

MINUTES OF REGULAR MEETING  
OF  
HARRIS COUNTY HOUSING AUTHORITY  
Houston, Texas

April 21, 2004

THE STATE OF TEXAS     )  
                                      )  
COUNTY OF HARRIS     )

The Board of Commissioners of the Harris County Housing Authority met in regular session, open to the public, on the 21<sup>st</sup> day of April 2004, at the offices of the Authority, 8410 Lantern Point Drive, inside the boundaries of Harris County in the City of Houston, Texas. Mr. Lanier called the meeting to order at 3:00 p.m. and the roll was taken of the duly constituted officers and members of the Board:

Odysseus Lanier	Chairman	Present
Michael Fleming	Vice Chairperson	Present
Walter Jones	Commissioner	Present
Brenda Kirk	Commissioner	Present

Mr. Lanier asked that the Minutes reflect a quorum was present.

Attending all or portions of the meeting were David Turkel, Executive Director of the Harris County Housing Authority and Director of the Community and Economic Development Department of Harris County. Also present were Jim Lemond of the law offices of Winstead Sechrest & Minick, P.C., the Authority's General Counsel. Additional attendees were as follows:

Guy Rankin, Gladys Janda, David Gunter, Melissa Quijano, Paula Sullivan,  
Richelle Henderson, Nereyda Vega, Anna Hinojosa, Jocelyn Alexander,  
Demetra Davis, Guadalupe Salazar and Belinda Davis; Harris County  
Housing Authority

Madeline Santa, Daphne Lemelle, Lora Routt, Nancy Powell, Roby Richards and  
Jessica Deculus; Harris County Community and Economic Development  
Department

Steve Brewer and Bob Kendrick; Harris County Precinct #3

Olga Rodriguez; Harris County Precinct #2

Pat Lykos; Harris County Judge's Office

Mike Biererstadt; Laramide Companies, Inc.

Jeff Litchfield; Harris County

Robert Deluca, Ted Kerr, Mike Weiderstaff; Coach Realty

Curtis Clerkly and Ed Watkins; Clerkly Watkins Group

## APPROVAL OF MINUTES

The Minutes of the Board Retreat meeting of February 7, 2004 were presented for approval. Mr. Lanier asked for a motion to approve the Minutes as written. Ms. Kirk moved to approve the Board Retreat Minutes of February 7, 2004. Mr. Fleming seconded the motion. Mr. Lanier asked if there was any discussion. The Board Members had none. The Board unanimously approved the Minutes. The Minutes of the Board Retreat meeting of March 3, 2004 were presented for approval. Mr. Lanier asked for a motion to approve the Minutes as written. Mr. Fleming moved to approve the Board Retreat Minutes of March 3, 2004 and Ms. Kirk seconded the motion. With no discussion the Minutes were approved unanimously. Lastly, the Minutes of the Board Meeting of March 25, 2004 were presented for approval. Mr. Lanier asked for a motion to approve these Minutes as written. Ms. Kirk moved to and Mr. Jones seconded. The motion carried unanimously.

## ADMINISTRATIVE AGENDA

### **DISCUSSION ITEMS:**

#### Executive Director's Statement:

Mr. Turkel read into the record the Executive Director's Statement, attached hereto as Exhibit "A".

Mr. Lanier commented that, with the release of Mr. Turkel's statement, the Board considers this issued resolved and will move forward with other issues on the agenda, such as working in a collaborative effort with the Hispanic community. The Board of Commissioners, he stated, are leading advocates on collaborative initiatives with the Hispanic community and will diligently its work in this regard, as reflected in the Authority's Mission Statement. Mr. Fleming then asked Mr. Turkel if the Fact Sheet, attached to the Executive Director's Statement, was intended to be part of the Executive Director's Statement. Mr. Turkel said it was. The Fact Sheet is attached hereto as Exhibit "B".

Mr. Turkel went on to inform the Board that the League of United Latin Americans (LULAC) had filed a formal complaint against the Authority with HUD. He stated that he had been informed that HUD had responded to the complaint but that he had not seen a copy of the response.

#### Preliminary Budget

Mr. Rankin presented a copy of the budget from 2003-2004 and the preliminary budget for 2004-2005, not including costs estimates for any of the proposed tax credit projects. Detailed budget information will be provided at the May Budget Workshop, the

date for which has not been set. Ms. Kirk asked that the final budget contain a detailed explanation of any miscellaneous items carried as a line item.

#### RFP for Audit Services

Mr. Turkel reported that the Housing Authority recently completed its first full year of operation since restructuring and that HUD requires an audit be conducted. The first step toward selecting a firm is the issuance of a Request For Proposal (RFP). The second is to contact the Texas Housing Agency to obtain a list of approved auditors, and third, to publish notice of issuance of the RFP in the Houston Chronicle. Mr. Lanier and Ms. Kirk agreed that the audit should be initiated not later than thirty (30) days after the advertisement. Mr. Rankin stated that the Board would be kept informed as things progressed.

#### FINANCIAL REPORTS

##### March Financials and Balance Sheet

The March Financials and Balance Sheet were presented by Mr. Rankin and Mr. Gunter. After some discussion, Mr. Lanier requested certain changes to the form of the financials. Staff was directed to incorporate those changes.

#### OTHER BUSINESS

##### Report by Executive Search Committee:

Ms. Kirk reported that the Search Committee had not met formally to date, but expects to do so shortly. Her recommendation was that the committee proceed to complete its work soon so as to allow Mr. Turkel to return full time to his position as the director of the county's Community and Economic Development Department. Ms. Kirk also commented that, in respect to the Authority's search for an Executive Director, any organization that wished to volunteer its services to the search effort was welcome to do so on a pro bono basis.

Mr. Jones added that he was interested in maintaining continuity of program operations during the transition period from Mr. Turkel to the new Director.

Mr. Lanier directed the staff to coordinate the development of the next Board meeting's agenda with Ms. Kirk so as to incorporate any reports of the search committee's deliberations.

Mr. Fleming inquired as to whether it was really necessary to conduct a formal search for an Executive Director. Mr. Lanier responded that it was in the best interests of the Authority to adhere to the process detailed in the Board's Policy and Procedures

Manual relating to filling a vacancy in the position of Executive Director. The Board was advised by counsel that it could vote to waive any portion of its adopted policies and procedures, so long as that vote did not violate any federal or state statutes or regulations.

Mr. Jones voiced concern, as indicated earlier, over the need for continuity in the program operations of the Authority as the Board sought to hire a new person as the Executive Director of the agency. Mr. Turkel offered a strong endorsement of Mr. Rankin as the appropriate choice for the position. Mr. Lanier responded that his support for following the process outlined in the Manual was not based on personal choices or possibilities; rather, he said, it was important to demonstrate to the community that the process for choosing a new director was fair, impartial and based solely on merit.

Mr. Lanier then inquired of Ms. Kirk as to the search committee's timetable for selection of a person to serve as Director. Ms. Kirk indicated that the Authority would properly advertise and post notice of the intent of the Authority to seek candidates to fill the position. Thereafter, the committee would evaluate applications received, interview the two best-qualified candidates by June 15<sup>th</sup>, and recommend a finalist to the full Board by June 30<sup>th</sup>.

After further discussion, the staff was directed to schedule the June Board meeting for June 30<sup>th</sup> in order to coincide with the search committee's timetable.

Mr. Jones sought assurance that Harris County would allow Mr. Turkel to continue to provide advice and counsel to the Authority on program operations for at least some period of time. Mr. Lanier assured Mr. Jones that he was confident the Board could negotiate an agreement with Harris County which would allow Mr. Turkel to be available to the Authority as an unpaid consultant on an as-needed basis.

#### Update on Pending Housing Investments:

Mr. Turkel reported that the Hettig and Kahn Bayforest and Baybrook projects were progressing according to schedule. The Barron Rush Fair Mist proposal, however, appeared to be no longer achievable, given the developer's inability to obtain needed zoning variances from the City of La Porte. Mr. Turkel advised the Board that the Authority was evaluating several additional projects. He cautioned, however, that the number of available tax credit projects in the area were limited.

#### Presentation of Housing Investment Proposals:

Mr. Bob DeLuca, with Coach Realty, was introduced. Mr. DeLuca presented information about his company and an affordable seniors housing project known as Cornerstone Village. Coach Realty is proposing to joint venture with the Authority in developing this seniors project to be constructed near FM 1960 and T. C. Jester in northwest Harris County. Mr. DeLuca then introduced architect Curtis Clerkly of the Clerkly Watkins Group, the designer of the facility, similar in many ways to several

others the firm has designed in past years. Following the presentation the staff was directed to bring additional information for the Board's consideration at a later date.

#### OTHER INFORMATION ITEMS

No other informational items were presented.

#### EXECUTIVE SESSION

No Executive Session was held.

#### PUBLIC COMMENT

No one appeared to present public comments to the Board.

#### COMMENTS BY COMMISSIONERS

There were no comments from the commissioners.

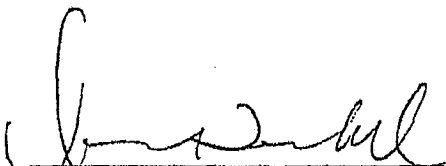
#### COMMENTS OR ANNOUNCEMENTS BY CHAIR

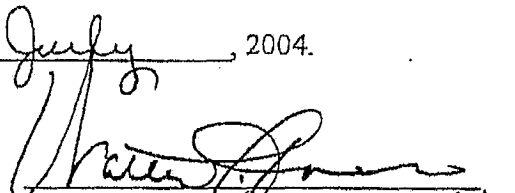
Mr. Lanier had no further comments.

#### AJOURNMENT

Mr. Lanier invited a motion to adjourn. Mr. Fleming so moved, Mr. Jones seconded, the motion carried and the meeting was adjourned at 4:30 p.m.

Adopted and approved this 21<sup>st</sup> day of July, 2004.

  
David Turkel, Secretary

  
Odysseus Lanier, Chairman, acting  
Walter L. Jones

MINUTES OF REGULAR MEETING  
OF  
HARRIS COUNTY HOUSING AUTHORITY  
Houston, Texas

June 9, 2004

THE STATE OF TEXAS     )  
                                  )  
COUNTY OF HARRIS     )

The Board of Commissioners of the Harris County Housing Authority met in regular session, open to the public, on the 9<sup>th</sup> day of June 2004, at the offices of the Authority, 8410 Lantern Point Drive, inside the boundaries of Harris County in the City of Houston, Texas. Mr. Lanier called the meeting to order at 3:01 p.m. and the roll was taken of the duly constituted officers and members of the Board:

Odysseus Lanier	Chairman	Present
Michael Fleming	Vice Chairperson	Present
Walter Jones	Commissioner	Present
Brenda Kirk	Commissioner	Present
Jorge Casimiro	Commissioner	Present

Mr. Lanier asked that the minutes reflect a quorum was present.

Attending all or portions of the meeting were David Turkel, Executive Director of the Harris County Housing Authority and Director of the Community and Economic Development Department of Harris County. Also present were Jim Lemond and Gail McDonald of the law offices of Winstead Sechrest & Minick, P.C., the Authority's General Counsel. Additional attendees were as follows:

Guy Rankin, Gladys Janda, David Gunter, and Melissa Quijano; Harris County Housing Authority  
Jessica Deculus, Nancy Powell, Jean Ann Spivey, and Katherine Partida; Harris County Community and Economic Development Department  
Bob Kendrick; Harris County Precinct #3  
Olga Rodriguez; Harris County Precinct #2  
Pat Lykos; Harris County Judge's Office  
Rise Montrell and Deepak Sulakhe; Southwest Housing  
Robert Deluca; Coach Realty  
Jeremy Ratcliff, Harris County Precinct #1  
Tom Lord and Earl Hatcher; the Housing Corporation of Greater Houston

## APPROVAL OF MINUTES

Mr. Lanier asked if there were any changes to the April 21, 2004 Minutes, as written. Mr. Lanier pointed out that on page 4 of the Minutes the word "issued" should be "issue". Mr. Jones asked counsel if Mr. Turkel's statement could simply be appended to the Minutes as an exhibit, rather than being included in the Minutes as a verbatim statement. Mr. Lemond indicated that could be done. Mr. Lanier asked for a motion to be made on the corrected Minutes. Mr. Jones moved to approve the Board Minutes of April 21, 2004, as corrected, and Mr. Casimiro seconded. The motion carried.

## ADMINISTRATIVE AGENDA

### **DISCUSSION ITEMS:**

#### Presentation of 2004-2005 Operating Budget

Mr. Rankin presented the 2004-2005 Operating Budget. Mr. Turkel stated that the budget as presented required further modification and that it should be withdrawn and resubmitted for consideration at the next Board meeting. Mr. Lanier invited comments from other Board members and sought clarification of the line item for the salaries of both an Executive Director and a Deputy Director. He also inquired about organizational structure and span of control. After further discussion, Mr. Turkel agreed to revise the budget and submit it to all Board members prior to the next meeting. The matter was tabled until the next Board meeting.

#### Cornerstone Village Low Income Housing Tax Credit Project

Mr. Turkel reported that the Coach Realty Cornerstone Village seniors project was proceeding as planned. Discussion then focused on the role of the Authority as a co-developer, owner and principal with Coach Realty and Tom Scott. Ms. McDonald explained the relative roles of all parties involved in the project. Mr. Turkel assured the Board that Cornerstone Village would remain an affordable housing project for a minimum of 20 years, in accordance with the requirements of the Texas Department of Housing and Community Affairs, which administers the Low Income Housing Tax Credit program for the state of Texas. Mr. Casimiro asked several questions of Mr. DeLuca and Mr. Turkel with respect to feasibility studies and due diligence. Mr. Lanier asked counsel to advise as to the action required to be taken by the Board. Mr. Lemond then summarized the Board Resolutions (attached as Exhibit "A") necessary to authorize the Authority to proceed with participation in the project. The Resolutions would also ratify the actions already undertaken by the developer in applying for the tax credits and give the Executive Director and the Deputy Director authority to execute all documents necessary to effect the intent of the Resolutions. Ms. McDonald informed the Board that closing would have to occur no later than August 16<sup>th</sup> so as to meet the TDHCA timetable for the project. Mr. Fleming moved to approve the Cornerstone Village project

and the Board Resolutions as presented. Mr. Casimiro seconded the motion and the motion carried unanimously.

#### Presentation of a Partnership with the non-profit Housing Corporation of Greater Houston to develop Jackson Hinds Gardens Single Room Occupancy (SRO)

Mr. Turkel introduced Mr. Tom Lord, with the Housing Corporation of Greater Houston, a 501 (c) (3) non-profit corporation. Mr. Lord reminded the Board that it had previously approved participation in an SRO project with the non-profit entity New Directions of Houston. New Directions, he reported, was now unable to follow through on the project and HCGC was here to request that it be substituted as the Authority's partner in the SRO project. The organizational name for the project would be Jackson Hinds Gardens SRO and a contract for a ten (10) year commitment would be entered into with the Authority. Ms. Kirk moved to substitute HCGC for New Directions as the Authority's partner in the project, seconded by Mr. Jones. The motion carried unanimously.

#### Executive Director Search Committee Report

Ms. Kirk reported that approximately seventy (70) resumes from individuals seeking the position of Executive Director had been received by the Search Committee. Ms. Kirk then requested that a meeting be scheduled with the other Search Committee members, Mr. Jones and Mr. Casimiro, to review all resumes so that the recommendation of a finalist for the position could be made at the next Board Meeting of the Authority.

### FINANCIAL REPORTS

#### May Financials and Balance Sheet

Mr. Lanier requested that the Statement of Revenue and Expenditure be revised to include line items for Current Month, Year-To-Date and Remaining Balance. Staff was directed to incorporate those additional items.

### OTHER BUSINESS

#### Presentation of Housing Investment Proposals

Mr. Turkel introduced Bob DeLuca of Coach Realty, who presented information about a second seniors project it was interested in developing with the Authority as a partner. The project would be known as the Village at Louetta, located near the intersection of Louetta Road and I-45. This project has similarities to Cornerstone Village and is also a seniors affordable housing project. After discussion about the Tax



Credit application ranking process, the price of the land for the project and its location, Mr. DeLuca assured the Board that detailed cost information would be supplied to the Authority as soon as possible.

Mr. Deepak Sulakhe, Vice-President of Development with Southwest Housing Development, Inc. of Dallas, presented information on a project known as Primrose Houston. Mr. Sulakhe asked that the Board consider participating as a joint developer with Southwest Housing in this project. This is also a seniors affordable housing project and would be constructed near the intersection of FM 249 and Bammel North-Houston Road in northwest Harris County.

No action was taken by the Board on either project.

#### **Other Informational Items**

No other informational items were presented.

#### **EXECUTIVE SESSION**

No Executive Session was held.

#### **PUBLIC COMMENT**

No one appeared to present public comments to the Board.

#### **Comments by Commissioners:**

There were no comments from the commissioners.

#### **Comments or Announcement by Chair:**

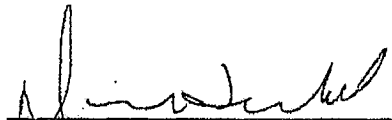
Mr. Lanier had no comments.

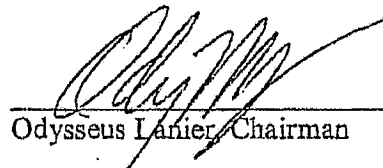
Mr. Rankin informed the Board that the Authority's annual audit would be conducted by Null-Larison, CPA's, this year and suggested that two Board members be designated as Board contacts for the auditors. Mr. Lanier volunteered to serve as a Board contact.

## AJOURNMENT

Mr. Lanier invited a motion to adjourn. Mr. Jones so moved and Ms. Kirk seconded. The motion carried and the meeting was adjourned at 4:42 p.m.

Adopted and approved this 9<sup>th</sup> day of June, 2004.

  
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David Turkel, Secretary

  
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Odysseus Lanier, Chairman

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**MINUTES OF REGULAR MEETING  
OF  
HARRIS COUNTY HOUSING AUTHORITY  
Houston, Texas**

**June 30, 2004**

THE STATE OF TEXAS     )  
                                      )  
COUNTY OF HARRIS     )

The Board of Commissioners of the Harris County Housing Authority met in regular session, open to the public, on the 30<sup>th</sup> day of June 2004, at the offices of the Authority, 8410 Lantern Point Drive, inside the boundaries of Harris County in the City of Houston, Texas. Mr. Lanier called the meeting to order at 3:12 p.m. and the roll was taken of the duly constituted officers and members of the Board:

Odysseus Lanier	Chairman	Present
Michael Fleming	Vice Chairperson	Absent
Walter Jones	Commissioner	Present
Brenda Kirk	Commissioner	Present
Jorge Casimiro	Commissioner	Absent

Mr. Lanier asked that the Minutes reflect a quorum was present.

Attending all or portions of the meeting were David Turkel, Executive Director of the Harris County Housing Authority and Director of the Community and Economic Development Department of Harris County. Also present was Jim Lemond of the law offices of Winstead Sechrest & Minick, P.C., the Authority's General Counsel. Additional attendees were as follows:

Guy Rankin, Gladys Janda, David Gunter, Jocelyn Alexander and Melissa Quijano; Harris County Housing Authority

Jessica Deculus, Nancy Powell, Jean Ann Spivey, and Katherine Partida; Harris County Community and Economic Development Department

Bob Kendrick; Harris County Precinct #3

Olga Rodriguez; Harris County Precinct #2

Pat Lykos; Harris County Judge's Office

Jeremy Ratcliffe, Harris County Precinct #1

Charles Yapple, Null-Lairson, CPAs

## APPROVAL OF MINUTES

Mr. Lanier inquired about the Minutes of the June 9, 2004 meeting. Mr. Lemond reported that the Minutes were not yet complete and requested that he be permitted to present the Minutes of the June 9<sup>th</sup> and June 30<sup>th</sup> Board meetings at the July meeting. The Board agreed to the request.

## ADMINISTRATIVE AGENDA

### **Discussion Items**

#### 1. Update on Tax Credit Projects

Mr. Turkel reported on the following projects:

a) the Kettig-Hahn project known as Bayforest Ranch located in La Porte, would not be going forward. The City of La Porte would not agree to certain requested zoning variances which were essential to successfully constructing the project. This was the second Low Income Housing Tax Credit project in La Porte where requested zoning variances were not approved by the City. It is hoped that Mr. Kahn will be able to locate other property within Harris County which might be found to be suitable for this project in next year's round of Tax Credit projects.

b) the Barron Rush project known as Humble Memorial Gardens located in Humble appears to be stalled. It is not totally out of the realm of possibility but it appears highly unlikely. This project was to be joint developed by Barron Builders and the Authority as co-developers. Mr. Rush has not managed to keep three scheduled appointments with the Authority to discuss the details of a development agreement. It was the Authority's understanding that this was a high priority project for Mr. Rush, given that the project is a bond-financed deal which needed to comply with TDHCA timetables in order to qualify for tax credit funding.

c) the Cornerstone Village seniors affordable housing project is continuing according to schedule. Negotiations have been conducted in earnest with the many and varied entities (i.e., investors, underwriters, construction lenders, permanent lenders, insurers and guarantors). It is expected that the bond closing will occur not later than August 16<sup>th</sup>.

Mr. Lanier thanked Mr. Turkel for the report and expressed concern about the character and credibility of a developer such as Mr. Rush who had failed to appear at meetings to discuss the Authority's role in the project as a co-developer.

## 2. Information regarding HCHA Bond Issuance Authority

Mr. Turkel reported that the Authority in the next year may wish to consider forming a wholly-owned subsidiary to issue housing bonds, which then could be used in conjunction with a private developer to finance the construction of affordable housing. He indicated he had examined the potential for forming a subsidiary to issue bonds and would continue evaluating the option. Such issuers, he pointed out, serve merely as an administrative agent to facilitate the construction of housing and cited the Harris County Housing Finance Corporation as an example of such an agency. For its part in issuing the bonds, the agency generates huge issuer fees and this could represent a significant additional source of revenue for the Authority in the future.

## 3. Senior Housing Village at Louetta

Mr. Rankin next explained the maps included in the Board books as showing the concentration of residents by age living in Harris County. The demographics reflect the high concentration of seniors and adults approaching senior status throughout the county. He next identified the locations of the seniors projects the Authority had hoped to participate in as co-developer and pointed out their proximity to the seniors currently living in those areas. Mr. Rankin pointed out that the projects considered on the fast track for the Authority are Cornerstone Village, Baybrook in Webster and Primrose at Bammel North Houston. Baybrook is the highest ranked project by TDHCA staff in the entire region and the one almost guaranteed to be funded.

With respect to the Village at Louetta project Mr. Rankin reported that the location of the project is consistent with the concentration of seniors in the area. No serious discussions concerning development specifics had taken place yet with the developer Coach Realty since Coach was concentrating on the August 16<sup>th</sup> closing requirement for Cornerstone Village.

## 4. Senior Housing Humble Memorial Gardens

As reported earlier by Mr. Turkel, it appears that Mr. Barron Rush of Barron Builders has lost interest in obtaining the Authority's participation in the Humble project. However, the Authority would hold open the possibility that the project might get rejuvenated.

No action was taken by the Board with respect to either the Village at Louetta, or the Humble Memorial Gardens projects.

Mr. Lanier then announced that he would take the next item out of order and asked Ms. Kirk to give the report of the Executive Director Search Committee.

## REPORT OF THE EXECUTIVE DIRECTOR SEARCH COMMITTEE AND ACTION THEREON

Ms. Kirk reported that the Search Committee had completed its work and she was pleased to announce that Mr. Guy Rankin was determined to be best qualified among the seventy (70) or more applicants for the position of Executive Director. It was thus, then, the recommendation of the committee that Mr. Rankin be named Executive Director of the Harris County Housing Authority. Ms. Kirk then moved that Mr. Rankin be appointed to the position of Executive Director to replace Mr. Turkel. Mr. Jones seconded the motion. The motion passed unanimously and Mr. Rankin was formally congratulated by Mr. Lanier.

The Board discussed the effective date of Mr. Rankin's appointment and it was agreed that August 1<sup>st</sup> should be starting date of Mr. Rankin's tenure as director of the agency. Mr. Lanier appointed Ms. Kirk to negotiate the salary and benefits of the position with Mr. Rankin. Mr. Lanier also directed staff to assure announcements are sent to all media outlets in the area, including The Houston Business Journal and the Houston Chronicle business section.

## FINANCIAL AGENDA

Mr. Gunter presented the May financials and Balance Sheet for discussion. Mr. Charles Yapple of Null-Lairson, CPAs, was introduced and reported on the progress of the Annual Audit. Mr. Yapple indicated that the audit was 50% complete and that no audit exceptions had been found to date. He projected that the audit would be completed by mid-September.

## OTHER BUSINESS

No housing investment proposals were presented for the Board's consideration. Mr. Rankin reported that HUD had recently sent out notices of policy changes that would adversely affect the majority of Public Housing Authorities in the country. HUD's notice to the Harris County Housing Authority reflected an enhancement to the agency and no adverse effects.

## EXECUTIVE SESSION

No executive session was held.

PUBLIC COMMENT

No one appeared to present public comments to the Board.

COMMENTS BY COMMISSIONERS

There were no comments from the Commissioners.

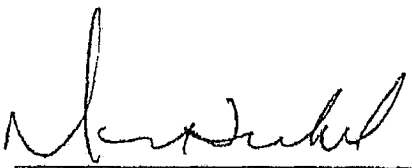
COMMENTS OR ANNOUNCEMENTS BY CHAIR

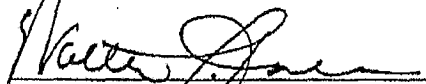
Mr. Lanier had no additional comments.

ADJOURNMENT

Mr. Lanier invited a motion to adjourn. Mr. Jones so moved and Ms. Kirk seconded. The motion carried and the meeting was adjourned at 3:53 p.m.

Adopted and approved this 21<sup>st</sup> day of July, 2004.

  
\_\_\_\_\_  
David Turkel, Secretary

  
\_\_\_\_\_  
Odysseus Lanier, Chairman, acting  
Walter L. Jones

**MINUTES OF REGULAR MEETING  
OF  
HARRIS COUNTY HOUSING AUTHORITY**

**Houston, Texas**

**July 21, 2004**

**THE STATE OF TEXAS    )**  
                                 **)**  
**COUNTY OF HARRIS        )**

The Board of Commissioners of the Harris County Housing Authority met in regular session, open to the public, on the 21<sup>st</sup> day of July 2004, at the offices of the Authority, 8410 Lantern Point Drive, inside the boundaries of Harris County in the City of Houston, Texas. Mr. Jones, acting as Chairman, called the meeting to order at 3:12 p.m. and the roll was taken of the duly constituted officers and members of the Board:

Odysseus Lanier	Chairman	Absent
Michael Fleming	Vice Chairperson	Absent
Walter Jones	Commissioner	Present
Brenda Kirk	Commissioner	Present
Jorge Casimiro	Commissioner	Present

Mr. Jones asked that the Minutes reflect a quorum was present.

Attending all or portions of the meeting were David Turkel, Executive Director of the Harris County Housing Authority and Director of the Community and Economic Development Department of Harris County. Also present were Jim Lemond, Gail McDonald and Philip Lehmberg of the law offices of Winstead Sechrest & Minick, P.C., the Authority's General Counsel. Additional attendees were as follows:

Guy Rankin, David Gunter and Richelle Henderson; Harris County Housing Authority  
Madeline Santa, Daphne Lemelle, Lora Routt, Katherine Partida, Gladys Janda and Jessica Deculus; Harris County Community and Economic Development Department  
Cynthia Bast; Locke, Liddell & Sapp, Attorneys  
Robert Deluca; Coach Realty



## **APPROVAL OF MINUTES**

The Minutes of the Board meeting of April 21<sup>st</sup>, June 9<sup>th</sup> and June 30, 2004 were presented for approval. Mr. Lemond explained that the minutes of the April 21<sup>st</sup> meeting were being presented for approval because Mr. Jones had requested that the statement of Mr. Turkel and the Fact Sheet contained in the Minutes be attached as exhibits to the Minutes rather than being incorporated into the body of the Minutes themselves. Mr. Lemond reported that he had made the requested change to the Minutes and they were now being presented for approval with that change. Mr. Jones asked for a motion to approve the Minutes of the April 21<sup>st</sup> as presented. Ms. Kirk moved to approve, Mr. Casimiro seconded and the motion carried unanimously.

The Minutes of the Board meeting of June 9, 2004 were presented for approval. Mr. Jones asked for a motion to approve the Minutes as presented. Ms. Kirk moved to approve, Mr. Casimiro seconded and the motion carried unanimously.

The Minutes of the Board Meeting of June 30, 2004 were presented for approval. Mr. Lemond pointed out that the Resolutions attached to the June 30<sup>th</sup> meeting were in fact the Resolutions approved by the Board at the June 9<sup>th</sup> meeting and asked that this correction be made. Ms. Kirk then moved to amend her prior motion to approve the minutes of the June 9<sup>th</sup> meeting to reflect that the Resolutions presented to the Board be attached as Exhibit "A" to the June 9<sup>th</sup> minutes. Mr. Casimiro seconded and the amended motion passed unanimously. Mr. Jones then asked for a motion to approve the Minutes of the June 30<sup>th</sup> meeting with the noted correction. Ms. Kirk moved to approve, Mr. Casimiro seconded and the motion carried unanimously.

## **ADMINISTRATIVE AGENDA**

### **Discussion and Action Items:**

Mr. Turkel introduced Ms. Cynthia Bast of the law firm of Locke, Liddell & Sapp, who has acted as the Authority's tax credit counsel in each of the housing development matters undertaken by the Authority. He explained that Ms. Bast was invited to this meeting to brief the Commissioners on the federal government's Low Income Housing Tax Credit program administered by the Texas Department of Housing and Community Affairs. The Tax Credit program, he explained, was the vehicle being used by the Authority to participate with private sector developers in the construction of affordable housing in Harris County.

Ms. Bast presented a detailed explanation of the program and how it was administered by the State of Texas. She also explained how the Authority would participate as a co-developer in affordable housing development initiatives, particularly in the Cornerstone Village Apartments seniors project the Board had previously approved.

Mr. Turkel reported on the status of the progress on the Cornerstone Village Apartments project. He asked the Board to approve a group of Resolutions prepared by the Authority's counsel setting out the specifics of the project. The Resolutions were presented in the Board packages and should be attached to the Minutes of the Board meeting as Exhibit "A". Ms. Kirk moved, Mr. Casimiro seconded and the motion passed unanimously to approve the Resolutions as presented.

Mr. Turkel then presented a detailed explanation of the history of the staffing arrangement between the Authority and Harris County. The current agreement, which covers the funding of Housing Authority staff positions by Harris County and certain other administrative matters, will expire in August, he stated, and should be extended for another year. Mr. Lemond pointed out that the agreement is the Interlocal Agreement set out in the Board package and mirrors the current arrangement. It was moved by Mr. Casimiro and seconded by Ms. Kirk that the Interlocal Agreement between the Authority and Harris County for staffing and administrative matters be approved as presented, that the Executive Director be authorized to execute the same on behalf of the Authority, and that it be attached to the Minutes as Exhibit "B". The motion passed unanimously.

Mr. Turkel presented information to the Board regarding the Grant Agreement between the Authority and Harris County in regard to a County award of HOME funds to be used by the Authority for participation in affordable housing initiatives in Harris County. He pointed out that the County had previously awarded the Authority the sum of \$3.5 million to be used for the purchase of the Shady Creek Apartment project in Baytown, Texas. That transaction failed to close because the Authority and the Seller were unable to agree on the terms of the sale, Mr. Turkel stated.

Therefore, the funds were now available for reprogramming for use by the Authority in other affordable housing projects and could be allocated for the Authority's participation in the Cornerstone Village Apartments seniors project. Before the funds can be used for Cornerstone, Mr. Turkel pointed out, the Grant Agreement would have to be amended to specify the appropriation for the Cornerstone project. The Grant Agreement, as presented in the Board materials, amends the original agreement and reflects that the Authority is entitled to use \$1.4 million of the \$3.5 million for the Cornerstone project. Mr. Casimiro moved, and Ms. Kirk seconded, that the Grant Agreement as presented be approved and that the Executive Director be authorized to execute the document on behalf of the Authority. The motion passed unanimously.

## **FINANCIAL REPORTS**

### **June Financials and Balance Sheet**

The June Financials and Balance Sheet were presented by Mr. Rankin and Mr. Gunter. Some discussion ensued and Mr. Jones asked Mr. Turkel to address the continuing monthly operating deficit. Mr. Turkel observed that the Cornerstone project would provide the first opportunity for the Authority to be able to generate operating

income of approximately \$100,000 annually. This, coupled with earning revenue by sharing in the deferred developer fees from such projects, would provide significant revenue streams for the Authority, he stated. As additional projects are added to the Authority's portfolio, they would in turn generate additional revenue, thereby eliminating the monthly operating deficit, Mr. Turkel pointed out.

### **OTHER BUSINESS**

Mr. Rankin reported on the Section Eight Management Assessment Program (SEMAC) certification process with HUD. The HUD assessment determined that the Housing Authority had graded HIGH by HUD standards for the second consecutive year, thus representing a marked improvement in the Authority's performance, Mr. Rankin said.

Mr. Rankin also reported that the Housing Authority would be receiving an additional 67 housing vouchers in September of this year. In addition, the Authority, with assistance from HUD, will be installing new software on its system that will allow the online verification of eligibility of applicants for housing vouchers. This software is referred to as Upfront Income Verification and is HUD approved and recommended for use by Public Housing Authorities. Mr. Rankin expressed his belief that this would significantly improve the ability of the Authority to meet the needs of its constituents and to reduce and potentially eliminate all forms of fraud and abuse in the application process for housing vouchers.

Utilizing this new software, Mr. Rankin said, the Authority would be able to bring more families from the waiting list onto housing assistance. By April of 2005, he predicted, and possibly as early as January, 2005, the Authority expects to reopen the waiting list for new applicants for housing vouchers. Significant outreach would be needed to assure the largest possible dissemination of information to the general public about the reopening of the waiting list, Mr. Rankin pointed out.

Mr. Rankin also reported on several opportunities for continuing education for Board members, including the annual NAHRO (National Association of Housing and Redevelopment Officials) conference. The meeting takes place in Baltimore on October 8<sup>th</sup> and 9<sup>th</sup>.

Mr. Turkel reported on the progress of the Jackson Hinds Gardens SRO (Single Room Occupancy) program. Continuing emphasis is being placed, he said, on the voluminous HUD restrictions and requirements that apply to an SRO program. He pointed out that he had volunteered Ms. Daphne Lemelle and her staff of the County's Community and Economic Development Department to assist the Housing Authority staff in learning how to administer such a program. He stated that the Authority was

handicapped tremendously by the fact that HUD appropriated no administrative monies to the Authority for the program. He also reported that HUD had scheduled a major meeting with the Authority for August 17<sup>th</sup> in order to address the complexities and difficulties of administering an SRO program. Ms. Kirk volunteered to assist the staff in whatever way she could to make the program a success because it was so crucial to the housing needs of so many County residents.

Mr. Turkel advised the Board that this would be his last meeting as Executive Director of the Harris County Authority and that he would be returning to his full-time duties as director of the County's Community and Economic Development Department. He expressed his appreciation for all of the support he had received from the Board of Commissioners and from the staff of the Authority during his time as Executive Director of the Authority. He pointed out that the agency had been accomplished many things for which he was very proud and praised the Authority's staff for its commitment of service to the community. He especially wished Mr. Rankin well as he assumes the role of Executive Director on August 1<sup>st</sup> and pledged to continue to support the agency from his County department.

Mr. Jones noted that the Board was extremely appreciative of Mr. Turkel's hard work and leadership but that he would reserve any additional accolades until the August Board meeting. At that time, he said, the Board would officially express its appreciation to Mr. Turkel and he asked Mr. Turkel to commit that he would be in attendance at that meeting.

#### EXECUTIVE SESSION

No Executive Session was held.

#### PUBLIC COMMENT

No one appeared to present public comments to the Board.

#### COMMENTS BY COMMISSIONERS:

There were no comments from the commissioners.

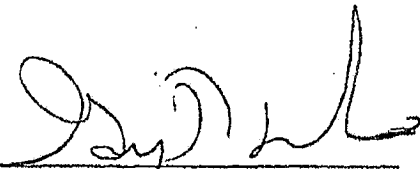
#### COMMENTS OR ANNOUNCEMENTS BY CHAIR:

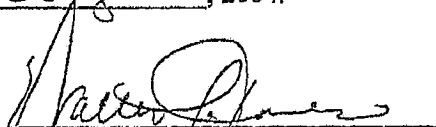
Mr. Jones had no further comments.

**AJOURNMENT**

Mr. Jones invited a motion to adjourn. Ms. Kirk so moved, Mr. Casimiro seconded, the motion carried and the meeting was adjourned at 4:40 p.m.

Adopted and approved this 21<sup>st</sup> day of July, 2004.

  
\_\_\_\_\_  
Guy Rankin, Secretary

  
\_\_\_\_\_  
Walter Jones, Acting Chairman

HOUSTON  
41143-1 03/09/2004



## ADMINISTRATIVE AGENDA

### Discussion Items:

#### Seniors Housing Development Projects

Mr. Rankin presented a status report on all current or proposed Seniors Housing Tax Credit projects. He reported that the Coach Realty project known as Cornerstone Village, the Authority's first as a co-developer, had closed on its construction loan on August 16<sup>th</sup> and construction was expected to commence within 60 days. Final completion of the project is projected to take a minimum of 12 months. Mr. Rankin also reported that The Village at Louetta, another Coach Realty project, was awarded its tax credits by the Texas Department of Housing and Community Affairs ("TDHCA") and this project is currently within the mandatory 150-day closing period. Additionally, Baybrook Park Retirement Center, a Barry Kahn development, and Primrose Bammel, a Southwest Housing project, were awarded tax credits by TDHCA, as expected.

Mr. Rankin explained the General Partnership Matrix of Responsibilities for the Cornerstone Village project, as contained in the Board books. Jim Lemond stated that the Matrix had been prepared by Cynthia Bast, the Authority's tax credit counsel, in collaboration with Gail McDonald of his firm, and it clearly sets out the responsibilities of both the General Partner and the Limited Partner. Mr. Lanier requested that a timeline for the Cornerstone Project be developed and presented to the Board at its next meeting.

Mr. Lanier addressed the Authority's method of accounting employed for recognizing the expense of legal fees attributable to each development project. He further inquired as to the timing of funding of the expense of legal fees on the Cornerstone project. Mr. Lemond advised that \$25,000 of his firm's legal fees had been paid at the bond closing and the remainder of the fee would be recovered by the Authority when it receives its portion of the deferred developer fee. This will occur upon closing of the permanent loan, which takes place once construction of the project is completed. He also reported that a significant portion of Ms. Bast's legal fees had been paid from the proceeds of the bond closing and was treated as a direct charge to the project.

Mr. Lanier then voiced his concern about the accounting methodology to be employed by the Authority's accounting department as it continues to pay development project legal fees out of reserves, recognizing that recovery of such expenses would occur as the projects close into permanent loans at some point in the future. Mr. Lanier advised Mr. Rankin that he did not want the expense of legal fees to create an adverse effect on the Authority's Housing Choice Voucher income statement because that would then give an inappropriate picture of the agency's finances.

Mr. Rankin stated that all future projects would be negotiated so as to provide for the payment of project legal fees and staff administrative costs as an expense to each project. Such expenses would then be paid at the time of closing of the construction loans. Most project legal fees, therefore, would not have to be funded out of the Authority's reserves. Mr. Lemond stated that his law firm is willing to work with the Housing Authority to address this concern by deferring billings for project legal fees until the time of construction loan closing.

Mr. Casimiro cautioned the Board and staff that construction costs are likely to rise significantly in the very near future. The most serious problem, he advised, is with the concrete and plywood shortage due to the recent hurricane which devastated the state of Florida. Additionally, several local concrete supply companies have recently been purchased by companies headquartered outside the United States and this could potentially have an adverse effect on the bottom line of the Authority's construction projects.

### **Single Room Occupancy Program**

Mr. Rankin briefed the Commissioners on the Single Room Occupancy ("SRO") project. He reported that the Housing Authority had been awarded \$3,000,000.00 from the U.S. Department of Housing and Urban Development ("HUD") for the purpose of developing the Jackson Hinds project. The Authority will contract with the Housing Corporation of Houston ("HCH"), a non-profit corporation, to operate the project for a period of 10 years. Tom Lord and Earl Hatcher represent the principal management team of HCH. As for the Authority, the overall responsibility for the project has been assigned to the Section 8 Manager.

Mr. Lanier questioned whether the Housing Authority had the staff capacity to perform on this project. Mr. Rankin acknowledged that the HUD grant contained no allocation for administrative costs but advised that the Board had previously approved this project on two separate occasions. He also reported that, at a meeting with HUD officials on August 17<sup>th</sup>, HUD made it clear that it expects the Housing Authority staff to carry out the Board-approved commitment to the SRO program. However, he advised, HUD officials emphatically stated that HUD would provide administrative support and assistance to the Authority in return for its having embraced the SRO program. The HUD officials also emphasized that the SRO program is an integral element of President Bush's initiative to end homelessness in America.

### **Family Self-Sufficiency Program**

Paula Sullivan, the Authority's Family Self-Sufficiency manager, briefed the Board on the HUD Up-Front Income Verification, or UIV, program process. Mr. Rankin stated that HUD is insisting on consistency in the administration of the program and had scheduled a meeting with all regional housing authorities for September 1<sup>st</sup> to discuss the establishment of appropriate administrative guidelines for the region.

### **Housing Choice Voucher Waiting List**

Mr. Rankin reported that it was the Authority's intent to open its Housing Choice Voucher waiting list as early as April of 2005, and perhaps earlier. He stated that a public outreach plan is being developed by staff to assure that all possible information on the opening of the list is made available to the general public.

Mr. Lanier expressed his desire that there be a broad and effective outreach in the Hispanic community to advise it of the opening of the waiting list. He directed the staff to



maximize the use of Spanish-language media outlets, including newspapers, radio and television stations, social service organizations and labor pools to notify the Hispanic community at-large. Mr. Rankin agreed to schedule a meeting as a working session with representatives of the Hispanic community to address the chairman's concerns of adequately disseminating the waiting list information throughout the Hispanic community, as well as Harris County.

Mr. Jones strongly advised that the Authority take full advantage of all public service announcement opportunities in order to disseminate the waiting list information in the most cost-efficient manner.

Mr. Casimiro and Mr. Jones both cautioned Mr. Rankin that there is a potential for unrealistically raising the expectations of persons applying to receive housing vouchers.

Mr. Fleming inquired as to the number of persons currently holding housing vouchers from the Authority and was told that the current number was approximately 1800. He then asked for and received an explanation of the process of distributing applications for vouchers and recommended that the Authority publish the application form in local newspapers as soon as the waiting list is re-opened.

### **Board Goals and Objectives**

Mr. Rankin reported on his review and assessment of the goals and objectives as adopted by the Board at its Retreat earlier this year. The Board members discussed each stated goal and the interest of each member in becoming an active participant in the implementation and accomplishment of those goals. Mr. Jones volunteered to participate in matters relating to the Family Self-Sufficiency Program and Infill Housing Development Program. Mr. Casimiro volunteered to assist with the Homeownership and Infill Housing Development programs. Mr. Fleming volunteered for the Homeownership program and Mr. Lanier volunteered for the Housing Choice Voucher and Low-Income Housing Tax Credit programs. Ms. Kirk was assigned as a board representative to the Family Self-Sufficiency program.

### **ACTION ITEMS**

Action was deferred on the UIV issue until the next regular meeting of the board to occur after the scheduled HUD meeting of September 1<sup>st</sup>.

### **FINANCIAL REPORTS**

#### **July Financials and Balance Sheet**

Mr. Rankin pointed out that the salary section of the report appeared to be in excess of normal because there were a total of three pay dates occurring in the month, when ordinarily there would only be two. Mr. Lanier suggested certain changes to the format of the financial reports to allow for easier understanding of the entries.

Mr. Rankin reported that HUD has reduced the Authority's administrative budget for the Housing Choice Voucher program by \$10,000.00 per month, leading to a potential budget deficit of \$292,000.00 for the current fiscal year. He explained that this was occasioned by the fact that HUD had requested congressional approval to implement a flexible voucher program and Congress had rejected that request. HUD thereafter responded to this action by reducing the monthly allocation for administrative costs to public housing authorities nationwide.

Mr. Lanier then directed the staff to prepare an action plan for the Board's consideration which would specifically set out the measures the Authority would undertake in order to effectively manage its budget and accommodate the projected budget deficit. He further directed the staff to examine every available option as it develops the action plan. Mr. Lanier stressed the importance of the Authority's need to be able to survive financially for the next 24 months, given its limited access to new revenue-generating options.

Mr. Rankin reminded the Board that the Humble Gardens project, previously-approved by the Board, was expected to close shortly after stabilization occurs in March of 2005 and this could result in revenue to the Authority of between \$300,000.00 and \$400,000.00.

#### Other Discussion Items

Mr. Turkel reported briefly on the statutory authority granted to housing authorities in Texas to establish and operate housing finance corporations. These corporations, he said, can then issue bonds to finance their own housing projects. He recommended that the Board begin discussions with the law firm of Vinson & Elkins and its housing finance corporation specialist, Ms. Elizabeth Rippey, to determine if that might be an acceptable option for the Authority to exercise in the coming year. Mr. Rankin suggested that he could invite Ms. Rippey to Houston from Austin to make a presentation to the Board at its September meeting on the establishment and operation of housing finance corporations.

#### EXECUTIVE SESSION

No Executive Session was conducted.

#### PUBLIC COMMENT

No one appeared to present public comments to the Board.

#### COMMENTS BY COMMISSIONERS

There were no comments by Commissioners.

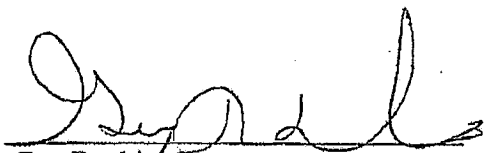
#### COMMENTS OR ANNOUNCEMENTS BY THE CHAIRMAN

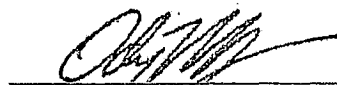
Mr. Lanier had no further comments.

## ADJOURNMENT

Mr. Lanier invited a motion to adjourn. Mr. Jones so moved, Mr. Casimiro seconded and the motion carried. The meeting was adjourned at 4:45 p.m.

Adopted and approved this 23<sup>rd</sup> day of September, 2004.

  
Guy Rankin, Secretary

  
Odysseus Lanier, Chairman

**MINUTES OF REGULAR MEETING**  
**OF**  
**HARRIS COUNTY HOUSING AUTHORITY**

**Houston, Texas**

**September 15, 2004**

**THE STATE OF TEXAS    )**  
**)**  
**COUNTY OF HARRIS     )**

The Board of Commissioners of the Harris County Housing Authority met in regular session, open to the public, on the 15<sup>th</sup> day of September 2004, at the office of the Authority, 8410 Lantern Point Drive, inside the boundaries of Harris County in the City of Houston, Texas. Mr. Lanier called the meeting to order at 3:20 p.m. and the roll was taken of the duly constituted officers and members of the Board:

Odysseus Lanier	Chairman	Present
Michael Fleming	Vice Chairperson	Not Present
Walter Jones	Commissioner	Present
Brenda Kirk	Commissioner	Not Present
Jorge Casimiro	Commissioner	Present

Mr. Lanier asked that the minutes reflect a quorum was present.

Attending all or portions of the meeting were Guy Rankin, CEO & Executive Director; David Gunter, Chief Financial Officer; and Nereyda Vega, Richelle Henderson and Yolanda Wadman of the Harris County Housing Authority. Also present were Jim Lemond and Gail McDonald of the law offices of Winstead, Sechrest & Minick, P.C., the Authority's General Counsel. Additional attendees were as follows:

David Turkel, Director of the Community and Economic Development Department of Harris County; Patricia Lykos of the Harris County Judge's Office; Elizabeth Rippey of the law firm of Vinson & Elkins; Graciela G. Saenz of the law office of Oppel, Goldberg & Saenz, P.L.L.C.; Barry Khan of the Hettig-Kahn Companies; Tom Scott of Coach Realty; and Roberto Gonzalez.

**APPROVAL OF MINUTES**

The Minutes of the Board meeting of August 18<sup>th</sup> were presented for approval. Mr. Lanier requested a motion for approval of the Minutes as presented. Mr. Jones moved, seconded by Mr. Casimiro, and the motion passed unanimously.

## ADMINISTRATIVE AGENDA

### **DISCUSSION ITEMS:**

#### Report on Bonds and Other Obligations in accordance with Chapter 392, Subchapter E of the Texas Local Government Code.

Mr. Rankin introduced Elizabeth Rippy of the law firm of Vinson & Elkins. Ms. Rippy gave a brief overview of Chapter 303 and Chapter 392, Subchapter E, of the Texas Local Government Code. Mr. Lanier and Mr. Casimiro acknowledged that they had previously received a staff briefing on the statutes, which govern the creation of a public facility corporation and the ability of the public finance corporation to issue bonds on behalf of the Housing Authority. Ms. Rippy presented for the Board's consideration a Resolution which would authorize the creation of the Harris County Housing Authority Public Facility Corporation and approve the Articles of Incorporation and Bylaws of the corporation. Ms. Rippy explained that the initial Board Members of the Authority's public facility corporation would be the same as the current Board of the Housing Authority. Mr. Lanier expressed his interest in eventually expanding the number of members who would serve on the public facility corporation's Board of Directors.

Mr. Lanier stated that he was comfortable with the Authority proceeding to create a public facility corporation and requested a motion for approval of the Resolution creating the Harris County Housing Authority Public Facility Corporation and approving the Articles of Incorporation and Bylaws of the corporation. Mr. Casimiro moved for approval. Mr. Jones seconded and the motion passed unanimously.

#### Update on Louetta Pines Apartments

Mr. Rankin advised the Board that the proposed joint development project called Louetta Pines Apartments, a seniors housing tax credit project in northwest Harris County, had encountered some difficulty. Mr. Rankin indicated that the developer, Coach Realty, had been unable to secure the necessary sewer capacity from the Municipal Utility District ("MUD") within which the project was to be located. Coach had anticipated capacity to serve up to 124 units and the MUD would only approve capacity for up to 116 units. The Authority's Board had previously approved the project based on the 156 units.

Mr. Rankin said that the developer was now proposing that the project be constructed at an alternate site in the same general area, located in an adjacent MUD. Tom Scott, the developer's principal, explained to the Board that this change would necessitate a new submittal to the Texas Department of Housing and Community Affairs ("TDHCA") for approval to relocate the project. This would mean that TDHCA would consider the revised submission in November of 2004 and, if approved, the project would be required to close into a construction loan by March of 2005. The project as originally approved was expected to proceed to construction closing in January 2005.

Chairman Lanier inquired of Mr. Scott whether there was a risk to the successful completion of the project by resubmitting the application to TDHCA. Mr. Scott agreed that a risk did exist that TDHCA might not approve the new project but that the risk was mainly to Coach Realty and not the Housing Authority. Mr. Jones observed that the Authority was at risk for the administrative costs, including legal fees, if the revised project was not approved by the State.

Chairman Lanier recommended that the Authority and the developer continue to work toward an acceptable solution for constructing the project as originally conceived, perhaps by changing some of the project requirements such as the number of units and the manner in which they could be built. He strongly urged that the parties work toward agreeing on a project that could be built on the original site and within the original time frame proposed for the start of construction. The Authority, he stated, was in dire need of operating capital and it was the Board's original intent that these tax credit projects could create that capital as proposed. He then instructed staff to prepare projections that would show the impact and timing of the receipt of cash from all of the Authority's contemplated tax credit projects. This would help the Board in understanding the monthly cash flow situation of the Authority.

#### **Presentation on Seniors Housing Tax Credit Proposal (Primrose at Bammel)**

Mr. Rankin reported that the Authority is continuing to negotiate with the developer of the Primrose at Bammel seniors project but that the developer has not yet complied with project terms that meet the Authority's guidelines as approved by the Board. He stated that he would update the Board on progress and that this project was also required to close into its construction loan by January 2005.

#### **Action Items**

By its prior action, the Board authorized the creation of and approved the Resolution, Articles of Incorporation and By-Laws for the Harris County Housing Authority Public Facility Corporation in accordance with Chapter 303 and Chapter 392, Subchapter E, of the Texas Local Government Code.

#### **Financial Agenda**

Mr. Lanier reiterated his request for financial projections from the staff that include all proposed development projects. It was moved by Mr. Casimiro and seconded by Mr. Jones that the Board approve the August 2004 financial report as presented. The motion passed unanimously.

Mr. Lanier asked that the report on the Primrose project at the next regular meeting of the Board include the developer's financial projections for the project. This information will be required in order for the Board to consider final approval of the project. He commented that all future developments must include the developer's cash flow projections in order for the Board to consider final approval of any such projects.

Mr. Jones requested that the staff in the future prepare a standardized Section 8 voucher report that would show the number of families added to or and deleted from the voucher program each month.

Mr. Rankin reported that the Authority's auditors had requested a meeting with the Board's audit committee, which at this point only consisted of Chairman Lanier. Mr. Lanier indicated that he was available to meet at an appropriate time and place.

#### Other Business

Mr. Rankin reported that the U.S. Department of Housing and Urban Development ("HUD") had sent the Authority its letter confirming that the single finding in regard to the Authority's 2004 Rental Integrity Monitoring ("RIM") review had been cleared. HUD thanked the Authority for its cooperation and support during the review.

#### EXECUTIVE SESSION

No Executive Session was held

#### PUBLIC COMMENT

No one appeared for the Public Comment portion of the meeting

#### COMMENTS BY COMMISSIONERS

There were no comments from the commissioners.

#### COMMENTS OR ANNOUNCEMENTS BY THE CHAIRMAN

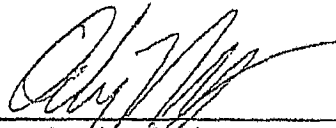
Mr. Lanier had no further comments.

#### ADJOURNMENT

Mr. Lanier invited a motion to adjourn. Mr. Casimiro so moved and Mr. Jones seconded. The motion carried and the meeting was adjourned at 4:40 p.m.

Adopted and approved on the 23 day of September, 2004.

  
Guy Rankin, Secretary

  
Odysseus Lanier, Chairman

Houston, Texas  
September 23, 2004

1



Authority. The Authority would receive \$403,000 as its portion of the Developer Fee and would be paid an additional \$375,000 as rent on the land.

Mr. Lanier and Mr. Jones requested a detailed explanation as to the distribution of Funds for the project.

Ms. McDonald explained that at bond/construction loan closing, HCHA will receive \$375,000 in payment as rent on the land. At bond/construction loan closing, Coach Realty will receive \$150,000 of the Developer Fee and then the sum of \$10,000 per month for 12 months. At permanent loan closing, all \$403,000 of the HCHA portion of the Developer Fee would be paid in full. Cash flow from the project will be distributed as follows: Debt service payments, operating expenses, including property manager's fee and an operating reserve, will be deducted from gross revenues. The remaining proceeds will be distributed as follows: A small cumulative annual administration fee will be paid to the equity investors' representative; 10% of the remaining cash flow would then be paid to the equity investors; thereafter, a total of \$970,000 would be paid to HCHA and Coach Realty Services for services, split 50%-50%; then the payment of an incentive management fee equal to 15-30% of gross revenues (to the extent of net revenues only, with no carry forward from year to year if not paid) would be split 80% to the General Partner and 20% to Coach Realty.

Mr. Casimiro raised the possibility of generating an additional sales tax exemption for materials purchased and used in construction of the project. Ms. McDonald explained that the structure used by the developer on this project does not fit the State Comptroller's requirements for qualifying for an exemption from state sales taxes. The Board requested that the Authority's counsel prepare an opinion for its review on the structure required for qualifying for such an exemption.

#### Approval of Resolution for Louetta Village Apartments

A motion to approve the Resolution and the Term Sheet for the Louetta Village Apartments project was requested by Mr. Lanier. Mr. Jones moved and Mr. Casimiro seconded. The motion was passed unanimously.

#### OTHER BUSINESS

Mr. Rankin indicated that he would inform the Board of progress on the Primrose at Bammel project at the October Board meeting. Mr. Rankin also distributed to the Board members a draft copy of proposed Bylaws for the Authority which would be presented in final form at the October Board meeting.

#### EXECUTIVE SESSION

No Executive Session was held

#### PUBLIC COMMENT

No one appeared to present public comments to the Board.

**COMMENTS BY COMMISSIONERS:**

As he had requested at the September 15<sup>th</sup> meeting of the Board, Mr. Lanier renewed his request that all proposed development projects for the Board's consideration be presented with the developer's cash flow projections for the project.

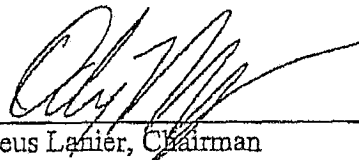
**COMMENTS OR ANNOUNCEMENTS BY CHAIR:**

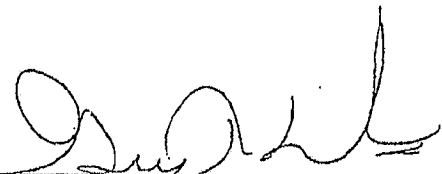
Mr. Lanier had no further comments.

**ADJOURNMENT**

Mr. Lanier invited a motion to adjourn. Mr. Jones so moved, Mr. Casimiro seconded, the motion carried and the meeting was adjourned at 1:05 p.m.

Adopted and approved on the 20 day of October 2004.

  
\_\_\_\_\_  
Odysseus Lanier, Chairman

  
\_\_\_\_\_  
Guy Rankin, Secretary

**MINUTES OF REGULAR MEETING**  
**OF**  
**HARRIS COUNTY HOUSING AUTHORITY**

**Houston, Texas**

**October 20, 2004**

**THE STATE OF TEXAS    )**  
**)**  
**COUNTY OF HARRIS        )**

The Board of Commissioners of the Harris County Housing Authority ("HCHA") met in regular session, open to the public, on the 20<sup>th</sup> day of October 2004, at the offices of the Authority, 8410 Lantern Point Drive, inside the boundaries of Harris County in the City of Houston, Texas. Mr. Lanier called the meeting to order at 3:19 p.m. and the roll was taken of the duly constituted officers and members of the Board:

Odysseus Lanier	Chairman	Present
Michael Fleming	Vice Chairperson	Not Present
Walter Jones	Commissioner	Present
Brenda Kirk	Commissioner	Present
Jorge Casimiro	Commissioner	Not Present

Mr. Lanier asked that the minutes reflect a quorum was present.

Attending all or portions of the meeting were Guy Rankin, CEO & Executive Director; David Gunter, Chief Financial Officer; and Nereyda Vega and Yolanda Wadman of the Harris County Housing Authority. Also present were Jim Lemond and Gail McDonald of the law offices of Winstead, Sechrest & Minick, P.C., the Authority's General Counsel. Additional attendees were as follows:

David Turkel, Director; and Katherine Partida and Jessica Duculus of the Community and Economic Development Department of Harris County; Patricia Lykos of the Harris County Judge's Office; Graciela G. Saenz of the law offices of Oppel, Goldberg & Saenz, P.L.L.C.; Gary P. Machak and Lydia Cook of RBC Dain Rauscher; Craig Alter of Southwest Housing; Charles G. Yapple with Null-Lairson, CPA's; and Roberto Gonzalez.

**APPROVAL OF MINUTES**

The Minutes of the Board meeting of September 15<sup>th</sup> and September 23<sup>rd</sup>, 2004, were presented for approval. Mr. Lanier requested a motion for approval of the Minutes with certain typographical errors to be corrected as noted. Mr. Jones moved, seconded by Ms. Kirk, and the motion passed unanimously.

**ADMINISTRATIVE AGENDA**

**CUSSION ITEMS:**

**Update on Senior Housing Tax Credit Project: Primrose at Bammel**

Mr. Rankin reported on the status of the Primrose at Bammel Senior Apartments, a 210-unit seniors residential development. He then introduced Mr. Gary Machak, with RBC Dain Rauscher, who presented the Financing Report for the Project. The Financing Report as presented is attached hereto as Exhibit "A".

Mr. Machak explained that the property is located on approximately 10.8 acres of land near the intersection of Tomball Parkway (State Highway 249) and Bammel North Houston Road, south of the Sam Houston Tollway, in northwest Harris County, Texas. As a result of the HCHA's ownership interest, the Project will be exempt from property taxes. Mr. Machak reported that the Authority's co-developer, Southwest Housing Development, Inc. of Dallas, was an experienced multi-family housing developer. The Borrower will be a limited partnership called TX Bammel Housing, L.P., with a newly-created subsidiary of HCHA as the General Partner; and Brian Potashnik, principal owner of Southwest Housing as the initial Limited Partner. Southwest Housing and Brian and Cheryl Potashnik will guarantee the Construction Loan and any recourse obligations of the Permanent Loan. The Financial Plan is typical for the industry and the project will be financed with tax-exempt bonds to be issued by the Harris County Housing Finance Corporation in the amount of \$11,580,000. The project will additionally utilize the investment of Tax Credit Equity of \$5,026,097 provided by a traditional syndicator. It will generate interest earnings in the amount of \$106,324. HOME funds in the amount of \$1,800,000 will represent the Authority's capital contribution and a deferred developer fee in the amount of \$1,326,560 will be paid to the co-developers. The Cost Analysis finds that the project fits into an acceptable range based on current market conditions for such financings. The risk factors are typical.

Mr. Lanier inquired as to the range of rents contemplated for the project and Mr. Machak verified that they were within the range found in the marketplace.

Mr. Lanier complimented Mr. Rankin for having obtained this form of report from Dain Rauscher for project and advised that each of the Authority's current and future housing development initiatives should be analyzed in this manner.

Mr. Craig Alter with Southwest reported that Southwest Housing was studying various alternatives for site planning and space utilization so as to create the maximum amount of green space possible for the project. The facility will include a pool area and club house for the residents' use. The project will also offer a subscription bus service, wellness programs, bible study, exercise classes, and an arts and crafts program. Mr. Alter attended a recent meeting of the area's neighborhood association and was pleased to report that association members were very supportive of the project and pleased to know that a seniors facility was to be built in the neighborhood.

Ms. Kirk moved that the Authority proceed with the Primrose at Bammel project in accordance with the Resolution posted. Mr. Jones seconded and the motion was unanimously approved. A copy of the Resolution is attached hereto as Exhibit "B".

#### **Presentation of By-Laws**

Mr. Rankin presented the Authority's By-Laws for approval. Mr. Lemond explained they were standard By-Laws under which a housing authority would typically operate, written to reflect consistency with HUD regulations. Mr. Lemond briefly explained various provisions of the By-Laws and answered questions posed by the Board members.

Mr. Jones moved that the By-Laws as presented be approved, seconded by Ms. Kirk and the motion second unanimously.

#### **Housing Choice Voucher Program Independent Audit**

Mr. Rankin reported that HUD requires an independent audit of the Authority's Housing Choice Voucher Program to be performed annually and that this year the audit was performed by the CPA firm of Null Lairson.

Mr. Lanier reported that he, acting as the Board's audit committee of one, had met with Mr. Chuck Yaple of Null Lairson and with Mr. Rankin to discuss the audit and that he was satisfied with the audit results. Mr. Lanier also stated that he was comfortable with management's responses to the findings contained in the draft report.

Mr. Chuck Yaple of Null Lairson presented a draft audit report to the Board. He introduced Ms. Lydia Cook, the lead auditor for the engagement. The audit was performed for the purpose of rendering an opinion on the basic financial condition of the Authority and was conducted in accordance with auditing standards generally accepted in the U.S. and the standards issued by the Comptroller General of the United States. The audit resulted in three findings, all of which had been sufficiently addressed by management. Mr. Yaple reported that he was "very impressed" with the Authority's management and with the program governance structure of the Housing Choice Voucher Program.

Mr. Jones commented that he was concerned with the Reserve position of the Authority, noting that it had expended over \$300,000 to date from reserves to fund administrative costs for the agency's housing development programs. He further stated that he was concerned that there might be a public perception of a pattern of spending that would not accurately project the true nature of the Authority's housing development initiatives being undertaken by the agency. Mr. Yaple responded that the audit report addressed that matter to some degree; however, he agreed that Null Lairson would expand its comments on this circumstance in its final report to clearly reflect the substantial increase in projected cash flow to the Authority upon completion of the construction of the various projects. The increased cash flow, he explained, would significantly enhance the Authority's future reserves position.

#### Financial Agenda

Mr. Rankin reported that the Authority expects to show an increase in net cash of \$675,000 upon closing of the Louetta project on December 20<sup>th</sup> of this year and of the Primrose project on January 12<sup>th</sup> of next year. He pointed out that the Authority is showing a net loss to date on its books of \$153,035.

#### Other Business

Mr. Rankin advised the Board of the availability of the HUD Section 8 Occupancy Report and the Housing Choice Voucher Scorecard and commended them for review.

#### EXECUTIVE SESSION

No Executive Session was held

#### PUBLIC COMMENT

No one appeared for the Public Comment portion of the meeting

#### COMMENTS BY COMMISSIONERS

There were no comments from the commissioners.

#### COMMENTS OR ANNOUNCEMENTS BY THE CHAIRMAN

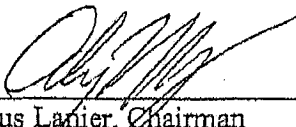
Mr. Lanier briefly talked about his recent attendance at the NAHRO Conference. Mr. Lanier found the senior and tax credit housing sessions the most beneficial. He also reported that he had had an opportunity to discuss and become aware of some of the extremely creative housing initiatives undertaken by the Baltimore Housing Authority. He expressed his disappointment, however, in seeing many in attendance use the conference as a political forum.

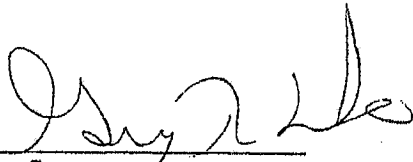
Mr. Lanier commended Mr. Rankin for the excellent job he is doing as the Authority's Executive Director and challenged management to continue to excel in the future.

#### ADJOURNMENT

Mr. Lanier invited a motion to adjourn. Mr. Jones so moved and Ms. Kirk seconded. The motion carried and the meeting was adjourned at 4:40 p.m.

Adopted and approved on the 17 day of November, 2004.

  
\_\_\_\_\_  
Odysseus Lanier, Chairman

  
\_\_\_\_\_  
Guy Rankin, Secretary

**MINUTES OF REGULAR MEETING**  
**OF**  
**HARRIS COUNTY HOUSING AUTHORITY**

**Houston, Texas**

**November 17, 2004**

**THE STATE OF TEXAS    )**  
                                  **)**  
**COUNTY OF HARRIS     )**

The Board of Commissioners of the Harris County Housing Authority ("HCHA") met in regular session, open to the public, on the 17<sup>th</sup> day of November, 2004, at the offices of the Authority, 8410 Lantern Point Drive, inside the boundaries of Harris County in the City of Houston, Texas. Mr. Lanier called the meeting to order at 3:10 p.m. and the roll was taken of the duly constituted officers and members of the Board:

Odysseus Lanier	Chairman	Present
Michael Fleming	Vice Chairperson	Not Present
Walter Jones	Commissioner	Present
Brenda Kirk	Commissioner	Not Present
Jorge Casimiro	Commissioner	Present

Mr. Lanier asked that the minutes reflect a quorum was present.

Attending all or portions of the meeting were Guy Rankin, CEO & Executive Director, Yolanda Wadman, Richelle Henderson and Jocelyn Alexander of the Harris County Housing Authority. Also present were Jim Lemond of the law offices of Winstead, Sechrest & Minick, P.C., the Authority's General Counsel. Additional attendees were as follows:

David Turkel, Director, and Jessica Deculus of the Community and Economic Development Department of Harris County; Patricia Lykos of the Harris County Judge's Office; Gary P. Machak and J.C. Howell with RBC Dain Rauscher; Craig Alter, Southwest Housing; Tom Scott, Coach Realty; Barry Kahn, Hettig Kahn Company; Earl Hatcher and Tom Lord of Jackson Hinds SRO; Charles G. Yapple with Null-Lairson; Elizabeth Rippy of the law offices of Vinson & Elkins and Anna M. Vidaurri of the Neighborhood Centers, Inc.

**APPROVAL OF MINUTES**

The Minutes of the Board meeting of October 20, 2004, were presented for approval. Mr. Lanier requested a motion for approval of the Minutes. Mr. Jones moved, seconded by Mr. Casimiro, and the motion passed unanimously.

## ADMINISTRATIVE AGENDA

### DISCUSSION ITEMS:

#### Update on Senior Housing Tax Credit Projects

Mr. Rankin introduced Gary P. Machak and J.C. Howell with RBC Dain Rauscher; Craig Alter with Southwest Housing; Tom Scott with Coach Realty; Barry Kahn with Hettig Kahn Company; and Tom Lord and Early Hatcher with Jackson Hinds SRO.

Mr. Machak presented a comprehensive financing analysis of each current HCHA development project. He referred the commissioners to the RBC Dain Rauscher Financing Report, included in the board agenda book distributed for the meeting.

Mr. Machak first discussed the Village at Cornerstone Apartments, 156 unit project on 7.03 acres, located at the corner of TC Jester Blvd. and Cornerstone Park Drive in north Harris County. As a result of HCHA's ownership interest, the project will be exempt from property taxes. The developer of the project is Thomas H. Scott of Coach Realty Service, Inc. The contractor will be a non-affiliated company, and the manager will be Coach Realty Services, Inc. The Borrower is a limited partnership named Cornerstone Village Apartments, L.P. with a to be created subsidiary of HCHA as the General Partner. HCHA will provide a grant of HOME funds in the amount of \$1,400,000 for the purchase of the land and other project costs. HCHA will receive a co-developer fee of \$700,000, to be paid at the bond closing. The general Partner will participate in an incentive management fee of 15-25% of gross revenues, if available, with 80% of this amount going to the General Partner. Thomas Scott and Coach Realty Services, Inc. will guarantee the construction loan and any recourse obligation of the permanent loan. Paramount Financial Group or an affiliate will provide the tax credit equity for the project. The project will be financed with tax-exempt bonds to be issued by the Harris County Housing Finance Corporation in the amount of \$8,360,000, a subordinate lien taxable loan from GMAC in the amount of \$229,900, tax credit equity of \$3,255,442, interest earnings and interim cash flow in the amount of \$317,539, and HOME funds from the HCHA in the amount of \$1,400,000. The amount of the deferred developer fee for this project will be \$383,706. The projected capitalized value of the project based on the cash flow, assuming a capitalization rate of 7.50%, is \$11,747,653 after 10 years, \$14,886,947 after 20 years, and \$18,604,533 after 30 years.

Mr. Lanier noted the importance of assuring that there were sufficient funds available in each development to cover all project costs. Mr. Jones inquired as to whether project funds were available to provide added activities for the seniors and normal maintenance on the facilities.

Mr. Scott explained he has included all costs of normal maintenance (for instance painting every 6-7 years, adding new air conditioner/heaters after 12 years) for the facilities, in addition to providing for many different forms of seniors activities.

Mr. Lanier expressed a concern over the extent of diversity programs utilized by the Authority's co-developers for its projects. Mr. Scott assured the commissioners that his company had an aggressive diversity program and that the percentage of participation among Minority and Women-Owned (M/WBE) businesses far exceeded the usual goals established by other public entity projects in the region. Mr. Kahn said that, typically, 45% of the subcontractors utilized on



its projects are M/WBE firms and that its management company is an M/WBE firm. He also pointed out that materials suppliers are not considered for M/WBE purposes.

Mr. Machak continued with an analysis of Louetta Village Apartments, a 116-unit project on 10.8 acres at the intersection of Interstate 45 and Louetta Road, in north Harris County. As a result of the HCHA's ownership interest, the project will be exempt from property taxes. The Developer of the project will also be Thomas H. Scott of Coach Realty Services, Inc. The contractor will be a non-affiliated company, and the manager will be Coach Realty Services, Inc. The borrower is a limited partnership named Louetta Village Apartments 45, L.P. with a to be created subsidiary of HCHA as the General Partner.

HCHA will provide a grant of HOME funds in the amount of \$550,000 for the purchase of the land and other project costs. HCHA will receive a co-developer fee of \$114,500 of which a projected \$708 would be deferred. The General partner will receive 20% of the net cash flow until the deferred developer fee is paid in full. HCHA will also receive a lease payment for the land at closing of \$375,000 and net rent payments after a servicing fee of \$1,000 per year. Thomas Scott and Coach Realty Services, Inc. will guarantee the construction loan and any recourse obligation of the permanent loan. Paramount Financial Group or an affiliate will provide the tax credit equity for the project. The project will be financed with tax-exempt bonds to be issued by the Harris County Housing Finance Corporation in the amount of \$7,100,000, a subordinate lien taxable loan from GMAC in the amount of \$271,575, tax credit equity of \$2,701,600, HOME funds from HCHA in the amount of \$550,000 and a deferred developer fee in the amount of \$3,538.00.

Mr. Machak concluded his presentation on Louetta Village by reporting that some individual cost categories may be higher than the norm, the overall cost of the project is well within an acceptable range based on current market conditions for such financings.

Mr. Machak then proceeded with an analysis of Primrose at Bammel Senior Apartments, a 210-unit project on 10.8 acres near the corner of Tomball Parkway and Bammel North Houston Road, south of the Sam Houston Tollway in northwest Harris County. As a result of HCHA's ownership interest, the project will be exempt from property taxes. The developer of the project will be Southwest Housing Development and the initial limited partner will be Brian Potashnik. Affordable Housing Construction and Southwest Housing Management Corporation, entities affiliated with the developer, will serve as the contractor and manager for the project, respectively. The borrower is a limited partnership named Tx Bammel Housing, L.P. with a to-be-created subsidiary of HCHA as the General Partner and Brian Potashnik as the initial Limited Partner. The project will be financed with tax-exempt bonds to be issued by the Harris County Housing Finance Corporation in the amount of \$11,580,000, tax credit equity of \$5,026,097, interest earnings in the amount of \$106,314, HOME funds from the HCHA in the amount of \$1,800,000 and a deferred developer fee in the amount of \$1,326,560. Most of the costs of this project, Mr. Machak stated, fall into an acceptable range based on current market conditions for such financings. He pointed out, however, that the developer had failed to include the cost of attorney's fees for Fannie Mae's Legal Counsel and did not include an amount for securing an interest-rate cap.

The final presentation was the financial analysis for Baybrook Park Apartments, 100-unit project located at 500 North Texas Avenue, in the city of Webster in southeast Harris County. The developer of the project will be Hettig Development Group XL, Ltd. Entities affiliated with the developer, will serve as the contractor and manager for the project, respectively. The

borrower is a limited partnership with a to-be-created subsidiary of HCHA as the General Partner. Investors Affordable Housing Group X, LLC, a historically underutilized business (HUB), will be a special limited partner. HCHA will provide a grant of HOME funds in the amount of \$500,000 for the purchase of the land and other project costs. HCHA will receive a co-developer fee of \$367,500. It is anticipated that all developer fees will be fully paid by the date of stabilization and none of the developer fees will be deferred. The general partner will participate in an incentive management fee of 90% of gross revenues, if available, with 80% of this amount going to the general partner. The project will be financed with a forward-funded Fannie Mae loan obtained through CW Capital in the amount of \$3,650,000, tax credit equity of \$3,815,252, and HOME funds from the HCHA in the amount of \$500,000. Most of the costs fall into an acceptable range based on current market conditions for such financings. Since this is 9% tax credit transaction, no bonds are being issued and no bond-related costs will be incurred.

Mr. Lanier thanked Mr. Machak for the financial analyses of the four projects and inquired of the developers as to the manner in which architectural services were calculated. He asked if such fees were normally determined based on a percentage of construction costs, for instance, since costs analyses show that percentage figure varying significantly from project-to-project.

Mr. Scott responded that Coach Realty normally does not pay its architects on a percentage-of-cost basis because the design of its facilities are representative of typical residential structures utilized frequently by Coach. However, he said, the design fees will vary project-by-project, based on variable factors such as the configuration of the site, MUD requirements and co-developer requirements. Mr. Alter said that Southwest Housing competitively negotiates all such design fees. Mr. Kahn stated that most of the facility design for its company's developments is provided by in-house architects, while engineering services are competitively bid out.

Mr. Machak then distributed Cash Flow statements for each project and summarized them for the commissioners. Chairman Lanier asked Mr. Rankin to overlay these Cash Flow statements onto the Authority's consolidated statement. Mr. Jones recommended that the next round of development projects should target the geographic needs of HCHA's clients. Mr. Kahn observed that his company's market analysis shows a need for single-family rental homes in several areas of Harris County and that his company is examining various options to discuss with HCHA for the development of such units.

#### Single Room Occupancy (SRO)

Mr. Rankin then asked Mr. Hatcher to give the board a status report on the SRO project previously approved by the commissioners.

Mr. Hatcher explained this is permanent housing for the homeless. The property was purchased in October of 2004 with funds provided by a loan from the Harris County Housing Finance Corporation. In addition, Jackson Hinds Gardens, Inc., the facility operator, is seeking a \$500,000 rehabilitation grant from the City of Houston to renovate the property and that a \$500,000 grant had been awarded to the operator by Houston Endowment. Mr. Hatcher reported that the project had strong neighborhood support. He recalled for the board that HCHA has been conditionally funded for the Section 8 Moderate Rehabilitation Single Room Occupancy (SRO) Program in the amount of \$3,334,680.00 by the U.S. Department of Housing and Urban Development (HUD). The facility is currently scheduled to open in April 2005. This project

allows HCHA to collaborate with Jackson Hinds Gardens to address the problem of homelessness in the city.

Mr. Lanier observed that the \$3.3 million HUD grant provides for only \$24,000 in administrative costs to operate the program. He further noted that this is what he would term a "high risk" HUD program and discussed the HCHA management structure for this project. Mr. Rankin reported that HCHA's Section 8 manager had been assigned full-time on November 1, 2004 to this project in an effort to assure success of the project. Mr. Lanier expressed concern that appropriate steps were being taken to protect HCHA's Section 8 voucher program. Mr. Rankin responded that the replacement Section 8 manager was experienced in the program and that HCHA was providing additional training to that individual in Section 8 administrative matters to address that concern.

Mr. Jones moved that the Authority approve the SRO Administrative Plan as presented and Mr. Casimiro seconded the motion. The motion passed unanimously.

### FINANCIAL AGENDA

The commissioners received the Financial data as presented with no questions.

### OTHER BUSINESS

Mr. Rankin advised the Board that he is in the process of developing guidelines for a HCHA Home Ownership program. Details will be presented to the board at a later date.

### EXECUTIVE SESSION

No Executive Session was held

### PUBLIC COMMENT

No one appeared for the Public Comment portion of the meeting

### COMMENTS BY COMMISSIONERS

There were no comments from the commissioners.

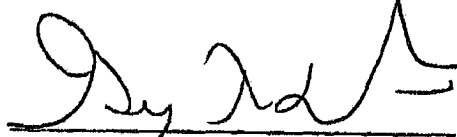
### COMMENTS OR ANNOUNCEMENTS BY THE CHAIRMAN

There were no comments from the commissioners.

### ADJOURNMENT

Mr. Lanier invited a motion to adjourn. Mr. Jones so moved and Mr. Casimiro seconded. The motion carried and the meeting was adjourned at 4:50 p.m.

Adopted and approved on the 11 day of January, 2005.

  
Guy Rankin, Secretary

  
Odysseus Lanier, Chairman

Mr. Rankin reported on the Authority's newly-initiated Homeownership program, and introduced Ms. Henderson, who explained that she had recently attended a 2-day workshop in Seattle on the use of proper techniques for managing a successful Voucher

Homeownership Program. The seminar was presented by the Neighborhood Reinvestment Corporation. The focus of the workshop was to share experiences, advice and materials appropriate to Voucher Homeownership programs. Ms. Henderson reported that attendees included HUD officials, lenders, community development corporations and public housing authorities. Topics discussed included methodology employed in developing HUD-approved administrative plans for Homeownership Programs, comparisons between the HUD Section 8 rental and the Section 8 homeownership programs, determinations of family eligibility, finance structuring, and homebuyer pre- and post-purchase education and counseling. Ms. Henderson also reported that HCHA had begun working with the Harris County Community & Economic Development Department to review geographically eligible areas of the county and CEDD's list of lenders currently approved for participation in a county homeownership program.

Ms. Henderson also advised the board that HCHA had recently held an orientation session at its offices on homeownership opportunities for its Section 8 voucher participants. Approximately 300 current HCHA Section 8 participants were invited and more than 200 families actually attended and gave an enthusiastic endorsement to the plans announcing the potential opportunity to become homeowners. Ms. Henderson further told the board that HCHA is working to secure a commitment from a full service bank willing to provide credit counseling and homebuyer education courses in addition to providing funds for the purchase of homes.

Mr. Lanier asked whether the program would require the hiring of additional staff. Mr. Rankin responded that no additional personnel would be needed at this time.

Mr. Jones commented that HCHA should carefully track the progress of this new initiative and that even a 6-month history might not be sufficient to define whether the program was indeed a successful one.

### ACTION ITEMS

#### Approval of Resolution for Louetta Village Apartments Project

Ms. McDonald briefly addressed the board on the need to approve the Resolutions for Louetta Village. Mr. Jones made a motion to approve the Resolutions as presented and as contained in the board agenda book and Mr. Casimiro seconded the motion. The motion was passed unanimously.

### EXECUTIVE SESSION

No Executive Session was held.

PUBLIC COMMENT

No one appeared to present public comments to the Board.

COMMENTS BY COMMISSIONERS:

No board members had comments.

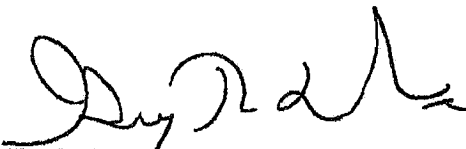
COMMENTS OR ANNOUNCEMENTS BY CHAIR:

Mr. Lanier had no further comments.

ADJOURNMENT

Mr. Lanier invited a motion to adjourn. Mr. Jones so moved, Mr. Casimiro seconded, the motion carried and the meeting was adjourned at 12: 35 p.m.

Adopted and approved this 11 day of January 2005.

  
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Guy Rankin, Secretary

  
\_\_\_\_\_  
Odysseus Lanier, Chairman