

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

February 27, 2009

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, February 27, 2009. 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
Reginald Adams, President
Jeremy Ratcliff
Richard Leal
Michael Harris
Rev. John W. Bowie
James Harrison III
Stephan Fairfield

Board Members absent were Yolanda Black-Navarro, Teresa Morales, Curtis Lampley, Antoinette Jackson and Rev. Steve Hall.

Others in attendance included: Ada Edwards of the Mayor's Office; City Council Member Yolanda Jones; Steve Tinnermon, Executive Director of the Authority; Agatha Collins of the Neighborhoods and Housing Division of the Mayor's Office; Greg Erwin, Joe Fonlon and Diana Palomo of Winstead PC, the Authority's General Counsel; Cheryl Felps of Linebarger, Goggan, Blair & Sampson, L.L.P.; Chris Butler, special assistant to the Mayor of Houston for property construction; Lynn Henson of the City of Houston's Planning and Development Department; Norma Garcia of the Neighborhoods and Housing Division of the Mayor's Office; and Andrea Jones of the Mayor's Office.

I. Call to Order and Roll Call

Mr. Collins, Chairman, called the Board Meeting to order at 2:10 p.m. and noted for the record that a quorum of the Board was present.

II. Approval of Minutes from the January 9, 2009

Mr. Erwin explained that due to lack of availability of video tape from the preceding meeting, the minutes for such meeting would be delayed.

Mr. Collins requested consent of the Board to take Item VIII of the Agenda out of order to accommodate the schedules of speakers who wished to make a presentation concerning such item. With no objection from the Board, Mr. Collins called Pastor Cofield to the podium. See below for discussion.

III. Treasurer's Report

1. LARA Financial Report

In the absence of Treasurer Morales, Mr. Adams presented the Treasurer's Report. The Finance Committee is in the process of preparing a request for council action requesting annual operating funds to be provided out of the Fifth Amendment to LARA Grant Agreement. In connection therewith, Mr. Adams noted the following:

The balance available for the CDC program as of January 1, 2009 is \$167,955 and the Board will request an additional \$250,000 for operations. The total expended to date is \$394,334.

The sprinkler system program is in place. Pending invoices from the Parks Department no expenditures have been made to date. No additional funding will be requested for this program.

The Water and Sewer Tap Program is a new program administered by LARA to pay builders for the cost of water, sewer taps and disconnects. There is \$850,000 allocated for that program.

LARA is administering a new \$1 Lot Program. The purpose of the program is to provide incentives to builders by selling designated lots for \$1 per lot. There are 100 lots designated in the program and the average cost is \$5,000 per lot. LARA is requesting reimbursement from Housing and Community Development for the cost of these lots, in a lump sum of \$500,000. As of January 31, 2009, LARA will make a payment to its line of credit in the amount \$186,050.

Mr. Adams reported that the director's and officer's insurance was renewed and the bulk of LARA's funds are in an interest bearing account. The total in grants that are being requested from council will be \$2,860,000 and those funds should be available within the next 30 – 45 days pending council approval.

Mr. Adams then reviewed the financial statements for December and January. Expenses for December were \$579,090. Expenses for January covering the past 7 months were \$618,042 and there was no unusual items standing out in any of the financials.

Mr. Collins called for a motion to approve the Treasurer's Report. A motion was made by Mr. Harris, seconded by Mr. Ratcliff and unanimously approved.

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

Ms. Felps reported that in February 18 lots were purchased: 9 by purchase and 9 by strike-off. There are 27 lots for the March sale.

Mr. Collins called for questions. There being none he proceeded to consideration of the next agenda item.

V. Committee Reports

1. Executive Committee Report

Mr. Adams reported that the Executive Committee met earlier this afternoon. The Committee discussed a number of items some of which will be brought to the Board for action including contracts with Burghli Homes, Chesmar Homes and Mayberry Homes. The Committee also discussed the amendment to LARA's policy for the right of first refusal in eligible adjacent property owners. Mr. Adams noted that there would be additional revisions to that policy before the final document is presented for Board approval; however, the Committee did recommend that the Board approve the release of the form of affidavit that will accompany the right of first refusal policy so that LARA can initiate the due diligence on individuals who may express interest in taking advantage of the right of first refusal program. Mr. Adams also noted that the Committee had discussed with Pastor Cofield the use of up to 30 LARA lots for FEMA temporary housing as was noted in the remarks by Pastor Cofield.

Mr. Collins called for questions. There being none, he proceeded to consideration of the next agenda item.

2. Builder Selection Committee Report

Mr. Ratcliff reported that no new builders had been added to the approved list. He also reported that Mr. Butler was arranging a tour for the Board of completed homes.

Mr. Collins called for questions, there being none, he proceeded to consideration of the next agenda item.

3. LARA/Houston Hope Construction Update

Mr. Butler reported that there were 35 homes under construction, 10 available for sale and 71 purchased by home buyers.

Mr. Collins called for questions, there being none, he proceeded to consideration of the next agenda items:

- (a) **Award of a LARA lot acquisition contract to Burghli Homes for the construction of new affordable housing under the Solicitation of Offers for Affordable Housing Development \$1 Lot Program in Sunnyside.**

A motion to approve the award of a lot acquisition contract under the \$1 Lot Program to Burghli Homes was made by Mr. Adams, seconded by Mr. Leal and unanimously approved.

- (b) **Award of a LARA lot acquisition contract to Burghli Homes for the construction of new affordable housing under the Solicitation of Offers for Affordable Housing Development \$1 Lot Program in Acres Homes.**

A motion to approve the award of a lot acquisition contract under the \$1 Lot Program to Burghli Homes was made by Mr. Adams, seconded by Mr. Leal and unanimously approved.

- (c) **Award of a LARA lot acquisition contract to Chesmar Homes for the construction of new affordable housing under the Solicitation of Offers for Affordable Housing Development \$1 Lot Program in Acres Homes.**

A motion to approve the award of a lot acquisition contract under the \$1 Lot Program to Chesmar Homes was made by Mr. Adams, seconded by Mr. Leal and unanimously approved.

- (d) **Award of a LARA lot acquisition contract to Mayberry Homes for the construction of new affordable housing under the Solicitation of Offers for Affordable Housing Development \$1 Lot Program in Sunnyside.**

A motion to approve the award of a lot acquisition contract under the \$1 Lot Program to Mayberry Homes was made by Mr. Adams, seconded by Mr. Leal and unanimously approved.

VI. Consideration and possible action to adopt an amended policy providing for "Right of First Refusal in Eligible Adjacent Property Owner"

Mr. Tinnermon outlined the highlights of changes in the program:

- (a) To be considered "adjacent" the property must share a common boundary line with the LARA lot. The policy would not apply to lots across the street from the LARA lot, down the street from the LARA lot or merely in the same neighborhood as the LARA lot.
- (b) Churches and other religious entities are added as eligible purchasers.
- (c) The maintenance period requirement is reduced from 5 years to 3 years and requires no weed cutting liens or other nuisance liens to have been filed against the LARA lot during that time.
- (d) All taxes on the owner's lot must have been paid for 3 years.
- (e) Owners will have to furnish proof of eligibility such as a deed to their property and tax statements from the churches showing tax exemptions.

- (f) The LARA lot may be deeded to an immediate family member of the property owner.
- (g) The policy is divided into two classes, one with respect to lots already owned by LARA and one with respect to lots acquired by LARA subsequent to the policy's approval. With respect to previously existing lots, there would be no right of first refusal in lots that were either already sold or under contract to sell. With respect to other existing lots, the Board may, in its sole discretion, deem certain of those lots available for the right of first refusal. There would be no right of first refusal for any existing lots deemed eligible for rights of first refusal as to which offers were not received within 90 days after the adoption of the policy. With respect to new lots acquired after the policy's effective date, the offer period would be 60 days.
- (h) If more than one owner were eligible to exercise the right of first refusal, the first one to submit the affidavit and proof of eligibility would be the owner who is entitled to exercise the right of first refusal.
- (i) The purchase price for the lot would be the greater of the amount actually paid by LARA in acquiring the lot or the HCAD appraised value as of the date of the constable's sale.
- (j) Once acquired, the property would be subject to the normal use restrictions that LARA imposes (but not the affordability covenants). Lots purchased by individuals would be restricted to single family residential use. Lots purchased by churches would be restricted to use principally as a place of worship.
- (k) Lots acquired could not be transferred for 5 years except to a member of the immediate family of the owner or on the owner's death.

Mr. Collins called for questions and after further discussion, it was determined additional refinements and revisions would be made to the policy and the policy resubmitted for review and consideration at the next Board meeting. Upon motion by Mr. Adams and seconded by Mr. Leal, this matter was tabled.

Mr. Tinnermon asked that one portion of the right of first refusal policy be acted upon. Mr. Tinnermon requested that he be authorized to submit the form of affidavit to various owners who had been identified as interested buyers to enable them to commence the process of eligibility determination should the policy be adopted. Mr. Adams so moved. The motion was seconded by Mr. Harrison and unanimously approved.

VII. Consideration and possible action authorizing the sale of certain LARA lots to Eligible Adjacent Property Owners, pending a determination of eligibility by Legal Counsel, Winstead PC

Upon motion by Mr. Adams and seconded by Mr. Leal, this matter was tabled.

VIII. Consideration and possible action to authorize the sale of no more than thirty (30) LARA lots to be used in connection with the erection and construction of temporary and permanent FEMA housing

As noted above, this item was discussed out of order.

Pastor Cofield discussed the request of Hope for Families, Inc. to acquire up to 30 LARA lots for an alternative housing pilot program to provide temporary housing for persons losing their homes in Hurricane Ike. This would be a pilot program that can be replicated around the country for the assembly and disassembly of these temporary housing units. The housing would be temporary and last 18-24 months, after which time the units would be dissembled and stored (off site) until needed again.

Ms. Edwards made clear that it was imperative that there be discussions with and involvement of the local communities and CDC's. Ms. Jones noted that Trinity Gardens was adamantly opposed to permanent FEMA housing. Mr. Collins noted that the Executive Committee had approved the establishment of a working group to consist of: Jeremy Ratcliff, Stephan Fairfield, Reginald Adams, Chris Butler, Steve Tinnermon, Maldrick Bright and Pastor Cofield.

Mr. Collins asked the working group to study the proposal and report back the next meeting. Ms. Edwards reminded the Board that the locations would have an impact on services such as school, fire and police and that the sites will need access to public transfer. A motion to table further discussion pending receipt of the working group's report was made by Mr. Leal, seconded by Mr. Adams and unanimously approved.

IX. Executive Session

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

X. Reconvene in Open Session

Not Applicable.

XI. Chairman's Comments

The Chairman indicated he had no further comments

XII. Board Member Comments

The Board Members indicated they had no further comments.

XIII. Public Comments

Faheem Hameed, representing the Houston CDC Association pointed out that the CDCs wanted to prevent speculation and requested that the right of first refusal language be presented to them for comment before it was finalized. Mr. Collins agreed to do so.

Mr. Collins also read a letter from the Sunshine Church of God and Christ.

XIV. Adjournment

On a motion by Mr. Harrison, seconded by Mr. Leal, the meeting was adjourned at 3:00 p.m.

**Minutes prepared by:
Greg Erwin and Diana Palomo
Winstead PC**

Signed on the _____ day of _____, 2009.

Reginald Adams, President