be taken to achieve the recommended solution and would prepare a report for the Board's review. Mr. Lemond also noted that this was a very unusual circumstance, pointing out for the record that no permanent policy was being adopted by the Board in voting to approve this action, and that LARA will retain the right to handle future circumstances, should they occur, on a case-by-case basis, in whatever manner the Board deems most appropriate. Ms. Jackson then made a motion that the Board approve the sale of up to 30 feet of frontage of LARA lot # 009-241-000-0006, on Sam Wilson Street, Houston Texas, to C.O.M.B. Construction, LLC., the owner of the adjoining lot; and that the Board authorize LARA's attorneys, Winstead PC, to negotiate the terms and conditions of the sale in a manner that does not adversely affect LARA, and that Mr. Lemond be required to return to the board with a draft of the proposed settlement for final approval by the LARA Board, and, further, that all costs associated with this transaction be paid by C.O.M.B. Construction, LLC. Ms. Jones seconded the motion, and the motion carried.

X. Consideration and designation of a Houston Association of Realtors (HAR) licensed real estate agent to handle MLS listings of houses and L.A.R.A. lots in Houston Hope neighborhoods; and authorization to cover the designated agent's liability insurance costs.

Mr. Tinnermon advised the board that the Mayor had recommended that any unsold LARA homes and lots be advertised on the HAR website, utilizing the MLS system. Mr. Tinnermon reported that he had discussions with Dana Kervin, a representative of HAR, who advised him that the services of a licensed realtor who is a member of HAR would be necessary in order to be able to list the properties through HAR's Multiple Listing Service. Mr. Tinnermon explained that he initially had intended to recommend that the Board utilize the services of a HAR-licensed realtor currently employed by the City of Houston; however, he reported that, after researching the liability insurance issues, he has concluded that that option is not feasible because no insurer could be found that would agree to underwrite the risk as posed by that arrangement. Mr. Tinnermon explained, however, that he had been in discussions with several qualified brokers and at least one company has offered its services to LARA for the payment of a flat fee of \$30,000 annually, without the need for additional liability insurance beyond that

required for the broker's normal business activities.

Mr. Lemond interjected that it was entirely appropriate for the Board to seek input from interested brokers who may be able to provide the same service. He also noted that the listings do not all have to funnel through one individual. The Board could elect to retain the services of several licensed realtors to perform the necessary services, if it chose to do so. Mr. Lemond indicated that LARA could elect to issue an RFP for these special services to determine what responses might be generated from the Houston real estate broker community. The Board could then act on awarding such a contract based on the responses received from the issuance of an RFP.

Ms. Jackson made a motion that the Board allow Mr. Lemond and Mr. Tinnermon to draft a Request for Qualifications (or a Request for Proposal, if applicable) specifying the nature of the realtor services sought. This way, she pointed out, the Board might end up with a pool of qualified brokers from which it could select one or more to provide the needed services. Mr. Harrison seconded the motion, and the motion carried.

XI. Executive Session

Ms. Morales noted that there were no matters requiring an Executive Session.

XII. Reconvene in Open Session

XIII. LARA Administrator's Report

Mr. Tinnermon said he had no report to present separate from the posted Agenda Items.

XIV. Chairman's Report

Ms. Morales reported that the Annual Audit has been completed and submitted to the City Controller and that LARA's audit firm would be invited to report the Audit conclusions to the Board at the January meeting. She also stated that the Audit did not contain any findings adverse to LARA.

XV. Board Member Comments

Ms. Navarro-Black congratulated Ms. Jones on her recent election to the Houston City Council. The Board members unanimously extended their well wishes to Ms. Jones.

Ms. Jackson noted that the first LARA/Houston Hope home constructed by Habitat For Humanity had been completed and is now occupied by a well-deserving family. She reported that she had had the opportunity to attend the congratulatory reception for the family and encouraged other board members to attend future Habitat events and delivery of homes to its selected families.

XVI. Public Comments

Ms. Pat Wickers with Envirobuild addressed the board and requested more information on the

Board's mission, initiatives, and meetings in Independent Heights. Ms. Black-Navarro recommended that she meet with Rev. Bowie, the LARA board member who lives and works in the area, at the conclusion of the meeting.

Ms. Mary Green-Sheppard addressed the board as an HAR realtor interested in working with LARA in the development and marketing of its affordable homes. Ms. Jackson recommended that she speak with Mr. Tinnermon after the meeting regarding the impending RFQ/RFP.

XVII. Adjournment

On a motion by Ms. Black-Navarro, seconded by Mr. Dorian, the meeting was adjourned at 3:30 p.m.

Minutes prepared by:

**Jim Lemond and Tonja King
Winstead PC**

Signed on the _____ day of _____, 20__.

Reginald Adams, President

Jolanda Jones, Secretary