

LAND ASSEMBLAGE REDEVELOPMENT AUTHORITY

MINUTES OF BOARD MEETING

HOUSTON, TEXAS

February 17, 2006

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 Texas Transportation Code Annotated §431.101 et seq. and Texas Local Government Code Annotated §394.001 et seq., was held in the Houston City Hall Annex Council Chambers, Public Level, 900 Bagby, Houston, Harris County, Texas 77002 on February 17, 2006. Written notice of the meeting including 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
Cheryl Armitige
Jeremy Ratcliff
Ed Locke
Yolanda Black-Navarro

Board members absent were:

Ray Fisher
James Harrison, III
Craig Presley
Antoinette Jackson
Jolanda Jones
Teresa Morales

Others in attendance included Steve Tinnermon and Patricia McFarland of the Neighborhoods and Housing Division of the Mayor's Office; Jim Lemond and Archana Singh of Winstead Sechrest & Minick P.C., the Authority's General Counsel, Cheryl Felps of Linebarger Goggan Blair & Sampson, L.L.P., and Lynn Henson of the City of Houston's Planning and Development Department.

- I. **Call to Order.** The meeting was called to order by Mr. Collins, the Board Chairman, at 2:13 p.m. The Chairman noted for record that a quorum of the Board was not yet present and advised those members present that the meeting would begin with items on which no action was required. As such, the agenda items were presented out of order.

II. Designation by Chairman of a Recording Secretary.

As previously announced, the duties of Recording Secretary for each Board meeting have been delegated to Winstead Sechrest & Minick P.C., the Authority's General Counsel, and it is no longer necessary to continue to post this item on the agenda each month.

The following items were taken out of order by the Chairman.

V. Committee Reports.

a. Finance Committee Report.

Mr. Adams stated that he would discuss the meeting of the Finance Committee as the Treasurer, Ms. Morales, was not present. Mr. Adams reported that the Finance Committee discussed the RFP for real estate services. Mr. Tinnermon added that he hoped to receive submissions in response to the RFP by the middle of next month.

Mr. Adams then reported that the committee extensively reviewed the Authority's financial policy and procedures. He stated that the committee clarified expenses charged by the Neighborhood Protection Division of the Houston Police Department by speaking with Mr. Matt Thibedeaux of the Division.

b. Executive Committee Report.

Mr. Dorian reported that a quorum was not present at the Executive Committee meeting on February 16, 2006. He stated that the LARA inventory was discussed, reporting that, inclusive of the six lots acquired in February for a total of 206 lots is in the LARA inventory.

Mr. Dorian then reported that the Executive Committee discussed the district advisory councils. Ms. Armitage stated that the committee agreed to hold the first meeting of the District Advisory Councils on May 1, 2006. Mr. Dorian reported that the committee also discussed the RFQ response letters.

Mr. Adams inquired as to whether the amount of time taken to respond to the RFQs could be minimized. Mr. Adams expressed concern that some responses to the RFQ were received in November and replies had not yet been sent. Mr. Collins replied that a process for responding in a timely manner should be discussed.

Mr. Dorian reported that the Executive Committee discussed updating the LARA timeline. Mr. Tinnermon stated that he would discuss the timeline later in the meeting.

Mr. Adams asked for clarification as to the nature of the District Advisory Councils meeting to take place on May 1. Ms. Armitage responded that the May 1st meeting would be the first meeting between Advisory Council members and the LARA Board of Directors.

Mr. Adams inquired as to how much responsibility the community would have to appoint District Advisory Council members and how much responsibility the City Council members would bear. Mr. Tinnermon answered that the City Council members from districts where Houston Hope neighborhoods are located will appoint three members, while one member of each Advisory Council will be appointed by the county, and the fifth member will be selected by the independent school district within which the neighborhood rests.

Mr. Ratcliff asked if the May 1st meeting would be with the City Council or the District Advisory Councils. Mr. Tinnermon replied that the May 1st meeting would be between the LARA Board and the District Advisory Councils.

Mr. Dorian inquired as to the total number of Advisory Councils. Mr. Tinnermon answered that there would be a total of six Advisory Councils, one for each operating Houston Hope neighborhood, and that each council would be composed of five members. Some discussion regarding whether the advisory councils were intended to have three or five members followed.

IV. Old Business.

a. Treasurer's Report.

Ms. Morales was not in attendance to present the Treasurer's Report. Mr. Collins stated that the report would be presented at the next Board meeting.

b. Auction Update.

Cheryl Felps presented the February auction report. She stated that a total of six properties, four through purchase and two through strikeoff, were acquired in February. Ms. Felps went on to state that several more properties would be available at the March sale.

VI. New Business

Mr. Collins stated that the development covenants were being reviewed by the legal department. He went on to state that when the RFP is reissued, the covenants will be attached along with development criteria. As soon as the covenants are received from the legal department, they will be distributed to Board members. The Board's comments will be incorporated into the RFP to the extent permissible.

Mr. Tinnermon provided an overview of the revised LARA timeline. He stated that, in terms of infrastructure, one of the key tasks facing LARA had been to complete a preliminary plan for each area, including the pilot area and the Houston Hope areas. He announced that this plan has been completed by the Public Works Department and a picture of where infrastructure is present and where it is needed now exists. Mr. Tinnermon stated that, essentially, 60% of the work has funding and should be completed within twenty-four to thirty-six months. He went on to state that there will be certain sections, such as some areas in Settegast, that will need additional infrastructure. He

stated that in terms of land assemblage, as was reported earlier, LARA has now acquired, through strikeoff or acquisition at constable sales, a total of 206 lots. He stated that the goal was to place roughly 140 of those lots in the first RFP to be released. Mr. Tinnermon then stated that the current negotiations concerned working with the taxing jurisdictions to bring the first lots operating under the land bank legislation into the program. The City has identified an additional 1,350 lots in various areas which he hoped to acquire under the new land bank legislation. Mr. Tinnermon explained that acquiring lots under the land bank legislation differs from the current process in three ways. First, the lots will be acquired through a private sale, rather than through a public constable sale. Second, the new process will provide a right of first refusal for adjacent property owners. Third, the process will allow a right of second refusal for qualified community development corporations.

Mr. Tinnermon stated that the RFQ has been released to community development corporations, but the kind of responses hoped for have not been received. He stated that more community development corporations should be lined up, especially considering that the goal is to move forward with the RFP as quickly as possible. Mr. Adams inquired as to whether representatives from community development corporations should be invited to meetings to get their input. Ms. Armitige stated that she had spoken with one of the community development corporations and has visited monthly community development corporation meetings, and that, in her opinion, their major problem has been finding someone to put together their response. Mr. Tinnermon stated that the key objective was to get affordable housing built and that community development corporations' participation and input was important to this goal. Ms. Armitige suggested inviting the community development corporations to meetings so they could express any hesitations on their part.

Mr. Adams inquired as to whether the timeline would be available to the Board. Mr. Tinnermon said it would be, but that currently it was in draft form and other components were yet to be added.

At this point, Mayor Bill White joined the meeting. The Mayor stated that he wanted to make himself available to members of the LARA Board. He discussed the goals of the program and commended the people, staff and neighborhood groups who have given input concerning how to develop affordable housing and infrastructure in the neighborhoods. He wanted to commend those involved in the evolution of the process, specifically mentioning the law firm handling the foreclosures and Leah Stoler in particular. The Mayor also stated that if Mr. Collins performed any more work at the City, he would be considered a City employee.

Mayor White stated that high-quality, affordable housing would be built and people would compete on the basis of the quality of housing they could offer for a given price. He also stated that politics would be kept entirely out of the process. He went on to say that anyone attempting to get business based on relationships would be an issue for the District Attorney. Mayor White also stated that there would not be a lot put together without the community development corporations playing some role. He went on to say

that the compensation of the community development corporations would be defined and transparent.

The Mayor stated that he required help from LARA Board members to assume personal responsibility for explaining to the community what LARA's goals were. He stated that he would like to expand the circle of people who had information about what LARA was attempting to accomplish. He also stated that he hoped LARA would become a model for what could be done in other cities.

Mayor White stated that the Houston Housing Authority, which does important work, showed him a typical project, which was an apartment complex with 100 units for \$90,000 each. He stated that there was another application pending for a neighborhood for seniors in which each unit cost \$100,000. He stated that even with the expenditures of these funds, people do not own the unit and do not have the permanence associated with home ownership. The Mayor stated that through volume purchasing people could own quality units for monthly payments of between \$720 and \$900. He then stated that the same amount of money spent putting people in apartments could be spent putting them in housing they own.

Ms. Armitige stated that she hoped to educate people as to their and their responsibilities regarding property taxes. She added that people should understand the methods that help them keep property. She went on to say that where there is home ownership, there is community pride.

Mayor White then presented the topic of down payment assistance. He stated that he felt "responsibility" was the key word. He inquired of the Board about their feelings as to whether potential residents should be required to contribute some amount to the down payment, as opposed to having 100% down payment assistance. He also inquired as to whether there should be a fixed amount or a sliding scale for down payment assistance. Ms. Armitige responded that she felt that when people put something into an investment, they had a tendency to take care of that investment due to an accompanying sense of sacrifice. The Mayor stated that he would like to come up with a fixed process, rather than a case-by-case basis, for determining financial assistance.

Mr. Collins stated that he hoped an RFP would be presented to the Board in March so that the project could move forward. The Mayor stated that, after the process, the more things that were made standard, the easier the comparison becomes. For example, for roughly \$750, an air conditioning unit that is significantly more energy efficient could be available. However, a super energy efficient unit would be \$3,000 or more per house. He stated that utility bills were important and currently, that level of detail was becoming important. Ms. Armitige stated that she appreciated the Mayor attending the meeting to speak to the Board. The Mayor reiterated that he needed the Board's help in explaining to people what LARA was trying to accomplish.

IV. Old Business

c. Update by General Counsel on state ethics statutes

Mr. Collins discussed the presentation of SB 286 and HB 914, which required the filing of conflict of interest forms. Mr. Lemond provided a brief update on the status of State law ethics statutes. He inquired as to how many Board members attended the City presentation on ethics laws. Mr. Lemond provided copies of that presentation and explained that the presentation was a compilation of the State law that governs the conduct of local officials. Mr. Lemond also discussed the training available on the Texas Attorney General website. He stated that the most efficient way to obtain the training was to view the videos provided on the Attorney General website and distributed an information sheet regarding the video training.

Mr. Lemond also distributed the conflict of interest disclosure form that was discussed at the last Board meeting. He explained that each member of the Board would be required to fill out the form and submit it to a local government officer. At some point, LARA would be required to designate someone as the designated official who would maintain the forms. Under the statute, each of the Board members would fill out the disclosure statement and sign it under penalty of perjury. Mr. Lemond stated that at the next meeting, the Board should designate the local government officer, probably Mr. Tinnermon, to whom they would submit their disclosure forms

III. Review and Approval of Minutes from the January 20, 2006 Board Meeting.

Mr. Collins stated that approval of the minutes and the Treasurer's report would be postponed until the next meeting as there was no longer a quorum.

VII. Chairman's Report

Mr. Collins stated that he had not additional matters to report.

VIII. Public Comment.

The Chairman asked if there were comments from the public. No one appeared to speak.

IX. Executive Session.

No matters were posted for discussion in executive session and no executive session was held.

X. Adjournment. Upon a motion duly seconded, the meeting was adjourned at 3:21 p.m.

Minutes prepared by:

Jim Lemond

Winstead Sechrest & Minick, P.C.

Signed on the _____ day of _____, 2006.

Reginald Adams, President

Jolanda Jones, Secretary

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