

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

February 23, 2007

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, February 23, 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:

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

Board Members absent were:

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

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

I. Call to Order

Mr. Collins, Chairman, called the Board Meeting to order at 2:06 p.m.

II. Review and Approval of Minutes from the December 1, 2006, and January 5, 2007 Board Meetings

Upon a motion by Mr. Adams, seconded by Mr. Harrison, the Board unanimously approved the Minutes of the December 1, 2006, and January 5, 2007, Board meetings.

III. Old Business

A. Treasurer's Report.

Ms. Morales presented the Treasurer's Report. She noted that all of the Board members had received a copy of the independent auditor's report contained within the June 30, 2006 Financial Statements and Supplemental Information package. She highlighted that the auditor did not note any discrepancies or any issues with the financials of LARA and stated that all of LARA's financial books were in order. After motion by Ms. Jones, seconded by Mr. Harris, the Board approved the Treasurer's Report.

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

Ms. Stolar reported that LARA acquired 17 properties (7 through strike-off and 10 through purchase) at the February tax auction. She added that roughly 41 properties would be available for purchase at the March auction.

IV. Committee Reports

A. Executive Committee Report.

Mr. Collins stated that the Executive Committee had met but did not have any recommendations regarding the three items listed on the Agenda for discussion. He stated that the Executive Committee would revisit the agenda items at a subsequent Executive Committee meeting.

B. RFP Committee Report.

Mr. Collins advised the board that the RFP Committee did not meet. He then requested an update regarding progress on the development of a second LARA Request for Proposal ("RFP") that would be advertised and distributed to Community Development Corporations ("CDCs") and Builders interested in constructing affordable housing on LARA-owned lots. Mr. Tinnermon, in response, stated that he had no formal report to present but reported that LARA had held a ribbon-cutting ceremony last month to introduce the new Model Home in Acres Homes, constructed by Burghli Investments L.L.C. ("Burghli"). Mr. Collins then stated that Burghli had already pre-sold houses to be built on four of its initial allocation of lots.

Mr. Collins then noted that he had executed, on behalf of LARA, all of the contracts approved by the Board at the last meeting and stated that he only had one more contract to sign.

V. New Business.

A. Discussion and Possible Authorization to Enter into the Contracts for Construction of Single-Family Residences

Mr. Collins stated that the Board would discuss and possibly authorize the execution of three new contracts (the "Contracts") with companies that responded to the current LARA Request for Proposal. The builders are: 1) Guiding Light CDC in partnership with Lazer Homes, Inc. 2) Dominion CDC in partnership with Burghli, and 3) Holmes CDC in partnership with Pedraza Construction Ltd. Mr. Collins then asked Mr. Butler to elaborate on those Contracts.

Mr. Butler passed out Schedule 1 and Attachment A to each of the Contracts presented for discussion before the Board. He reminded the Board that he had distributed copies of the entire form of the standard Contract at a prior board meeting. He reiterated that the main body of each Contract was standard for all Contracts, but noted that the Schedules and Attachments for each Contract were unique for each CDC/Builder team.

Mr. Butler then directed the Board's attention to the individual Contracts.

1. The Contracts.

a. Lazer Homes, Inc.

Mr. Butler reported that Lazer Homes has agreed to develop five lots in the Third Ward area. He stated that, after execution of the Contract, the builder will initially develop two of the five lots to be followed by the development of two additional lots every 200 days thereafter. He pointed out that Attachment A to the Contract lists the potential five lots that Lazer Homes will develop with illustrations of the proposed floor plans and elevations following the Attachment.

b. Burghli Investments, L.L.C.

Mr. Butler then reported that the second builder, Burghli, has agreed to develop nine lots. He noted that Burghli has already purchased three lots and will purchase two more. He stated that Burghli has five potential buyers for lots previously approved for development. Mr. Butler stated that this Contract is for nine additional lots in the Acres Homes Subdivision. He reported that Burghli will initially construct homes on three lots, followed by the construction of three additional homes every 120 days thereafter until all nine homes are completed.

c. Pedraza Construction, Ltd.

Mr. Butler then noted that Pedraza Construction has proposed to develop ten lots in the Sunnyside Subdivision. The builder will initially purchase five lots, and upon 85% completion of the first five lots, will commence developing the remaining five lots. Mr. Butler noted that Pedraza Construction has already built homes on five lots in the Fifth Ward Area

2. Discussion.

Mr. Ratcliff inquired as to which entity is responsible for inspecting the homes as they are being constructed. Mr. Butler responded that the completion inspection is conducted by his department, which inspects the properties before approving the purchase by such builder of additional lots.

Mr. Tinnermon then explained that some of the information for the Contracts arrived at the LARA offices much later than anticipated; therefore, he noted, any approval of the Contracts would be subject to review and approval of the Selection Committee members, and then, upon approval, the Chairman would execute the Contracts on behalf of LARA.

Mr. Dorian then asked if there was any indication when lots would be developed in the Fifth Ward area. Mr. Butler responded that Pedraza Construction has ten lots in the area and would be commencing construction within two weeks.

Mr. Butler then gave a brief update on construction of the lots being developed under the Contracts that were approved at the prior Board meeting.

Ms. Jones inquired as to when the first home would be completed. Mr. Butler responded that the first home is scheduled to be completed within the next 120 days.

Mr. Harrison asked about a \$13,000 price difference for homes with similar square footage and elevations being constructed by two different builders. Mr. Butler responded that it was probably due to the cost of the land being higher for one home than the other, but stated that he would investigate and report back to the Board.

Ms. Morales then suggested that, in the future, the Contracts should go through the Selection Committee prior to being sent to the Board for final approval. Mr. Tinnermon reiterated that some of the information had not arrived in sufficient time to present the Contracts to the Selection Committee first. He stated that, unless the Board met weekly, this issue would probably arise again given that the Board did not wish to withhold approvals of Contracts for any extended period of time.

Ms. Jones requested that she receive a final draft of the Contracts after Selection Committee approval and before execution. Mr. Butler stated that he could send the Board members a final draft of the Contracts after they had been reviewed and approved by the Selection Committee.

Mr. Collins requested that a motion be made to approve the form and substance, and LARA's execution, of the Contracts, subject to the final review and approval by the Selection Committee members. Upon a motion by Mr. Adams, seconded by Mr. Ratcliff, the Board approved the form, substance, and execution of the above-referenced Contracts, subject to the final review and approval of such Contracts by the Selection Committee members.

B. Discussion and Possible Action on LARA/Habitat for Humanity Collaborative Construction Program.

Mr. Collins next introduced Ms. Algenita Scott Davis, executive director for the Houston Habitat for Humanity ("HFH"). Ms. Scott Davis requested that LARA consider a collaborative program between LARA and HFH by which HFH would be an approved builder to purchase and develop LARA-owned lots. She explained that she was not asking for any formal approval of any collaborative plan today, but wanted approval that she be able to work with members of the Board to develop a formal proposal that she would then present before the Board for consideration and possible approval.

Mr. Collins then opened up the floor for discussion.

Mr. Adams asked Ms. Scott Davis about the areas of the City in which HFH is proposing to develop lots. She responded that they planned to build in the Houston Hope Areas initially and would be willing to develop in any areas occupied by LARA.

Ms. Jones, reviewing the handouts from HFH, noted that modular homes were listed as a possible product for the HFH program. Mr. Tinnermon explained the difference in modular homes and manufactured homes. He noted that modular homes are similar to the traditional stick wood frame homes, except that the pre-constructed home is usually shipped to the site in two pieces. Mr. Tinnermon noted that the modular construction can be beneficial in flood plain areas because they meet flood plain building requirements. He also pointed out that the current LARA RFP does not prohibit the construction of modular homes and reminded the Board that any construction plan would have to be specifically approved by the Board. Ms. Scott Davis noted that HFH had not constructed any modular homes to date in Houston but were planning on using this product in the future.

Ms. Jones asked about how HFH would assure the modular homes met the program requirements if HFH had never constructed this product. Ms. Scott Davis responded that the modular homes are pre-constructed by agencies who have a great deal of experience in such product and noted that the international Habitat for Humanity agency would aid in the construction, development, and financing of the product.

Ms. Morales inquired about the maximum capacity at which HFH could build homes in Houston. Ms. Scott Davis responded that HFH built 119 homes in Houston in 2006 and that the goal for 2007 is to build 125 homes.

After a brief discussion among the Board members regarding the proposed programs and its pros and cons, Mr. Collins recommended that Mr. Tinnermon and the RFP Committee oversee working with Ms. Scott Davis and HFH to develop a formal proposal for the LARA/HFH collaborative project. He noted that such proposal would be presented to the Board for consideration at a later date.

C. Other Miscellaneous/New Business.

Mr. Collins noted that the discussions regarding potential legislative initiatives and the development of a second LARA RFP would be tabled and considered at a subsequent board meeting.

VI. Chairman's Report

Mr. Collins stated that there would be no Chairman's Report.

VII. Public Comments

Mr. Collins inquired as to whether there were comments from the public. There were none.

VIII. Executive Session

Mr. Collins noted that there were no matters to be discussed in Executive Session.

IX. Adjournment

On a motion by Ms. Jones, seconded by Mr. Harrison, the meeting was adjourned at 2:48 p.m.

Minutes prepared by:

**Jim Lemond and Monique Saulter
Winstead PC**

Signed on the _____ day of _____, 20__.

Reginald Adams, President

Jolanda Jones, Secretary