

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

March 30, 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, March 30, 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
Jeremy Ratcliff
James Harrison, III
Jolanda Jones
Teresa Morales
Yolanda Black-Navarro

Board Members absent were:

Ray Fisher
Craig Presley
Antoinette Jackson
Reverend James Nash
Tyrone Dorian

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 Tonja King 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 2:08 o'clock 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. Ratcliff, the Board unanimously approved the Minutes of the February 23, 2007 Board meeting.

III. Old Business

A. Treasurer's Report.

Ms. Morales presented the Treasurer's Report. She explained that fifteen percent of the project's operating funds were allocated for administrative expenses, and the current balance is nearing depletion. Ms. Morales stated that LARA needed to secure additional funding to pay for administrative expenses and that process was well-underway. She will provide an update on the status of the account at the next Board meeting. After motion by Mr. Adams, seconded by Ms. Jones, 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 21 properties (7 by strike-off and 14 by purchase) at the March tax auction. She added that roughly 64 properties would be available for purchase at the April auction. Mr. Adams inquired as to the time it might take to complete the acquisition or disposition of the remaining properties included in the LARA Pilot Program. Ms. Stolar responded that of the original 189 lots available for disposition in the Pilot Program, 53 remained in various stages of the judicial process. She estimated a final resolution of their status within the next six to nine months.

IV. Committee Reports

A. Executive Committee Report.

Mr. Collins reported that the Executive Committee had met prior to the full board meeting at 1:00 o'clock p.m. and called on Mr. Adams to provide the Committee report. Mr. Adams advised the board that the Executive Committee had discussed the following matters, as posted for both the Executive Committee and the full Board meetings:

- a. The issuance of LARA Request For Proposal ("RFP") #2;
- b. Request for Ratification of Payment of Liability Insurance Premium;
- c. LARA responsibility for payment of Post-Foreclosure Taxes owed on properties acquired at auction; and
- d. Consideration of RFP Contract with Guiding Light CDC and Burghli Homes.

Mr. Adams called on Mr. Ratcliff to provide the RFP Committee report as it pertained to the issuance of LARA RFP # 2.

B. RFP Committee Report.

Mr. Ratcliff reported that the Committee members had agreed with the need for LARA to issue a second RFP and had reviewed and agreed with the draft of the revised RFP. He explained that the revised document had been primarily drafted by Mr. Butler and Mr. Tinnermon, in conjunction with Greg Erwin, the Winstead attorney responsible for LARA real estate matters, and Jean White, senior assistant City Attorney. He stated that RFP #2 is very similar to the original RFP, with certain variances. The second RFP will remain open for a period of at least a year and will include an offer of rebates on a portion of utility payments from Center Point Energy under certain circumstances. Additionally, the second RFP contains a provision that will permit citywide charitable organizations such as Catholic Charities, Inc. and Habitat for Humanities to participate in the LARA home construction program if the organizations meet certain criteria. Mr. Ratcliff explained that in order to qualify as a developer or builder in the LARA program, the charitable organizations must demonstrate strong, pre-existing community ties and bona fide experience in the construction of affordable housing in the Houston area.

In addition, Mr. Ratcliff explained, the revised RFP will allow previously certified Community Development Corporations ("CDCs") to change builder/partners under certain circumstances. For instance, he said, if a participating CDC is unable to deliver affordable homes within the agreed time frames and such a delay was due to the inability of its builder/partner to perform in a timely manner, the CDC then may be allowed to substitute builders, so long as the new builder is itself certified under the LARA guidelines applicable to builders. Plans and elevations must still be approved by LARA but the new builder would be allowed to work with the CDC without having to re-apply for certification as a LARA-approved builder.

Ms. Jones asked for the names of previously-certified builders that would be eligible to serve as substitute builders under these guidelines. Mr. Ratcliff identified Burghli Investments L.L.C. ("Burghli") in Acres Homes, Greater Houston Development, Inc. ("GHDI") in Trinity Gardens and Senee' Homes in 5th Ward.

Mr. Butler commented that the plans for houses to be built under the revised RFP included some with attached garages, and some with detached garages.

V. LARA Administrative Report by Stephen Tinnermon.

Mr. Tinnermon indicated he had nothing to report beyond the posted Agenda items.

VI. New Business

A. Discussion and Possible Action on Issuance of LARA RFP #2.

Mr. Collins invited discussion regarding the issuance of LARA RFP #2. No additional comments or questions were raised. Upon a motion by Mr. Adams, seconded by Ms. Jones, the Board authorized the issuance of RFP #2, as presented.

B. Ratification of Payment of Annual Liability Insurance Premium.

Mr. Adams addressed the issue of the recent payment of LARA's annual liability insurance premium. He stated that the policy was scheduled to expire, and as such, the Executive committee sought competitive bids from the present carrier and others. In response to the bids received and the premium amounts contained in the bids, the lowest bid was selected, the premium was paid and coverage was procured.

Mr. Collins opened the floor for discussion. Board members had no further inquiries on the matter. Upon motion by Mr. Adams, seconded by Mr. Butler, the Board agreed to ratify the payment of the insurance premium.

C. Discussion and Approval of Authorization to Enter into Contract with Guiding Light CDC and Burghli Homes, Inc. for Construction of Single-Family Eesidences on LARA-Owned Lots.

Mr. Collins opened discussion regarding the possible authorization to enter into contracts for the construction of single-family residences on LARA-Owned properties. No questions were raised, Mr. Adams moved to approve the authorization for the board to contract with Guiding Light CDD and Burghli Homes, Inc., and Ms. Jones seconded the motion. The Board unanimously approved the authorization that LARA contract with Guiding Light CDC and Burghli Homes, Inc. for the purposes stated.

D. Discussion and Possible Action on Approval of Procedures for Payment of Post-Foreclosure Taxes on lots acquired at Auction.

Mr. Tinnermon provided a general introduction and overview of post-foreclosure taxes on lots acquired at auction. He stated that once LARA acquires properties at a tax auction, as a governmental entity it is subject to the payment of taxes on property owned it owns. However, for the period of time following the judicial foreclosure of properties and the time that LARA acquires title to properties at the tax auction, taxes accumulate but that accumulation terminates on the day the title is transferred to LARA. For taxes accumulating during that period, he explained, the person or entity acquiring the property is responsible for paying those post-foreclosure taxes. Mr. Tinnermon pointed out that property taxes assessed and owed are not waivable under state law. He explained that the method of payment by LARA of taxes accumulated during the post-foreclosure period involves an assessment of the outstanding tax liability by Stewart Title Company and Linebarger, Goggan. Upon the sale of such properties to the builders participating in the LARA construction program, the amount of taxes owed, although nominal, will be deducted from the proceeds of the sale to the builder.

Mr. Harrison asked Mr. Tinnermon for a specific example of how this process would work under the LARA program. Mr. Tinnermon responded that if a builder buys a lot from LARA for \$6,000 and there are taxes due of \$600 that had accumulated during the post-foreclosure period, the title company, at closing, would deduct \$600 for taxes out of the \$6,000 purchase price paid by the builder.

C. Other Miscellaneous/New Business.

Ms. Jones thanked the Board, the LARA staff and the City's Planning and Development department staff for their commendable efforts on the entirety of the LARA affordable home construction initiative.

V. Chairman's Report

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

VI. Public Comments

Mr. Collins inquired as to whether there were comments from the public. Mrs. Gertie Townsend appeared and inquired as to whether she could exchange a lot she currently owns for a LARA lot located directly adjacent to her residence. Mr. Collins suggested that she meet with Mr. Lemond, Mr. Butler and Mr. Tinnermon following the meeting to discuss whether that is possible. There were no other comments from the public.

VII. Executive Session

Mr. Collins noted that there were no matters requiring an Executive Session.

VIII. Adjournment

On a motion by Ms. Navarro, seconded by Ms. Jones, the meeting was adjourned at 2:48 o'clock p.m.

Minutes prepared by:

**Jim Lemond and Tonja King
Winstead PC**

Signed on the _____ day of _____, 20__.

Reginald Adams, President

Jolanda Jones, Secretary