

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

July 23, 2010

A meeting of the Executive Committee ("Committee") 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 Strategic Purchasing Conference Room, 900 Bagby Street, Houston, Harris County, Texas, on Friday, July 23, 2010. 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.

Committee members in attendance were:

Reginald Adams	Rev. Bowie
Stephan Fairfield	Steve Hall
Teresa Morales	Vincent Marquéz
James Harrison	

Committee members absent were David Collins, Michael Harris, Jeremy Ratcliff, Curtis Lampley, and Antoinette Jackson.

Others in attendance included: Steve Tinnermon, Executive Director of the Authority; Agatha Collins of the Neighborhoods and Housing Division of the Mayor's Office; Chris Butler, Special Assistant to Mayor of Houston for Property Construction; Gracie Saenz of Gracie Saenz and Associates, LLC; and Greg Erwin and Mark Glanowski of Winstead PC, the Authority's General Counsel; Norma Garcia of the Neighborhoods and Housing Division of the Mayor's Office; and Tarsha M. Gary of TMG Global d/b/a Ecotone.

I. Call to Order and Roll Call.

Mr. Adams called the meeting to order at 12:44 p.m. which was immediately followed by a roll call of the committee members in attendance. Mr. Adams noted for the record that a quorum of the Board was present.

Mr. Adams then requested that the Treasurer's Report be tabled to permit Ms. Gary to address the Committee with regard to the status of the St. Charles Street Urban Community Garden and request for donation or purchase of the LARA lot being utilized for this community garden.

II. Consideration and possible action to donate or sell LARA lot (HCAD #019 206 000 0012, Lot #12A, Blk. 3 located in 3rd Ward) to TMG Global d/b/a ECOTONE for the development of St. Charles Street Urban Community Garden.

Mr. Adams first introduced Ms. Gary, who proceeded to inform the Committee with regard to the progress of the community garden developed at 3616 St. Charles Street in the Third Ward by TMG Global d/b/a "Ecotone." During the seven months that Ecotone has had possession of the lot, a community garden has been established with the assistance of local residents and volunteers from the University of Houston and The Awakenings Movement Church. Produce from the community garden is currently being delivered to the residents, many of whom are elderly. Ms. Gary noted that there is also a significant Hispanic population in the neighborhood who contribute their agricultural experience. Unfortunately, the area also has a significant crime problem, so daily patrols by Harris County Constable Precinct 1 have encouraged a safe zone for the community garden.

In planning for the future sustainability of this project, Ms. Gary asked the Committee if LARA would consider donating this lot or conveying it to Ecotone for minimal consideration. She distributed photographs of the community garden for the Committee to view. Mr. Adams stated that he has visited the community garden to better understand its benefit to the neighborhood. A farmers market has been initiated as well as teaching classes for container gardens. In the future, Ms. Gary wishes to begin a rainwater harvesting program. She then stated that there are stakeholders interested in providing funds for the community garden but are reluctant to do so because the lot is not owned by Ecotone. Ms. Gary then thanked the Committee for the opportunity to speak about the success of this community garden and for LARA's support going forward. Ms. Gary left the meeting at the conclusion of her presentation.

Mr. Adams asked Mr. Erwin if there is any legal prohibition to prevent LARA from donating the subject lot to Ecotone. Mr. Erwin responded that if the lot was acquired pursuant to a strike-off at a tax foreclosure sale, then the lot may be used for urban development such as a community garden. However, if the lot was purchased with TIRS funds, then the lot must be used for affordable housing. Mr. Marquéz stated that if the lot is able to be donated, the transfer documents must include provisions that restrict the resale of the lot by Ecotone. Mr. Tinnermon suggested that Ecotone may consider a long-term lease, which would assist it with any fundraising efforts. Mr. Fairfield requested that the transfer of this lot include a buy-back right in favor of LARA, in addition to a performance note to allow for reclaiming the property by foreclosure, and a restriction that the lot can only be used for an urban garden.

Mr. Marquéz made a motion that Winstead PC conduct direct negotiations with Ecotone for sale or long term lease of the lot, to be restricted for urban garden purposes only, including a right of first refusal in favor of LARA, and submit the final negotiated terms to the Committee for action at the next board meeting. The motion was duly seconded by Mr. Fairfield and unanimously approved by a vote of the Committee.

III. Treasurer's Report.

- (a) LARA Financial Report for May and June 2010
- (b) Other Updates

Mr. Adams next recognized Ms. Morales who provided the overview on the Treasurer's Report for the eleven (11) month period ending May 31, 2010:

Total current assets \$1,796,060;

Cash and cash equivalents \$1,649,439;

Total Assets are \$12,869,776;

Investment properties held for sale are \$7,084,839;

For Total Liabilities of \$63,858;

Total liabilities and Fund balance is \$12,869,776;

Total Revenues is \$6,144,470 of which \$4,500,000 is grant restricted for land acquisition;

Gain on disposition of lots \$20,600;

End of year fund balance/net assets is \$12,805,918;

Advertising/marketing \$53,026;

Revenue from conveyed struck off-properties is \$353,565;

Total Expenditures/Expenses of \$1,927,783;

Loss on disposition of lots \$1,091,281;

Interest Income was \$3,325;

Excess of Revenues Over Expenditures \$4,220,012.

There being no questions and upon motion by Mr. Fairfield, duly seconded by Pastor Hall, the Committee voted to approve the treasurer's report for the period ending May 31, 2010. Ms. Morales then stated that the financial reports for the period ending June 30, 2010 are marked "DRAFT" at this time because the amounts are being audited by the bookkeeper for the end of LARA's fiscal year.

She then reported that the accounts receivable amount is greater than it should be due to the delay in delivery of unused foreclosure funds by the Constable for Precinct 6. Presently, Precinct 6 refunds LARA's unused foreclosure proceeds to the law firm of Linebarger Goggan Blair Sampson LLP rather than directly to LARA. Ms. Morales will contact the Constable for

Precinct 6 to request that any of LARA's unused foreclosure proceeds be reimbursed directly to LARA.

Ms. Morales next reported that the value of investment properties is understated because the bookkeeper is not informed when LARA lots are forfeited by builders when they do not start construction pursuant to their contract. The operational records for lots under builder contracts does not coincide with the accounting inventory records for lots owned by LARA. The bookkeeper is conducting an audit of the operational inventory of lots against the records of the bookkeeper to reconcile the value of the investment properties.

IV. LARA/Houston Hope Construction Report.

Mr. Adams next recognized Mr. Butler, who reported on the status of the Houston Hope house construction activity. Currently, there are 45 houses under various stages of construction; another 51 houses that have now been completed, with 150 houses having been sold to purchasers.

- (a) Ratification and acknowledgement of award of a LARA lot acquisition contract to Alexan Construction under contract #052710-01 in Sunnyside for construction of new affordable housing.

The Builder Review Committee completed its due diligence on Alexan Construction LLC and approved the sale of one lot. Upon motion by Pastor Hall, duly seconded by Mr. Marqu ez, the Committee voted unanimously in favor of ratifying the lot acquisition contract to Alexan Construction LLC.

- (b) Ratification and acknowledgement of award of a LARA lot acquisition contract to Victory Custom Homes under contract #012510-01 in Sunnyside for construction of new affordable housing under the \$1 Lot Program.

Mr. Butler stated that changes for the available neighborhoods with regard to the \$1 Lot Program occurred on April 1, 2010; however, Victory Custom Homes originally requested this lot in October 2009. Upon motion by Pastor Hall, duly seconded by Rev. Bowie, the Committee voted unanimously in favor of ratifying the lot acquisition contract to Victory Custom Homes.

- (c) Ratification and acknowledgement of award of a LARA lot acquisition contract to RSFM under contract #112409-02 in Independence Heights for construction of new affordable housing under the \$1 Lot Program.

Mr. Butler confirmed that RSFM originally requested ten (10) lots prior to April 1, 2010; however, the Committee only approved the sale of four (4) lots at that time because of a possible prior affiliation with Cerritos Homes. He then recalled that representatives of RSFM attended the LARA Executive Committee meeting held in December 2009 to discuss its home building business and to confirm it had no prior association with Cerritos Homes. Upon motion by Pastor Hall, duly seconded by Mr. Fairfield, the Committee voted unanimously in favor of ratifying the contract with RSFM.

- (d) Ratification and acknowledgement of award of a LARA lot acquisition contract to Diamond Springs Homes LLC under contract #040110-01 in Sunnyside for construction of new affordable housing under the \$1 Lot Program.

Mr. Butler stated that Diamond Springs Homes LLC requested this lot on March 29, 2010 and has completed two (2) houses under prior contracts. Upon motion of Pastor Hall, duly seconded by Mr. Marquéz, the Committee voted unanimously in favor of ratifying the contract with Diamond Springs Homes LLC.

- (e) Other updates.

Mr. Butler mentioned that as of June 3, 2010 funds have been available for down payment assistance. He also stated that LARA's website has been updated to include information on the availability of funds for down payment assistance in addition to other marketing vehicles. Mr. Marquéz then asked for an update with regard to the LARA lots which do not have utility infrastructure. Mr. Butler responded that such lots are located in the Settegast subdivision. The Van Pelt family also owns numerous lots in this subdivision and an agreement between the city of Houston and the Van Pelts was being worked out with the prior administration. However, Mr. Butler has not been able to locate the Van Pelt family to discuss disposition of the funds set aside by the city of Houston for the infrastructure.

V. Consideration and possible action approving renewal of the Garden License Agreement for The Last Organic Outpost (702 N. Emile Street).

Mr. Fairfield stated that he is acquainted with Mr. and Mrs. Icet, the persons who operate the Emile Street Community Farm, and they intend to purchase a house near the lot utilized for the community garden. The license under consideration for renewal is a standard license agreement. Upon motion by Mr. Marquéz, duly seconded by Mr. Fairfield, the Committee voted unanimously to approve the renewal of the garden license agreement with The Last Organic Outpost.

VI. Consideration and possible action for approval of a 6 month extension on payment due from Bethlehem Temple Church for LARA lot (HCAD #071 073 002 0058) under the ROFR.

Mr. Tinnermon mentioned that the church is raising funds to purchase this lot and has almost collected the amount needed. Upon motion of Mr. Fairfield, duly seconded by Mr. Hall, the Committee voted unanimously to approve a six month extension for the payment due to purchase this lot.

VII. Consideration and possible action to donate or sell LARA lot (HCAD # 037 216 000 0002, Lt. 2 Blk. 6 located in 3rd Ward) to Foundation for Tomorrow d/b/a Yellowstone Academy.

Mr. Tinnermon noted that the subject lot must be used for affordable housing; therefore, he recommended that the Committee offer a long-term lease to the Yellowstone Academy for expansion of its sports field. Upon motion by Rev. Bowie, duly seconded by Mr. Marquéz, the

Committee voted unanimously to approve a five (5) year lease agreement with a five (5) year renewal term to the Yellowstone Academy.

VIII. 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.

Mr. Tinnermon recommended that the sale of these subject lots be authorized by the Committee with the approval of Winstead PC as to eligibility under LARA's rules for adjacent property owners. Upon motion by Rev. Bowie, duly seconded by Mr. Fairfield, the Committee voted unanimously to approve the sale of the requested lots upon approval of Winstead PC.

IX. Consideration and possible action to approve funding (from the LARA Marketing Budget) for HCDD, Housing Inspector polo shirts at a cost not to exceed \$5,500.

Mr. Tinnermon noted that there is approximately \$400,000 in the LARA marketing budget and proposed to fund the purchase of quality polo shirts for the twelve (12) inspectors of the Housing Community Development Department. The inspectors have no uniform with logos to identify the department they work for. The proposal is to purchase five (5) polo shirts with department logos for each of the twelve (12) inspectors. Upon motion of Pastor Hall, duly seconded by Mr. Marquéz, the Committee voted unanimously to approve \$5,500 of the marketing budget for purchase of polo shirts for the inspectors.

X. Adjournment.

Mr. Adams moved that the meeting of the Executive Committee be adjourned. The Executive Committee meeting adjourned at approximately 1:55 p.m.