

RESOLUTION NO. 24-23

RESOLUTION AUTHORIZING THE SETTLEMENT AND MUTUAL RELEASE OF CLAIMS IN CAUSE NO. 2017-71486, STYLED HUSSION STREET BUILDINGS LLC, V. HARRIS COUNTY HOUSING AUTHORITY PUBLIC FACILITY CORPORATION, HARRIS COUNTY HOUSING AUTHORITY REDEVELOPMENT AUTHORITY, INC., AND QUALIFIED CONSTRUCTION, INC., *ET AL.*, DEFENDANTS

RECITALS

WHEREAS, Hussion Street Buildings, LLC owns real property and improvements located at 1901 Hussion Street, Houston, Harris County, Texas (Plaintiffs or Hussion); and

WHEREAS, in September 2015, HCHA through its Development Partner (Fenix Estates) purchased a land site behind Hussion's property for the purpose of building an affordable housing project; and

WHEREAS, in May 2017, following the closing of the loan Fenix contracted with Qualified Construction Inc., (Qualified) to provide General Contracting Services; and

WHEREAS, in October 2017, Hussion sent a demand notice to Qualified and HCHA-RA alleging that during construction, its sewer line was cut; and

WHEREAS, on October 23, 2017, Hussion files suit against Harris County Housing Authority Public Facility Corporation (Public), Harris County Housing Authority Redevelopment Authority, Inc., (HCHA-RA) ("HCHA Affiliated Entities" or "HCHA"), and Qualified Construction, Inc., (Qualified) alleging damages via five different legal theories of recovery including Inverse Condemnation; and

WHEREAS, in February 2018, HCHA grants a five-foot sanitary Sewer Easement to Hussion on HCHA's property for the sole purpose of constructing a new sewer line at HCHA'S cost to replace the damaged line; and

WHEREAS, in May 2018, HCHA notifies Hussion of the completion of the new sewer line and that Hussion could connect the sewer line at will utilizing the Easement granted by HCHA; and

WHEREAS, in September 2018, Hussion files a third Amended Petition adding Fenix; and Fenix Estates Commercial, LLC, among others; and

WHEREAS, on October 24, 2018, Harris County Housing Authority (HCHA) files an intervention in the Hussion suit to condemn the property; and

WHEREAS, in June 2019, the additional drainage work between 1901 Hussion and Fenix's property along Coyle Street is completed; and

WHEREAS, Hussion adds HCHA as a Defendant to the lawsuit on November 6, 2019; and

WHEREAS, HCHA dismisses its condemnation suit against Hussion on June 10, 2021; and

WHEREAS, the Court orders the parties to mediation on October 18, 2021; and

WHEREAS, the parties attended mediation in July 2023 with a private mediator and reached a consensus on most material disputes save and except the mechanism to determine the viability of being able to connect the installed 2018 sewer line to Hussion's sewer line at its exit point, thus no written agreement was entered into between the parties; and

WHEREAS, after mediation, the parties continued to negotiate and in November 2023 HCHA contracted with a licensed plumber to identify Hussion's sewer line exit point, excavate the site for the exposure of the exit point, and the 2018 sewer line, installation of a two-way cleanout, permitting for City inspection, and refill.; and

WHEREAS, in December 2023, HCHA's plumber excavated the site, identified the exit point from Hussion's building, installed a two-way cleanout and connected Hussion's sewer line to the 2018 sewer line located on HCHA'S property. Hussion also contracted a plumber who performed a camera inspection of the sewer line and alleged to have identified a "belly" in the sewer line; and

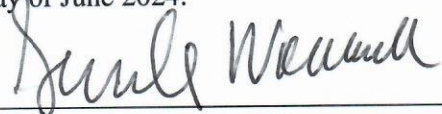
WHEREAS, in March 2024, after both parties completed visual and camera inspections of the sewer line and having determined different or inconsistent findings, the parties agreed to request an after-hours City Inspection with the inclusion of an inline camera inspection of the sewer line and connection site. The City issued an orange ticker indicating that the site failed inspection but found no fault with the connection performed by HCHA's plumbers.


WHEREAS, in May 2024, the parties continued to negotiate a settlement of the suit and after addressing both parties concerns relative to connecting to the 2018 sewer line versus repairing or replacing the sewer line, the parties reached an agreement on all terms of settlement; and

WHEREAS, it is the parties' intent through this Resolution to settle the above numbered cause by mutual agreement and hereby request approval of such Settlement substantially in form provided to Executive Director for review.

NOW, THEREFORE, BE IT RESOLVED that HCHA's Board of Commissioners authorizes its Executive Director to negotiate to finality and execute an Agreement of Settlement and Mutual Release of Claims with Hussion Street Buildings LLC, (Plaintiff) regarding the settlement of a legal dispute between Plaintiff and Harris County Housing Authority and all related entities (Defendants), provided the payment terms do not exceed Eighty Five Thousand (\$85,000) whether said settlement funds are paid individually or collectively by HCHA or any HCHA affiliated entity, with all other terms to be substantially the same as those in the draft Agreement of Settlement and Mutual Release attached to this resolution.

PASSED by the Board of Commissioners this 26th day of June 2024.

Chair: 
GERALD WOMACK

Secretary: 
MELISSA QUIJANO