

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

Houston, Texas

February 16, 2005

**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 16th day of February, 2005, at the offices of the Authority, 8410 Lantern Point Drive, inside the boundaries of Harris County in the city of Houston, Texas. Mr. Lanier, Chairman, called the meeting to order at 3:23 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	Not 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 and Executive Director 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 Gunter, Richelle Henderson and Yolanda Wadman, Harris County Housing Authority; David Turkel, Director of the Harris County Community & Economic Development Department; Bob Kendrick, Harris County Precinct Three; David Kruk and Clifton Phillips, Roundstone Development, Inc.; Judge Patricia Lykos, Office of Harris County Judge; Charles G. Yaple, Null-Lairson, CPA's; Earl Hatcher, Houston Housing Corporation; Brad Raffle, Mental Health Association; J.C. Howell and Gary P. Machak, RBC Dain Rauscher; John Yoakum, Federal National Mortgage Corporation ("Fannie Mae"); Barry Kahn, Hettig-Kahn Companies; and Tom Scott, Coach Realty.

PRESENTATION AND APPROVAL OF MINUTES OF BOARD MEETINGS

The minutes of the November 17, 2004, December 8, 2004 and January 11, 2005 meetings of the Board of Commissioners were presented for approval.

Mr. Fleming moved, seconded by Mr. Jones, for approval of the minutes of the November 17, 2004 meeting. Mr. Jones moved, seconded by Mr. Fleming, for approval of the minutes of the December 8, 2004 meeting. Mr. Jones moved, seconded by Mr. Fleming, for approval of the minutes of the January 11, 2004 meeting. All motions were unanimously approved.

EXECUTIVE SUMMARY/EXECUTIVE DIRECTOR'S REPORT

Mr. Rankin presented the Executive Summary in conjunction with the Executive Director's Report. The board was advised that the Authority had convened a meeting on the morning of the board meeting with 15 developers of affordable housing and 6 Community Housing Development Organizations (CHDO's). The purpose of the meeting was to introduce each to the other so as to encourage joint ventures in the area of affordable housing opportunities within Harris County.

The board was given a brief overview of the Authority's Affordable Housing Development program, the Housing Choice Voucher program, the Family Self-Sufficiency program, the Single Room Occupancy ("SRO") program and the Authority's Homeownership program. Mr. Rankin also partnership agreements with Houston Works USA, the Mental Health Association of Greater Houston and with the Association for the Advancement of Retired Persons.

ADMINISTRATIVE AGENDA

Mr. Rankin next presented a detailed report of the Authority's Affordable Housing Development Program. Four seniors housing projects make up the current program, which consists of Cornerstone Village, the Village at Louetta, Primrose at Bammel and Baybrook Park Retirement Center, all previously approved by the board of commissioners. Waterside Court and Magnolia Estates are new projects being presented at this meeting for approval by the board.

Cornerstone Village is now under construction and has a projected completion date of October 2005. The Village at Louetta and the Primrose at Bammel projects closed into construction loans on January 12 & 13, 2005 and January 18 & 19, 2005, respectively. Baybrook Park Retirement Center is projected to close into a construction loan in April 2005.

Waterside Court is a proposed 9% LIHTC community of 118 single family homes and Magnolia Estates is a proposed 9% LIHTC project of 160 seniors apartment homes. Memoranda of Understanding and Resolutions authorizing the Authority's participation in each are included for approval by the board at this meeting.

Mr. Rankin also reported that HCHA hosted regional training for 26 Housing Authorities in January, February and March. In addition, HCHA has now developed its Public Housing Authority ("PHA") Plan 2005, as required by the U.S. Department of Housing and Urban Development ("HUD"), and the plan was being presented for approval at this meeting. The 2005 Utility Allowance Chart was developed by HCHA

staff and is presented for approval as well. HCHA staff also prepared and submitted 2 cases of suspected fraud to the HUD Office of Inspector General.

Mr. Rankin advised the board that HCHA had been notified by HUD that its Family Self-Sufficiency ("FSS") program would no longer be funded by HUD. A copy of the notification letter is included in the board Agenda book. Employees previously employed in the FSS program have now been transferred to the Authority's Single Room Occupancy ("SRO") program. In response to an inquiry by Mr. Lanier, Mr. Rankin advised that the family counseling program targeted toward potential homeowners previously housed in the FSS program would no longer be provided by HCHA. However, through the partnership with HCHA, Houston Works will work to encourage all HCHA clients to seek employment and will provide continuing education and vocational training for the clients.

In respect to the Authority's Homeownership program, Mr. Rankin reported that HCHA had confirmed that there were now 28 HCHA families qualified to obtain mortgage loans to purchase new homes, some of whom currently are leasing new homes in HCHA's service area. He projects that five (5) new home closings should occur through the end of the year and that most successful public housing authorities average nine such closings per year.

DISCUSSION ITEMS

Mr. Rankin next introduced Mr. Barry Kahn of Hettig-Kahn Companies to present information on Waterside Court, one of the two new projects presented for approval.

Mr. Barry Kahn explained that Waterside Court is a single family rental development that will be located in the 500 block of West Road near Interstate 45, on 24.8 acres of land. Mr. Kahn stated this is a popular family area. Mr. Kahn has met with the homeowners association and it has agreed to annex Waterside Court into the neighborhood. Waterside Court as a concept was well received by the residents of the community, he reported. He also reported that there are existing elementary and middle schools currently serving the community and this would be an attractive feature for home renters. Mr. Rankin further explained that the homes in Waterside Court would all contain over 50% brick or stucco exteriors as an added element of construction.

Mr. Rankin then presented detailed information on Magnolia Estates, a 160-unit complex of seniors affordable homes located at 101 Normandy Road near Interstate 10 East. The units will consist of one and two-bedroom estate-like apartments and will be located on 15 acres of land. While the complex does not currently include a self-contained sewer treatment plant, the county's office of Community and Economic Development is evaluating the feasibility of awarding Community Development Block Grant ("CDBG") funds to assist in the effort to obtain such a facility.

Mr. Lanier requested a motion to approve the Resolutions authorizing the two projects and Ms. McDonald advised that the Resolution on Magnolia Estates should be corrected to indicate HCHA would apply for a grant from Harris County in the amount of \$1,075,000 for that particular project to include additional cost items. Mr. Fleming moved for approval on Magnolia Estates, seconded by Mr. Jones. The motion was

unanimously approved. Ms. McDonald then asked that the Resolution in regard to Waterside Court be corrected to indicate that HCHA would apply for a grant from the county in the amount of \$1,495,000 for the same reason. Mr. Jones moved for approval on Waterside Court, seconded by Mr. Fleming, and the motion was unanimously approved.

ACTION ITEMS

Mr. Rankin presented for the board's consideration the notification of funding from HUD of the Authority's 2005 Housing Choice Voucher Program. As previously reported, the Family Self-Sufficiency program, HCHA was advised, will not be funded by HUD for the year 2005. The Annual PHA plan and the Utility Allowance Schedule are included in the board Agenda book and were presented for approval.

Mr. Lanier requested motions for approval of the Annual PHA Plan and the Utility Allowance Schedule. Mr. Jones moved to approve the Annual PHA Plan, Mr. Fleming seconded, and the motion was unanimously approved. Mr. Fleming then moved to approve the Utility Allowance Schedule, Mr. Jones seconded, and the motion was unanimously approved.

FINANCIAL AGENDA

Mr. Gunter presented the Authority's financial statements for the months of November and December of 2004, and for January of 2005. Mr. Rankin reported that this is the first time in the history of Harris County Housing Authority that it is showing a positive bottom line. The reason is directly related to the Authority's participation in the low income housing tax credit projects that have generated revenue for the agency.

Mr. Lanier commended Mr. Rankin for the improvement to the Authority's cash position and by advocating for participation in an alternate and innovative initiative such as the seniors tax credit projects. The effect, the chairman noted, is that HCHA has insulated itself against the funding cuts made by HUD as evidenced in the 2005 Annual PHA plan.

OTHER BUSINESS

Mr. Hatcher was introduced by Mr. Rankin and he discussed the newly-formed partnership between Jackson Hinds Gardens, Inc. and the Mental Health Association of Greater Houston. Jackson Hinds Gardens operates the Authority's Single Room Occupancy ("SRO") program as its partner. In targeting chronic homelessness in the Houston area, Jackson Hinds Gardens and the Mental Health Association has developed a collaborative model for housing and support services to assist adults with mental illness and substance abuse problems. Mr. Hatcher stated the model for the Jackson Hinds SRO will be The DeGeorge SRO for homeless veterans. Mr. Hatcher then introduced Mr. Brad Raffle, the immediate past president of the Mental Health

Association of Greater Houston, who amplified Mr. Hatcher's position. Mr. Raffle explained that the Jackson Hinds Gardens SRO will serve as a pilot project to cause several different community organizations to collectively address both housing and mental health needs of the city by working in concert with one another. Some examples of other entities that will collaborate in the SRO project include the Harris County Hospital District, the Harris County Mental Health and Mental Retardation Authority, and the Metropolitan Transit Authority.

Mr. Rankin next introduced Mr. John Yoakum with the Federal National Mortgage Corporation ("Fannie Mae"). Mr. Yoakum reported that he works in the American Communities Funds division of Fannie Mae, considered to be the "Preferred Partner for Public Entities". ACF's Community Express products offer term loans, revolving and non-revolving lines of credit, and bridge loans to assist families in obtaining home mortgages. He indicated that Fannie Mae would look to explore possibilities to partner with HCHA in some homeownership initiatives at the proper time.

Mr. Rankin next introduced David Krukkel with Roundstone Development. Mr. Krukkel spoke about the Unified Housing Foundation and The Plaza at Willowchase Senior Apartments, which Roundstone was interested in developing. The project would consist of 220 units and could not be done unless HCHA became a partner. Mr. Lanier stated he understood Mr. Krukkel interest in obtaining the tax exemption available through a partnership with HCHA, but indicated that the Authority had no plans at the moment to extend beyond the projects already approved by the board.

Mr. Jones reiterated his interest in seeing that HCHA explore opportunities to complete a seniors project in South Harris County.

Mr. Rankin introduced Mr. Stewart Shaw, a developer from Austin, Texas, interested in building affordable housing for seniors. Mr. Shaw stated he would like to do discuss doing business with HCHA and would like to build a seniors community in Houston. Mr. Lanier advised Mr. Shaw to discuss opportunities for next year with Mr. Rankin.

Mr. Rankin next introduced Ms. Jacqueline Patterson, the founder of the Jacquie Youth Foundation. JYF was established for charitable and educational purposes and serves young African-American girls between the ages of 6 and 10 years old. She indicated that she was addressing the board in the hopes that HCHA might be able to assist her foundation in some way. Mr. Lanier advised her that the mission of the Authority was to provide housing for Harris County families but encouraged her to continue her quest to serve the young girls in need of the services of her foundation. Mr. Lanier suggested that perhaps Ms. Patterson's foundation might qualify for some form of assistance from Community Development Block Grant funds administered by Harris County. Mr. Turkel volunteered to meet and discuss such possibilities with Ms. Patterson.

Mr. Lanier again commended Mr. Rankin for doing an outstanding job in his service as Executive Director and he also emphasized that the success of the Authority is due in large measure to the support granted from Mr. Turkel and his department at Harris County.

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.

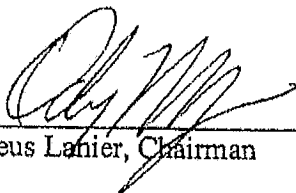
COMMENTS OR ANNOUNCEMENTS BY CHAIR:

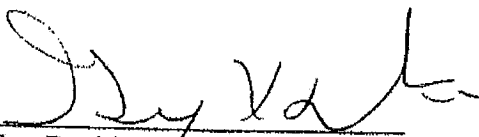
Mr. Lanier had no further comments.

ADJOURMENT

Mr. Lanier invited a motion to adjourn. Mr. Jones so moved, Mr. Fleming seconded, the motion carried and the meeting was adjourned at 5:05 p.m.

Adopted and approved this 15TH day of JUNE, 2005.


Odysseus Lanier, Chairman


Guy Rankin, Secretary

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

Houston, Texas

April 20, 2005

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 20th day of April, 2005, at the offices of the Authority, 8410 Lantern Point Drive, inside the boundaries of Harris County in the city of Houston, Texas. Mr. Lanier, Chairman, called the meeting to order at 3:15 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 and Executive Director of the Harris County Housing Authority. Also present were Jim Lemond, Franklin Jones and Gail McDonald of the law offices of Winstead Sechrest & Minick, P.C., the Authority's General Counsel. Additional attendees were as follows:

David Gunter, Richelle Henderson, and Yolanda Wadman of the Harris County Housing Authority; David Turkel and Jessica Deculus of the Harris County Community & Economic Development Department; Earl Hatcher of the Houston Housing Corporation; and Chris Richardson of Blazer Residential, Inc.

PRESENTATION AND APPROVAL OF MINUTES FROM THE BOARD MEETINGS
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The minutes of the February 16, 2005 board meeting were presented for approval. Mr. Jones moved for approval, seconded by Ms. Kirk, and the motion passed unanimously.

EXECUTIVE DIRECTOR'S REPORT

Mr. Rankin asked that Mr. Hatcher be allowed to make a presentation to the Board on the status of the Jackson Hinds Gardens Single Room Occupancy ("SRO") project and to speak about another SRO project for 2006, one for which he would also be seeking the Authority's participation.

Mr. Hatcher reported that the Annual Contribution Contract had been received and that 25 different community service agencies have already agreed to work with him to support the Jackson Hinds Gardens SRO. He is now waiting for approval of the project by the Secretary of Housing and Urban Development. Mr. Hatcher briefly advised the board of an additional SRO project for 2006 in which the Houston Housing Corporation intended to seek participation by the Authority. HHC has identified a potential site, he reported, and is preparing an application for an 80-unit SRO to be located on the North Freeway.

Mr. Rankin inquired of the board's interest in exploring opportunities to participate in a second SRO project. There followed a discussion about the current homeless situation in Houston. Mr. Hatcher explained that estimates reflect that 9,000 homeless persons live on the streets in the city, all of whom could utilize permanent housing. Mr. Hatcher further reported that a study done by the University of Houston concluded that homeless people have no desire to continue living on the streets, but also have no housing alternatives available to them. He pointed out, by example, that when The DeGeorge SRO project in downtown Houston opened its doors to the homeless, it was completely filled with residents the same day. Mr. Hatcher also suggested that the private sector has not demonstrated an interest in providing housing for the homeless because of the absence of what it believes should be a reasonable profit to be achieved in any construction project.

Mr. Jones pointed out that the South Central YMCA SRO program had recently been closed and that there was a serious concern regarding the future of the Casaboom YMCA SRO program.

Mr. Lanier, Ms. Kirk and Mr. Jones, were in agreement that the board should support participation by the Authority in an additional SRO project under the proper circumstances.

Mr. Rankin next introduced Mr. Richardson of Blazer Residential, Inc, who addressed the Board. Mr. Richardson advised that his passion is affordable housing and pointed out that he had been in the affordable housing construction field since the 1970's. Over that period of time, he indicated he had constructed several thousand units of affordable housing. Mr. Richardson reported on his interest in joining with the Authority to develop Providence Place, a 184-unit Seniors project to be built in the Katy area. The development would utilize a central town concept, with 120 of the units contained in separate 3-story buildings equipped with elevators. Sixty of the units would be constructed in six separate one-story buildings.

Mr. Richardson would engage Katy Christian Services to provide social services support to the tenants through the use of activities such as arts and crafts classes. The complex would also contain a medical service room, an exercise room and possibly a movie theater room. Ms.

Kirk suggested to Mr. Richardson that he consider adding a dietary management component to the facility as such classes have proven effective in assisting the elderly in maintaining a healthy lifestyle.

Mr. Jones inquired as to whether all amenities such as those noted would be provided to the residents at no cost. Mr. Richardson assured Mr. Jones that was the case for all his company's developments, except for the cost of day care services provided at its multi-family complexes.

Mr. Lanier pointed out it was his understanding that Providence Place was a 4% bond transaction and would be financed in part with bonds issued through the Authority's Housing Finance Corporation. Mr. Rankin agreed that was the case.

Mr. Rankin next reported on the progress of the Authority's Affordable Housing Development Program. Cornerstone Village, he pointed out, is currently under construction, with a projected completion date of October 2005. A Notice to Proceed certificate was issued for Primrose at Bammel on March 24, 2005. Construction began on The Village at Louetta on April 1, 2005. Baybrook Park Retirement Center construction closing is scheduled for May 17, 2005. The developers of Waterside Court and Magnolia Estates, both proposed 9% tax credit deals, have submitted applications for tax credits to the Texas Department of Housing and Community Affairs ("TDHCA") and Award Notices are scheduled for release in August 2005. The Board earlier received a report on Providence Place, the proposed Seniors project in Katy, by Chris Richardson of Blazer Residential, Inc.

Mr. Rankin reported that HUD has proposed new legislation, to be effective October 2005 regarding the Housing Choice Voucher ("HCV") program. HUD is proposing a 5-year limit on the time any participant would be entitled to hold a housing voucher. The new rules would exempt the Disabled and Elderly from that time limit. Mr. Rankin expects congress to approve such changes in the legislation.

Mr. Rankin advised the Board that the Authority's Homeownership Plan had received HUD approval and that he has scheduled a follow-up meeting for the month of May with the 28 families found to be eligible for mortgages to secure the purchase of homes within the Authority's service area. He indicated that HUD strongly supports home ownership for voucher recipients and encourages all Housing Authorities to implement Homeownership programs.

As to Authority audits, Mr. Rankin noted that the annual audit is due to be completed by June 15, 2005. On May 16 HUD will begin the VMS Audit. The Single Audit was begun on April 4 and a Discrepancy Audit is required to be completed by September 1, 2005.

ACTION ITEMS

Ms. McDonald advised the Board that it was required to adopt certain Resolutions in conjunction with Baybrook Park Retirement Center in Webster. She explained that the project is similar in structure to the other Seniors projects in which the Authority is acting as a co-

developer. Baybrook, however, is utilizing conventional financing rather than bonds and the construction lender in this case will also be the permanent lender. As in the past, the Authority will purchase the property and lease it to the Partnership being created to develop the project. The Resolutions provide that the Executive Director and the managers of the General Partner are authorized to do all things necessary to facilitate the development of the project. In order to partially finance the development of the project, the Housing Authority has received a grant of HOME funds in the amount of \$720,000 from Harris County and will provide a loan of such funds to the Partnership in an amount up to \$625,000.

Mr. Lanier requested a motion for approval of the Resolutions and Ms. Kirk so moved. Mr. Jones seconded, and the motion was unanimously approved.

UPDATE FROM HARRIS COUNTY COMMUNITY AND ECONOMIC DEVELOPMENT DEPARTMENT ON TAX CREDITS AND HOUSING USES

Mr. Turkel explained that most cities and counties receiving HUD funds are required to have a Consolidated Plan. A typical consolidated plan includes providing for down payment assistance to eligible applicants for home mortgages, setting targets and goals for addressing affordable housing and an annual report. Developers participating in a county's affordable housing program are required by law to get a letter of consistency to build a tax credit project within the county. Harris County has adopted and follows the state's guidelines on neighborhood and site plan standards. Mr. Turkel expressed a concern that tax credit projects within Harris County have oversaturated the rental markets here. While the state guidelines provide that like projects may be located outside a one-mile radius of another, Mr. Turkel is recommending that Harris County adopt a three-mile radius limit to address overbuilding and oversaturation. He is also recommending that such a limit be adhered to for a period of five years. Variances would be allowed, he explained, in compelling circumstances.

Mr. Jones expressed an interest in seeing more affordable housing development in the South portion of Harris County. Mr. Jones further inquired as to the role of the Houston Galveston Area Council ("HGAC") in the planning and coordination of affordable housing projects in Harris County. Mr. Turkel responded that he had no specific knowledge of HGAC's role in that regard but indicated that he would research the question and report back to the Board.

Mr. Turkel then discussed the County's Housing Rehabilitation Program. He said that between 1980 and 1994 the Harris County Housing Authority operated a housing rehabilitation program utilizing Community Development Block Grant (CDBG) funds. During this time, housing rehabilitation assistance was provided in the form of grants, deferred loans, and traditional loans. In 1994, when the Housing Authority was merged with the Harris County Community Development Department, Harris County assumed the responsibility for servicing the loans; however, the loans themselves were never assigned to Harris County. Since the loans were never assigned to the County, HCHA is still the record lienholder. Many loans were executed with terms of 30 to 99 years. While the terms for these loans may have been consistent with policy at the time, they were not reasonable considering the age and income of the loan recipients. The current loan portfolio consists of several uncollectible loans made by recipients who are now deceased and whose property have fallen into a state of disrepair due to vacancy.

There are approximately 273 loans initially originated by the Housing Authority with terms ranging from 30 to 99 years. Of the 273 loans, 19 loans are considered active. The average monthly collection amount from these active loans is \$146. Twenty (20) loans are in the names of known deceased homeowners; however, based on the birthdates of the remaining homeowners, it is expected that many more of the borrowers are no longer living. Eleven (11) loans have known tax suits and have been referred to the County Attorney for action. Mr. Turkel stated that, in order to complete the separation of the Harris County Housing Authority from the County, it is now necessary that these loans made prior to the 1994 merger, and which are currently being serviced by the County, be transferred back to the Housing Authority for whatever action deemed necessary by the board of commissioners.

Mr. Lanier expressed a concern that the Housing Authority currently does not have the staff to investigate the history of the loans and to make recommendations concerning their disposition. Mr. Turkel then offered to lend a member of his staff for 2-3 hours a day, at no cost to the Housing Authority, to perform the work necessary to accomplish the objective. Mr. Lanier accepted the offer, providing an Interlocal Agreement could be executed between the Authority and the County, specifying the nature and extent of the participation of the CEDD staff member required to perform the work needed, including a provision that the County would also agree to pay any legal costs associated with effecting the transfer of the responsibilities. Mr. Turkel indicated he would have to verify that this approach would be acceptable with the County.

FINANCIAL AGENDA

Mr. Rankin presented an overview of the Authority's Annual Budget. He reported that HCHA generated \$675,000 last fiscal year in revenues from the Affordable Housing Program initiatives. This year the goal is to generate \$750,000 from four (4) affordable housing projects. Mr. Rankin feels that sum is a reasonable one and one that is achievable. He cautioned, however, that the overall amount could be less if any one of the four projected developments fails to close. He pointed out that overall salaries have increased slightly (by 3% overall) and that he is proposing adding one staff position, that of tax credit compliance office, to manage all the reports necessary to the tax credit projects. Another line item change is that of postage in the amount of \$26,000, since the County now charges the Authority for its postage requirements. An additional change relates to the budget for general counsel legal fees. Mr. Rankin and Mr. Lemond are in agreement to cap those fees at a maximum of \$50,000 a year.

ACTION ITEMS

Mr. Turkel reported that last year's Audit confirmed that the County Auditor was holding \$416,829.00 in outstanding Housing Authority checks which, over the years, had never been negotiated by the payees of the checks and an amount of \$56,592.34 for interest earned on that account. An Interlocal Agreement setting out the circumstances of this occurrence and providing for the release of those funds back to the Authority has been reached and is presented for approval. The terms of the Agreement are acceptable to the County Auditor, the County Attorney and the Authority. Mr. Lemond has also reviewed and approved the terms of the Agreement.

Ms. Kirk moved approval, seconded by Mr. Jones, and the motion passed unanimously.

Mr. Jones suggested that all interlocal agreements in the future be changed to include a description of the particular nature of the Interlocal Agreement.

Mr. Rankin requested approval of the Housing Choice Voucher Homeownership Plan as presented. Mr. Jones moved to approve the Plan, Ms. Kirk seconded, and the motion was unanimously approved.

ADMINISTRATIVE AGENDA

No administrative agenda matters were presented to the board for consideration.

EXECUTIVE SESSION

At 4:25 p.m., Mr. Lanier announced that the Board would go into Executive Session in accordance with Chapter 551 of the Texas Local Government Code to discuss certain real estate matters.

The Board re-convened in public session at 4:56 p.m..

Mr. Lanier requested a motion in accordance with the discussions held in Executive Session. Ms. Kirk moved that the Executive Director be authorized to evaluate the possible participation by the Housing Authority in a real estate development opportunity, as discussed in Executive Session, and that he be authorized to expend not more than the sum of \$50,000 for that purpose. Mr. Jones seconded the motion and it was unanimously approved.

PUBLIC COMMENT

No one appeared to present public comments to the Board.

COMMENTS BY COMMISSIONERS:

No board members had comments.

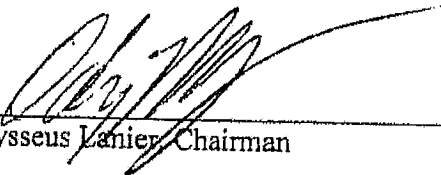
COMMENTS OR ANNOUNCEMENTS BY CHAIR:

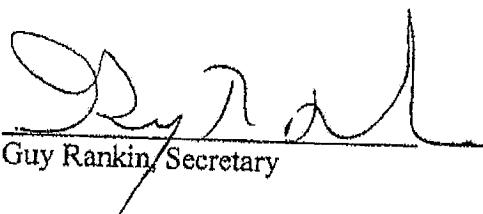
Mr. Lanier had no further comments.

ADJOURMENT

Mr. Lanier invited a motion to adjourn. Ms. Kirk moved, Mr. Jones seconded, the motion carried and the meeting was adjourned at 4:59 p.m.

Adopted and approved this 21 day of September 2005.


Odysseus Lanier, Chairman


Guy Rankin, Secretary

- VII. Public Comment** (Comments are limited to three minutes for each speaker.)
- VIII. Executive Session**
 - Discussion and consideration of the acquisition of certain real property related to HCHA development of a master-planned active adult community, pursuant to Texas Gov't Code, Section 551.072, and possible action regarding the same upon return to Open Session
- IX. Reconvene in Public Session**
 - ACTION ITEM:** Possible action on the acquisition of certain real property related to HCHA development of a master-planned active adult community
- X. Comments by Commissioners**
- XI. Comments or Announcements by Chair**
- XII. Adjournment**

The Harris County Housing Board of Commissioners may go into executive session, if necessary, pursuant to chapter 551 of the Texas Government Code, for one or more of the following reasons: (1) consultation with the Attorney to seek or receive legal advice or consultation regarding pending or contemplated litigation; (2) discussion about the value or transfer of real property; (3) discussion about a prospective gift or donation; (4) consideration of specific personnel matters; (5) discussion about security personnel or devices; (6) discussion of certain economic development matters or other matters as authorized by law. The Housing Authority Board of Commissioners may announce that it will go into executive session on any item listed on this agenda if the subject matter is permitted for a closed session by provisions of chapter 551 of the Texas Government Code.

June 15, 2005

THE STATE OF TEXAS)
)
COUNTY OF HARRIS)

The minutes of the April 20, 2005 board meeting were presented for approval. Mr. Rankin requested that the minutes as presented for approval delete one paragraph in the middle of Page 5. Mr. Casamiro moved to approve the minutes with that change, the motion was seconded by Mr. Jones, and the motion passed unanimously.

EXECUTIVE DIRECTOR'S REPORT

Mr. Rankin reported on the status of the Authority's Affordable Housing Development projects; as follows:

Cornerstone Village – HCHA obtained an aerial photograph of the project and it is available for viewing in the conference room. The project is currently under construction and within budget, with a projected completion date of October 1, 2005. There are over 80 people on the waiting list for occupancy.

Primrose at Bammel – Currently under construction and within budget.

Village at Louetta – Currently under construction and within budget. .

Baybrook Park – Scheduled for construction loan closing on June 21, 2005.

No significant activity has occurred since the prior board meeting in respect to the Housing Choice Voucher Program.

Mr. Rankin reported that the annual financial and programmatic audit of the Authority, typically referred to as the Single Audit, had been completed by Null-Lairson CPAs and that Mr. Chuck Yapple of Null-Lairson would present a draft of the final report later in the meeting. Mr. Rankin also reported that HUD had completed a new Voucher Management System audit of the Authority, which was conducted this year for the first time nationwide.

Mr. Rankin advised the board that he had spoken to HUD several times regarding the Jackson Hinds Single Room Occupancy ("SRO") project. Houston Housing Corporation has not yet received its requested rehabilitation grant of \$500,000.00 from the City of Houston and until the grant is funded and repairs are completed, HCHA cannot begin to administer the housing voucher program at the facility. He did report, however, that HCHA had already received a check in the sum of \$3.3 million from HUD to cover the issuance of housing vouchers for the SRO. Mr. Rankin will meet with Mr. Milton Wilson, the City's Director of Community Development in late June to discuss the expected approval of rehab grant to Houston Housing Corporation.

ADMINISTRATIVE AGENDA

Mr. Chuck Yapple with Null-Lairson discussed the draft of the HCHA annual financial audit for the year ended March 31, 2005 and introduced Yvonne Johnson, the senior auditor for the project. Mr. Yapple explained that HCHA is considered a component unit of Harris County government and, as such, its annual financial audit is submitted to the Harris County Auditor for inclusion in the county's annual Comprehensive Financial Report. He further explained that Null-Lairson was in the process of a final review of all of the information for submission to the County Auditor. A portion of the final review procedures include confirmation of certain data with the County Auditor's Office and with HUD.

Mr. Yapple also reported that he had met with HCHA's Audit Committee to discuss this draft. The audit has resulted in a clean opinion on the Authority's financial statements. The audit is essentially complete except for final review of the notes to the financial statements, preparation of final audit reports and additional information associated with the federal audit requirements for filing with HUD. While the section which includes management's discussion

and guidance is not included in the draft, Mr. Yaple indicated that those comments are now complete and would be included in the final Report.

In respect to the Notes to the financial statements, Mr. Yaple said that the audit does not include any review of the HCHA employees' (or retirees') retirement participation since they remain participants in the County's retirement plan. He also discussed the Notes in the Audit Report in respect to the Statement of Net Assets of HCHA, explaining that the bulk of the Authority's net assets are generated through its affordable housing development program. Mr. Lanier noted that the board of commissioners had agreed that all proceeds received by HCHA from its affordable housing program should be segregated in the financial statements in the event that HUD, at some time in the future, promulgates new regulations governing the treatment of such proceeds on the books of public housing authorities.

In concluding his remarks concerning the audit results, Mr. Yaple indicated that there would be one management exception included in the audit. That exception will recommend that HCHA adopt a formal investment policy and require personnel training for certain of its financial staff to conform with acceptable accounting guidelines.

Mr. Yaple recommended that the Board approve the draft presentation of the basic financial statements and authorize management to finalize all information necessary for submitting the final audited basic financial statements and schedule of expenditures of federal awards to the County Auditor for inclusion in the county's Comprehensive Annual Financial Report. Mr. Yaple commended the Authority for its performance and told the board that it should feel well pleased with the results of the audit. He also said that the agency's staff had been very professional and cooperative in its dealings with Null-Lairson throughout the audit engagement.

Mr. Rankin continued his presentation with a discussion of the HCHA Housing Choice Voucher program. He reported that HCHA's proposed 2005 Administrative Plan had been prepared, as required by HUD. The two significant additions to this year's Plan are the HCHA Home Ownership program and the Upfront Income Verification (UIV) components. Mr. Rankin reported that HUD would begin its audit of HCHA's UIV program on June 21st.

Mr. Rankin next requested permission to lease or purchase a vehicle for use by the Authority's Affordable Housing Division personnel as they traveled throughout the county inspecting the various projects. Mr. Lanier and Mr. Casimiro suggested that a Ford Explorer would be an appropriate vehicle to consider for that use.

Mr. Rankin then introduced Mr. Michael Robinson with Robinson Capital & Investment, Inc. Mr. Rankin said that later in the meeting Mr. Robinson would discuss a proposal regarding participation by HCHA with his company in the ownership and operation of the Copperwood Ranch Apartments, a recently-constructed 280-unit affordable housing community, located at 6833 Lakeview Haven Drive, Harris County, Texas 77084.

ACTION ITEMS

Mr. Lanier requested a motion that the board approve the HCHA 2005 Administrative Plan. Mr. Jones moved, seconded by Ms. Kirk, and the motion was unanimously approved.

Mr. Lanier requested that a motion be made that the board approve the draft audit report as presented by Null-Lairson CPAs and authorize management to finalize all information necessary for submitting the final audited basic financial statements and schedule of expenditures of federal awards to the Harris County Auditor for inclusion in the county's Comprehensive

Annual Financial Report. Ms. Kirk so moved, Mr. Casimiro seconded, and the motion was unanimously approved.

REPORT FROM THE HARRIS COUNTY COMMUNITY AND ECONOMIC DEVELOPMENT DEPARTMENT ON HOUSING REHABILITATION LOAN PROGRAM

Mr. David Turkel explained the proposed process of transferring the entire portfolio of housing rehabilitation loans, grants and liens from the Harris County Community and Economic Development Department to the Housing Authority. Mr. Turkel requested that the board approve the process and agree to execute the Memorandum of Understanding with Harris County clarifying the Interlocal Agreement authorized by Commissioners Court and the board of commissioners of the Authority in dated March 4, 2003. An extensive discussion ensued regarding the portfolio and the proposed process.

At the suggestion of the Authority's General Counsel, the board deferred any action on Mr. Turkel's recommendations until the July board meeting. In the interim, the board requested that Null-Lairson CPAs evaluate the financial implications of the transfers and report back to the board at its July meeting, also.

FINANCIAL AGENDA

Mr. David Gunter presented the April and May, 2005 financials for approval. Mr. Rankin explained the May Balance Sheet reflected a deficit of \$96,0056 but, with the expected closing of Baybrook Park on June 21st, the June figures would once again reflect a positive amount.

OTHER BUSINESS

Mr. Mike Robinson of Robinson Capital and Investment, Inc. presented a concept for Authority participation as a co-owner and operator in a recently-constructed (2003) 280-unit apartment complex in northwest Harris County known as Copperwood Ranch Apartments. Mr. Robinson reported that the project is currently at 95% occupancy and is a multi-family affordable housing development. As a developer of Houston real estate since 1973, his company has been involved in many tax credit projects over the years, including several which have been financed with bonds issued through the Harris County Housing Finance Corporation. He proposes selling the land to HCHA for \$10 and then having HCHA lease back the improvements to a partnership consisting of a Robinson Capital-affiliated entity and a HCHA-affiliated entity, in much the same fashion as HCHA has done with other developers in its seniors projects. HCHA would seek an exemption from ad valorem taxes for the entire project. Mr. Robinson would offer HCHA a guarantee of \$125,000 per year for its participation.

Mr. Lanier reminded the board and Mr. Robinson that he was an advocate for the construction of seniors and single-family affordable housing projects, but encouraged the comments of his fellow board members. He also indicated that, based on the financials of the project that he had reviewed, an ad valorem tax exemption was probably worth more than what Mr. Robinson was offering and encouraged the developer to re-examine the amount of the annual cash guarantee currently being discussed with HCHA.

Mr. Casimiro asked several questions of Mr. Robinson in respect to the project and indicated that he had extensive knowledge of the area and the rents generated by tenants in comparable projects. Ms. Kirk expressed her concern that, if the Authority proceeded to participate in such a project that all legal safeguards, including appropriate exit strategies, be put in place to protect the Authority's interests. Mr. Rankin reported that the project has a 30-year guaranteed affordable housing period and that he had discussions with Mr. Turkel regarding the possibility of Harris County awarding HCHA a grant in the neighborhood of \$200,000 to promote HCHA participation in the project. Mr. Jones expressed an interest in discussing participation by developers in making voluntary contributions to certain taxing authorities (such as school districts) in whose jurisdictions such projects are located so as to minimize the effect of the ad valorem tax exemptions on those entities.

Mr. Lanier supported the Authority moving forward with negotiations with Mr. Robinson in order to reach agreement on a term sheet which could be presented to the board for consideration at a later date.

Mr. Rankin reported that several staff members were scheduled for training conferences on affordable housing during the second half of the calendar year. He also reported that HUD had sent HCHA a Certificate of Appreciation for its leadership in training other area housing authorities in HUD compliance processes and procedures.

Mr. Jones requested that the Authority begin to prepare and publish an Annual Report detailing its accomplishments and financial status.

EXECUTIVE SESSION

No executive session was convened.

PUBLIC COMMENT

No one appeared to present public comments to the Board.

COMMENTS BY COMMISSIONERS:

No board members had comments.

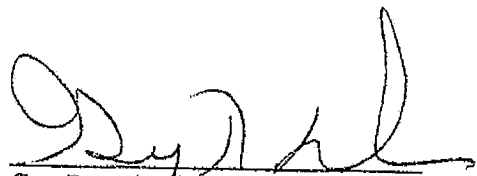
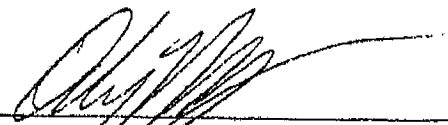
COMMENTS OR ANNOUNCEMENTS BY CHAIR:

Mr. Lanier had no further comments.

ADJOURMENT

Mr. Lanier invited a motion to adjourn. Ms. Kirk moved, Mr. Jones seconded, the motion carried and the meeting was adjourned at 4:59 p.m.

Adopted and approved this 21 day of September 2005.


Guy Rankin, Secretary
Odysseus Lanier, Chairman

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

Houston, Texas

August 17, 2005

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 17th day of August, 2005, at the offices of the Authority, 8410 Lantern Point Drive, inside the boundaries of Harris County in the city of Houston, Texas. Mr. Fleming, Vice Chairman, called the meeting to order at 3:11 p.m. and the roll was taken of the duly constituted officers and members of the Board:

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

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

Attending all or portions of the meeting were Guy Rankin, CEO and Executive Director 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 Gunter, Richelle Henderson, Melissa Quijano, and Yolanda Wadman of the Harris County Housing Authority; Ken Fickes and Daphne Lemelle, of the Harris County Community & Economic Development Department; Judge Patricia Lykos of the Harris County Judge's Office; Chris Breaux of Null-Lairson CPAs; Tom Forrester Lord of the Houston Housing Corporation and Eddie Szusek, Heather Michelson and William Chesney.

PRESENTATION AND APPROVAL OF MINUTES OF THE JUNE 15, 2005 BOARD MEETINGS

The minutes of the June 15, 2005 board meeting were presented for approval. Mr. Fleming moved for approval, seconded by Ms. Kirk, and the motion passed unanimously.

EXECUTIVE DIRECTOR'S REPORT

Mr. Rankin presented the Executive Director's Report and advised the board that the Authority's Housing Choice Voucher ("HCV") program showed a 99.1% lease-up rate. With respect to the agency's tax credit development program, he reported that construction at Cornerstone Village, the Village at Louetta and the Primrose at Bammel projects was ongoing and that each project was on time and within budget. Cornerstone Village, he indicated, is scheduled for open for occupancy on October 15, 2005.

Mr. Rankin also reported that the HUD had sent notification to the Authority that, in regard to its Section Eight Management Assessment Program ("SEMAP"), HCHA had received an overall performance rating of HIGH based on the HUD on-site review. This rating is the highest possible that can be awarded by HUD.

In addition, he reported that the Single Room Occupancy ("SRO") project the Authority is currently participating in with Houston Housing Corporation, Inc. was funded by HUD in the amount of \$3.3 Million.

Mr. Rankin next introduced Melissa Quijano, the manager of HCHA's Housing Choice Voucher Program, and Richelle Henderson, the manager of the Affordable Housing Division and asked each to make a presentation to the board regarding the activities of their respective departments for the past twelve months.

Ms. Quijano began by elaborating on the SEMAP rating received from HUD. She explained that the Authority had scored the highest number of points possible in every category and that this was the 3rd consecutive year in which HCHA had obtained the highest possible rating. She also reported that the Authority provides housing services to more than 6,000 persons each month in cooperation with 750 landlords. The annual impact on the Harris County economy as a result of the Housing Choice Voucher program is estimated to be over \$13 Million. In addition, the Authority conducts over 2000 in-person interviews and over 4,300 housing unit inspections on an annual basis. These inspections, she said, serve to maintain a high quality housing stock within the HCHA service area.

Ms. Quijano reported further that HCHA maintains a successful partnership with the Harris County Social Services Department and with the Worksource, a non-profit social services agency. Through these partnerships, HCV clients over the age of 18 participate in a job bank referral system and in a career center located in the area of their residences designed to incorporate them expeditiously into the Harris County workforce. She also explained that HCHA has developed a highly effective fraud detection program designed to properly track all sources of income of a participating household in order to ensure the integrity of the HCV program.

Concluding her remarks, Ms. Quijano reported that every HCHA staff member has attended HUD-approved training over the past year and that all staff members are certified professionals in their respective areas. HCHA is the only public housing authority of the 26 operating within the region that has achieved such status. Because of this unique accomplishment, HUD is now having HCHA conduct training and development classes for all the remaining public housing authorities in the region.

Ms. Richelle Henderson presented an overview of the Affordable Housing Division, which includes the tax credit affordable housing program, the housing choice voucher ("HCV") program, the HCV homeownership program, and the single room occupancy ("SRO") program.

In the tax credit affordable housing program, Ms. Henderson reported that HCHA has negotiated and received a total of \$8,570,000 in grant funds from the Community and Economic Development Department ("CEDD") of Harris County and those funds were used to leverage approximately \$105 Million dollars to develop more than 1,100 high quality affordable housing units for seniors. HCHA currently manages a portfolio of seven tax credit developments ranging in size from 100 units to 280 units and participates in these activities with five different developers. It is projected that in 2008 these developments, leased at 93% occupancy, will generate approximately \$500,000 annually for the Authority.

In the HCV homeownership program, Ms. Henderson reported that HCHA was the first housing authority in this region to receive approval from HUD to administer such a program. HUD has forwarded a copy of HCHA's HCV homeownership plan to each of the 26 Public Housing Authorities in the region and advised them to replicate our plan. In cooperation with the Housing Choice Voucher program HCHA conducted a homeowner's interest meeting which was attended by more than 300 voucher holders. Credit checks were conducted on each voucher recipient who expressed an interest in home ownership and each client's financial ability to continue participation in the home buying process was rated based on standard credit-worthiness criteria. HCHA will partner with mortgage brokers, lenders, realtors, counseling agencies and Fannie Mae to administer the program. HCHA will next schedule meetings with 26 credit-ready Section 8 voucher participants to proceed with the next steps in the homebuying process.

Ms. Henderson concluded her remarks with a summary of HCHA's Single Room Occupancy project being developed in cooperation with Houston Housing Corporation. Houston Housing Corporation is continuing to move forward with plans to rehabilitate a 72-unit apartment complex for the Homeless with funds provided by a \$500,000.00 grant from the City of Houston. HCHA will administer vouchers for the residents by way of funding in the amount of \$3.3 Million provided by HUD. The Authority will partner with several area social service agencies to provide wrap-around services for the residents.

Ms. Kirk and Mr. Jones thanked Ms. Quijano and Ms. Henderson for jobs well done and for their commitment to quality.

ADMINISTRATIVE AGENDA AFFORDABLE HOUSING

Mr. Rankin introduced Chris Breaux with Null-Lairson CPAs, who presented the results of the HCHA Single Audit of operations for the fiscal year ending March 31, 2005. Mr. Breaux reported that the Authority had received an Unqualified, or "clean", opinion, the highest possible designation that can be accorded. As of March 31, 2005 the combined cash balance of the Authority's Section 8 Program and Affordable Housing program totaled \$1.2 Million. Mr. Breaux further reported that an electronic filing will be made with HUD during the month of September.

ACTION ITEMS

Mr. Rankin presented for consideration a Memorandum of Understanding ("MOU") among HCHA, Houston Copperwood Apartments, L.P. and Robinson Capital Investments, Inc. The MOU relates to HCHA's purchase of a partnership interest in the multi-family tax credit development known as Copperwood Ranch Apartments. Mr. Fleming inquired as to who negotiated the terms of the transaction on behalf of the Authority and was assured that the Authority's lawyers had conducted the negotiations, subject to approval by Mr. Rankin. Mr. Rankin advised the board members that Harris County had agreed to award a grant of \$300,000.00 to the Authority in order to facilitate HCHA's participation in the acquisition of the partnership interest. Mr. Rankin recommended board approval of the transaction.

Mr. Fleming requested a motion that the board approve the Memorandum of Understanding among HCHA, Houston Copperwood Apartments, L.P. and Robinson Capital Investments, Inc. Mr. Jones moved, Ms. Kirk seconded the motion, and it was unanimously approved.

Mr. Fleming requested a motion that the board approve the Resolutions to commit HOME funds to the Magnolia Estates and Waterside Court seniors tax credit projects previously approved by the board for HCHA participation. Mr. Jones moved, Ms. Kirk seconded, and the motion was unanimously approved.

ADMINISTRATIVE AGENDA HOUSING CHOICE VOUCHER AND SINGLE ROOM OCCUPANCY PROGRAMS:

Mr. Rankin introduced Tom Forrester Lord with Houston Housing Corporation, Inc. ("HHC") and asked that he present a progress report on the Jackson Hinds Garden SRO project. Mr. Lord thanked the HCHA staff for the support exhibited for the project and reported that rehabilitation could not commence until the City of Houston grant funds of \$500,000.00 had been received by HHC. Construction is scheduled to commence in September, 2005 and the opening of the facility is projected to occur in the first quarter of 2006. Mr. Lord reported that the facility would consist of 110 apartments, 72 of which will be reserved to accommodate HCHA clients.

Mr. Jones inquired as to the ability of the facility to provide onsite social services and other assistance for the benefit of the residents. Mr. Lord explained that he would seek essential resources and assured the board that they would be available on site to the residents.

ACTION ITEMS

Mr. Fleming requested a motion that the board approve the Section 8 Management Assessment Program ("SEMAP") Resolutions. Ms. Kirk moved, seconded by Mr. Jones, and the motion was unanimously approved.

Mr. Fleming requested a motion that the board approve the Housing Assistance Payment ("HAP") contract with Houston Housing Corporation, Inc. for the operation of a 72-unit SRO

project in the City of Houston. Mr. Jones moved, seconded by Ms. Kirk, and the motion was unanimously approved.

CEDD Rehabilitation Loans

Mr. Rankin introduced Ken Fickes of the Harris County Community and Economic Development Department ("CEDD") to discuss the Rehabilitation loans and grants program administered by CEDD on behalf of Harris County. Mr. Rankin explained that Null-Lairson CPAs had conducted an assessment of the loans and grants and was in the process of preparing a report for the board. Null Lairson representatives had also met and discussed the matter with Chairman Lanier. Mr. Fleming suggested that the matter be held until the Chairman is present to participate in discussions of the program. Mr. Rankin was instructed to invite a Null-Lairson representative to the September board meeting to discuss its report.

Mr. Jones requested that he be provided a thoroughly briefing by HCHA staff on the loans and grants in question prior to the September board meeting. No action was taken by the board in regard to this agenda item.

FINANCIAL AGENDA

Mr. David Gunter presented the June and July 2005 financials for approval. He reported there were no significant changes to the Authority's financial position since the July board meeting.

Mr. Rankin explained HCHA's financials will reflect a deficit through the fourth quarter of 2005, at which time one of the seniors tax credit projects is expected to close and reflect the additional revenue earned as a result of that transaction.

Mr. Jones requested that future Financial Reports include the projected revenues expected to be earned by the Authority from its affordable housing activities.

OTHER BUSINESS

Ms. Kirk requested that the board schedule a follow up retreat in September to discuss HCHA's finances.

Mr. Jones inquired about the timing for potentially opening up the Authority's waiting list. Mr. Rankin responded that reopening the waiting list was not likely to occur before April of 2007, due to HUD cutbacks.

Mr. Jones further inquired about the preparation of an Authority Annual Report. Mr. Rankin indicated that funds received from HCHA participation in the Copperwood Apartments transaction could be used to prepare an Annual Report and to provide some media training for staff. Mr. Jones voiced his support for the use of those funds.

EXECUTIVE SESSION

No executive session was convened.

PUBLIC COMMENT

Ms. Heather Michelson spoke of her difficulty in being unable to address grievances relating to a contractor that had poorly constructed her home and how she has now been rendered bankrupt and penniless as a result. Ms. Michelson criticized the Texas legal system, which she maintains, does not provide a means for a consumer to challenge and obtain redress against home contractors that build an inferior structure.

COMMENTS BY COMMISSIONERS:

No board members had comments.

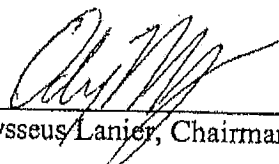
COMMENTS OR ANNOUNCEMENTS BY CHAIR:

Mr. Fleming had no further comments.

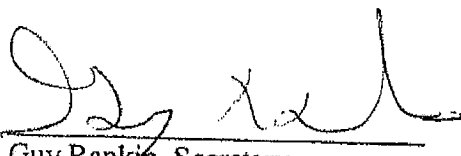
ADJOURNMENT

Mr. Fleming invited a motion to adjourn. Ms. Kirk moved, Mr. Jones seconded, the motion carried and the meeting was adjourned at 4:00 p.m.

Adopted and approved this _____ day of _____, 2005.



Odysseus Lanier, Chairman



Guy Rankin, Secretary

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

Houston, Texas

September 21, 2005

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 21st day of September, 2005, at the offices of the Authority, 8410 Lantern Point Drive, inside the boundaries of Harris County in the city of Houston, Texas. Mr. Lanier, Chairman, called the meeting to order at 3:05 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	Present

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

Attending all or portions of the meeting were Guy Rankin, CEO and Executive Director 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 Gunter, Richelle Henderson and Yolanda Wadman of the Harris County Housing Authority; David Turkel of the Harris County Community & Economic Development Department; and Brad Dill of BD Realty Advisors.

APPROVAL OF MINUTES OF THE AUGUST 17, 2005 BOARD MEETING

The minutes of the August 17, 2005 board meeting were presented for approval. Mr. Jones noted several corrections to the Minutes as presented and moved for approval with those corrections. Ms. Kirk seconded and the motion was approved unanimously.

EXECUTIVE DIRECTOR'S REPORT AND ADMINISTRATIVE AGENDA

Housing Choice Voucher Program Recent Accomplishments

Mr. Rankin presented the Executive Director's Report, advising the Board that the U.S. Department of Housing and Urban Development has rated HCHA a "High Performer" for three consecutive years. Further, he reported that Null-Lairson CPAs, the Authority's independent auditor, at the completion of the annual Single Audit examination of HCHA operations, has issued an "unqualified" or "clean" opinion for the past two years. No adverse findings were cited in the most recent Audit report.

Mr. Rankin also reported that HCHA completed over 6,700 housing unit inspections and completed more than 32,000 units of service since April 2004, resulting in a lease-up rate of approximately 99.9% over the past two years.

Affordable Housing Program—Status of Tax Credit Developments

In respect to Low Income Tax Credit Development projects, HCHA has negotiated and received a total of \$8,570,000 in grant funds from Harris County over the past 18 months. These funds have been used to leverage more than \$105 million dollars in loan funds for the development of 1,140 newly-constructed, high-quality, affordable housing units for eligible Harris County citizens.

HCHA currently manages a portfolio of seven (7) tax credit developments with emphasis directed toward providing housing for senior citizens. Working with five different co-developers, development activity has included acquisition of an existing project, projects currently under construction, and projects scheduled to begin construction in early 2006. The seven developments range in size from 100 units to 280 units. In 2008, it is projected that these developments, at a 93% lease-up rate, will generate approximately \$500,000 annually for the Housing Authority's operations.

Affordable Housing Program—Homeownership Program

HCHA recently became the first housing authority in this region to receive approval from HUD to administer a Homeownership program. Since receiving that approval, HUD has forwarded HCHA's Administrative Plan to all 26 Housing Authorities in the region and advised them to replicate the HCHA plan.

As previously reported, HCHA held a Homeownership interest meeting for over 300 of its current voucher holders. Credit checks were conducted and an assessment was made of each client's ability to proceed further in the home buying process. On August 24, 2005, a New Homeowner Orientation was held for 26 credit-ready Section 8 voucher participants. The Authority is partnering with a mortgage broker, a lender, a realtor, a counseling agency and Fannie Mae to administer the program.

Single Room Occupancy Program

Mr. Rankin once again advised the board that HCHA had received \$3.3 million from HUD to proceed with administering vouchers for the Jackson Hinds Gardens Single Room Occupancy

development. Houston Housing Corporation, Inc. will operate the facility and is proceeding with the rehabilitation of a downtown building that will provide 72 units of housing for the homeless.

Partners in the SRO development will include several social service agencies, which will provide wrap-around services for Houston's homeless population. Current partners include the AIDS Foundation of Houston, the Career & Recovery Resources, the Depression Bipolar Support Alliance, Family Services, the Harris County Guardianship Program, Harris County Hospital District-Homeless Services, Healthcare for the Homeless, the Gathering Place, MHMRA, the Veterans Administration, Medical Center/Health Care for Homeless Veterans, Catholic Charities, the WorkSource, SEARCH, Northwest Assistance Ministries, the Metropolitan Transit Authority and others.

Infill Housing/Innovative Housing Communities

HCHA has begun preliminary discussions with three national builders regarding the future development of an Active-Adult Master Planned community designed to serve the special needs of seniors. The project will include more than 200 units of affordable rental housing units within a primarily single-family home subdivision. Additionally, the preliminary land plan calls for an affordable townhome development within the subdivision. The price range for the single-family homes is expected to be from \$120,000.00 to \$280,000.00. Ryland Homes, Centex and K. Hovnanian Homes have expressed interest in purchasing developed pods of building lots to construct single-family homes. HCHA would serve as the General Partner in the development of the project.

Family Self Sufficiency

The Housing Authority has formed partnerships with The Worksource and the Harris County Social Services Department to provide its clients opportunities to seek employment or gain additional skills needed to become 100% self-sufficient. All clients receive Job Counseling services at least once a year.

Hurricane Katrina

In the aftermath of Hurricane Katrina and its devastating effect on the city of New Orleans, thousands of New Orleans residents were evacuated to the Houston Astrodome to live temporarily until arrangements for housing could be accomplished. Mr. Rankin reported that on September 4, 2005, the Authority was asked to assist other city and county agencies in securing housing for the Katrina evacuees. At the time, 27,000 people were being housed at the Astrodome and the George R. Brown Convention Center. At one point, over 55,000 hotel units were being occupied by evacuees from Louisiana or Mississippi. In seven days, it is estimated that more than 200,000 Louisiana or Mississippi residents had come to Harris County to escape the wrath of Hurricane Katrina.

The first task undertaken by HCHA was to locate units to house senior citizens displaced by the hurricane. With the help of 28 loaned executives from Center Point Energy, a distribution system was designed to house them and secure for them food, furniture, household goods and medical assistance. Board member Kirk volunteered and worked with the Center Point Team. HCHA put together a complete logistical support team to address the evacuees' housing needs. Mr. Gunter, Ms. Henderson, Ms. Quijano, and other members of the HCHA staff worked

countless, long, hours, often with little or no sleep, in order to accomplish the mission. One result of the staff's hard work was the establishment of The Housing Choice Center, which operates to provide eligible evacuees access to information about the different types of housing available to them in Harris County. Examples include public housing or Section 8 units, or help for people not previously in need of housing assistance, but who now having lost their homes, require housing assistance in some form. Another example is the City of Houston's City Housing Voucher program, available to provide up to six months rent and \$600.00 in utilities payments. The America Outreach Program was created to act as a clearinghouse for organizations throughout the country offering to help families with housing and employment needs. A faith-based housing assistance center was established to coordinate assistance supplied by churches, assisted living centers and other similar organizations. Continental Airlines offered free air fare to displaced evacuees to relocate anywhere within the continental USA.

Ms. Kirk and Mr. Lanier commended Mr. Rankin, Mr. Gunter, Ms. Henderson, Ms. Quijano, and all the employees of HCHA, for performing beyond the call of duty during the Hurricane Katrina crisis.

Mr. Jones asked the Board to grant Mr. Rankin the administrative flexibility to approve time off for all employees who worked so diligently during the Katrina crisis. Mr. Casimiro also praised the work of the HCHA staff and indicated his interest in assuring that the story of the HCHA contribution be brought to the attention of the media. Mr. Lemond added that, as a board member of the Harris County Hospital District, he was extremely proud also of the way the District provided medical care and assistance to the evacuees by setting up and operating an entire hospital environment within the Astrodome.

Mr. Rankin indicated that it was critical to monitor the progress of the evacuees and assure that their social services needs, as well as housing needs, are adequately and properly met. Ms. Kirk volunteered to assist Mr. Rankin in securing such help for the evacuee population.

Master Planned Active Adult Community

Mr. Rankin introduced Mr. Brad Dill of BD Realty and asked that he discuss the previously-mentioned master-planned active adult community. Mr. Dill explained that consideration was being given to the purchase of 350 acres of land in the Lake Houston vicinity for the development. The development would be built exclusively for the benefit of seniors. Ryland Homes, Centex and K. Hovnanian Homes have expressed interest in purchasing developed pods of building lots for the construction of single-family homes.

The Board engaged in an extensive discussion regarding the planned community. Mr. Casimiro inquired as to whether the property was located in the flood zone and was assured that it was not. Ms. Kirk stated her belief that the planned initiative appeared to present an opportunity for HCHA to achieve its stated mission of promoting and creating self-sufficiency among HCHA clients, as well as of developing affordable housing units within mixed-income housing communities. Mr. Jones expressed his strong desire to have participating builders commit to constructing affordable units in the development. Mr. Casimiro also voiced his opinion that the development should represent a thorough mix of affordable housing units and mixed income purchasers.

ACTION ITEMS

Mr. Rankin requested approval of a Resolution authorizing an amendment to the 2005 HCHA Administrative Plan. A motion was made by Mr. Casimiro, seconded by Mr. Jones, and unanimously approved.

Mr. Rankin requested a motion that the board approve an Interlocal Agreement authorizing the transfer of \$1,500,000 in TIRZ funds from CEDD to HCHA for the purpose of providing interim housing in Harris County for Hurricane Katrina evacuees. A motion was made by Ms. Kirk, seconded by Mr. Casimiro, and unanimously approved.

FINANCIAL AGENDA

Mr. David Gunter presented the HCHA August, 2005 financials for approval. There were no significant changes in the Authority's operations for the month of August. Mr. Rankin explained HCHA will receive \$150,000.00 upon the closing of the Copperwood Apartments project in November, 2005 and that Waterside Court will close in March of 2006 and will bring in \$250,000.00.

Mr. Lanier requested approval of the financials. A motion was made by Ms. Kirk, seconded by Mr. Casimiro, and unanimously approved.

OTHER BUSINESS

Ms. Kirk expressed her interest in scheduling a follow-up meeting to the Board retreat to assure that the Authority is still on course with its stated objectives.

Mr. Lanier asked Mr. Casimiro and Mr. Rankin to meet with Pierpoint Communications, the Authority's media consultant, in reference to media coverage associated with Hurricane Katrina. He also asked that Ms. Kirk and Mr. Rankin meet regarding the matter of provision of social services to Katrina evacuees and requested that they keep Mr. Jones apprised of their progress.

EMERGENCY ITEMS

Mr. Rankin requested a motion that the Board approve a Resolution relating to an Interlocal Agreement between the Harris County Housing Authority and Harris County on staffing and other administrative matters. A motion was made by Ms. Kirk, seconded by Mr. Casimiro, and unanimously approved.

Mr. Lanier requested a motion that the Board approve a Resolution authorizing the Executive Director to take action regarding emergency management preparations that may be

necessary or appropriate in connection with the approaching Hurricane. A motion was made by Ms. Kirk, seconded by Mr. Casimiro, and unanimously approved.

EXECUTIVE SESSION

No executive session was convened.

PUBLIC COMMENT

No one requested an opportunity to present public comments.

COMMENTS BY COMMISSIONERS:

No board members had comments.


COMMENTS OR ANNOUNCEMENTS BY CHAIR:

Mr. Lanier had no further comments.

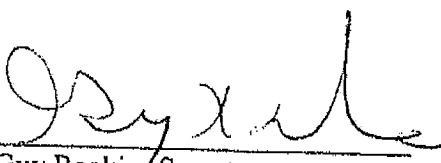
ADJOURNMENT

Mr. Lanier invited a motion to adjourn. A motion was made by Ms. Kirk and seconded by Mr. Casimiro. The motion carried and the meeting was adjourned at 5:30 p.m.

Adopted and approved this _____ day of _____, 2005.



Odysseus Lanier, Chairman



Guy Rankin, Secretary

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

Houston, Texas

November 16, 2005

**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 16th day of November, 2005, at the offices of the Authority, 8410 Lantern Point Drive, inside the boundaries of Harris County in the city of Houston, Texas. Mr. Lanier, Chairman, called the meeting to order at 3:11 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	Not 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 Guy Rankin, CEO and Executive Director 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:

Nereyda Vega and Yolanda Wadman of the Harris County Housing Authority; David Turkel, Daphne Lemelle, Scott Dawson, Diana Lohman and Madeline Santa of the Harris County Community & Economic Development Department; Patricia Lykos of the Harris County Judge's Office; J.J. Smith of Fannie Mae; Barry Kahn of Hettig-Kahn, Inc. and Charles G. Yaple of Null-Lairson, CPA's.

**PRESENTATION AND APPROVAL OF MINUTES OF THE AUGUST 17, 2005 AND
SEPTEMBER 21, 2005 BOARD MEETINGS**

The minutes of the August 17, 2005 and September 21, 2005 board meetings were presented for approval. Mr. Casimiro moved for approval, seconded by Ms. Kirk, and the motion passed unanimously.

EXECUTIVE DIRECTOR'S REPORT

Mr. Rankin reported on the hurricane relief efforts of the Joint Hurricane Task Force, established as a result of Hurricane Katrina. The Task Force is a collaborative venture of Harris County and the City of Houston, supported by numerous City and County agencies and the private sector. The City has reached an agreement with the U.S. Department of Housing and Urban Development ("HUD") and the Federal Emergency Management Agency ("FEMA") to provide 30,000 housing vouchers to Hurricane Katrina evacuees now residing in Harris County. The program, Mr. Rankin stated, is a \$470 Million effort. A central operations facility, known as the Disaster Recovery Center, has been established to provide all available resources such as housing assistance, food stamps processing and medical services, to evacuees at one site. Because of the housing voucher program, FEMA has announced that all evacuees currently housed in hotels located in the Greater Houston area will be relocated to apartments or single family housing units by December 1, 2005. This will affect the Harris County Housing Authority ("HCHA") because evacuees previously residing in public housing or who held Section 8 housing vouchers will now receive services from a new, central housing administrator known as the Katrina Disaster Housing Assistance Program ("KDHAP"). HUD has given HCHA the authority to administer a portion of the 30,000 vouchers and has agreed to pay the Authority the sum of \$1,000 plus a 15% administrative fee for each family placed by HCHA into housing under KDHAP. HCHA currently is paid only a 6% administrative fee for such services and HUD recognizes that such a sum is not sufficient to support the program. To date, HCHA has provided housing assistance to 400 families, resulting in earned income of \$400,000.00, plus the overriding 15% administrative fee. HCHA's goal is to place 1160 families through KDHAP. This effort will require that the Authority assign three persons to operate the KDHAP, which includes two case managers and one administrative assistant. The revenue brought in from the KDHAP will allow HCHA to balance its budget as early as March 31, 2006.

Mr. Rankin then introduced Mr. James J. Smith, regional director of the Federal National Mortgage Association ("Fannie Mae"). Mr. Smith addressed the board in respect to a rental housing program designed by Fannie Mae which would allow HCHA to lease Fannie Mae's entire inventory of unoccupied, foreclosed, single-family houses in Harris County for re-lease to Katrina evacuees at no cost for a period of 18 months. Priority would be given to Louisiana hurricane evacuees who had worked as first responders, i.e., police and firefighters, and then to other public servants such as schoolteachers. In turn, the City of Houston would pay HCHA an agreed amount per house to cover the expenses associated with administering the program. The City would also guarantee that eligible families would live in the homes rent-free for at least 12 months. HCHA would conduct the initial inspection of the 69 houses Fannie Mae is making available. Fannie Mae would pay the costs of any repairs necessary to the units. HCHA would then hire a real estate management company to collect the rental payments from the City of Houston and provide all property management services.

Mr. Smith stated that this program would be the model for implementation in a nine-state Fannie Mae region and that Fannie Mae was extremely pleased that HCHA would administer the program on its behalf. Mr. Rankin commented that it was the Authority's goal to have all 69

homes occupied by families as early as Christmas of 2005. He further indicated that this program would in effect be operated as part of a home ownership program, with the hope that the occupants would choose to purchase the homes outright from Fannie Mae.

Mr. Lanier requested that Mr. Rankin explore the possibility of making a presentation regarding the Fannie Mae initiative to the FEMA administrator for the state of Texas, recognizing that FEMA may wish to replicate the program statewide.

Affordable Housing Program-Status of Tax Credit Developments

Mr. Rankin reported on the status of HCHA's tax credit developments, as follows:

- Cornerstone Village – Occupancy began October 21, 2005.
- Primrose at Bammel – Projected completion March 2006.
- Village at Louetta – Projected completion February 2006.
- Baybrook Park Retirement Center-Notice To Proceed issued August 26, 2005.
Projected completion August 2006.
- Waterside Court--Closing October 14, 2005.
- Magnolia Estates-Projected land closing November 2005.
- Copperwood Ranch-Projected closing November 15, 2005.

Mr. Rankin reported that sale to HCHA of the Copperwood Ranch project, a relatively new existing 280-unit development in far west Harris County, was being evaluated by the Harris County Appraisal District ("HCAD") to determine whether the requested tax exemption from ad valorem taxes could be granted. Mr. Rankin said that he has been invited to meet with HCAD officials to discuss the matter and that he would report back to the board at its next meeting on the status of the project.

Housing Choice Voucher

Lease-up rate is currently at 99.9%. HCHA is now being funded in two ways--by calendar year and by fiscal year. The allocation for new funding will be based on the first 6 months of 2005. 2006 calendar year vouchers will total the current 1840, plus the vouchers handled through the KDHAP. The number of vouchers has remained stable at 1840 without any loss of vouchers. He noted, however, that the HCHA regular Section 8 voucher program and the KDHAP were being accounted for separately on the Authority's books, as well as personnel assigned to the two functions.

There was a discussion regarding the Board Retreat and it was agreed that, because of the events of Hurricanes Katrina and Rita, the Retreat would be rescheduled for some time in 2006.

ACTION ITEMS

Mr. Rankin requested approval of the Resolution authorizing an increase in the total amount of financing for the Baybrook Park Retirement Center from \$5,550,000.00 to \$5,700,000.00. Ms. McDonald explained the resolution was for the increase of \$150,000.00 in

funding. The lender requested the resolution for its file. Mr. Kahn explained that the City of Webster, just prior to closing issued a letter with additional requirements which would cost an additional \$100,000.00, and that there had also been an increase in construction costs as an effect of the hurricanes.

Mr. Lanier requested a motion for approval of resolutions regarding Baybrook Park Retirement Center for increased project financing in the amount of \$150,000.00. Mr. Casimiro moved, seconded by Ms. Kirk, and the motion was unanimously approved.

Mr. Rankin requested a motion for approval of resolutions authorizing HCHA to enter into leases with Fannie Mae for single family houses for sublease to Hurricane Katrina and Hurricane Rita evacuees and providing that the HCHA Executive Director be authorized to take action to achieve the purposes and intent of such resolutions. Mr. Casimiro moved, seconded by Ms. Kirk, and the motion was unanimously approved.

Ms. McDonald explained that, unfortunately, the HOME grant to purchase the property for Olive Grove would not be ready by the end of the month and the developer has arranged for a bridge loan from Wachovia Bank to carry the purchase of the property until such time as the HOME grant is disbursed. The resolutions authorize HCHA to purchase the land, which property it will lease to the Partnership pursuant to a ground lease, for development thereon of a multi-family senior rental housing project to be known as "Olive Grove Manor". It is a non-recourse loan. The current projections as to the availability of HOME funds is mid-January. Ms. McDonald negotiated the additional loan on behalf of the partnership, which will absorb the costs of the bridge loan.

Mr. Lanier requested a motion for approval of resolutions regarding the pre-development loan relating to Olive Grove Manor, Ltd., also known as Magnolia Estates. Ms. Kirk moved, seconded by Mr. Casimiro, and the motion was moved unanimously.

Mr. Rankin requested approval of the resolutions regarding the Copperwood Ranch project, allowing him the opportunity to meet with HCAD officials and to negotiate a reasonable solution to the tax exemption issue, including the authority to negotiate a Payment In Lieu of Taxes ("PILOT"), if necessary. This is time sensitive because the end of the calendar year is approaching and the developer wishes to finalize the exemption question prior to year's end. Ms. McDonald pointed out that project is distinguishable from other HCHA projects because HCHA would receive \$127,500.00 annually because of its ownership status, irrespective of financial results of the partnership.

Mr. Lanier asked for a motion to approve the solutions regarding Copperwood Ranch, and authorizing Mr. Rankin to negotiate a reasonable solution with HCAD, including an agreement to enter into a PILOT with HCAD not to exceed 50% of the annual taxes which would be assessed if the project had no tax exemptions. Mr. Casimiro moved, seconded by Ms. Kirk, and the motion was moved unanimously.

There was a discussion regarding the Harris County Community & Economic Development Department (CEDD) Rehabilitation Loans and Grants. The loans have not been

serviced. Mr. Turkel agreed to call the county attorney and ask for indemnification to protect HCHA. A special meeting will be posted, if necessary, to approve any agreement reached between HCHA and Harris County.

FINANCIAL AGENDA

Mr. Rankin presented the HCHA October, 2005 financials. There were no significant changes in the Authority's operations for the month October

OTHER BUSINESS

Mr. Rankin will report in January on the status of the Master Planned Active Adult Community.

Mr. Rankin will canvas board members to determine the best date for a board retreat for 2006.

Ms. Kirk reported that she had recently attended a housing commissioners' convention and was very impressed with the work of the housing authorities of the City of Austin and the City of San Antonio. Both housing authorities have received national recognition.

Mr. Lanier reported that Ms. Edwina Carrington, Executive Director of the Texas Department of Housing and Community Affairs ("TDHCA") had praised Mr. Rankin for his efforts during the aftermath of Hurricane Katrina. Mr. Lanier advised the staff that HCHA's public relations consultant should work to educate the public of HCHA's successess.

EXECUTIVE SESSION

No executive session was convened.

PUBLIC COMMENT

No individuals appeared to present Public Comments.

COMMENTS BY COMMISSIONERS:

No board members had comments.

COMMENTS OR ANNOUNCEMENTS BY CHAIR:

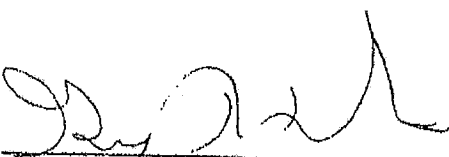
Mr. Lanier had no further comments.

ADJOURMENT

Mr. Lanier invited a motion to adjourn. Ms. Kirk moved, Mr. Casimiro seconded, the motion carried and the meeting was adjourned at 5:12 p.m.

Adopted and approved this 25 day of January 2006.


Odysseus Lanier, Chairman


Guy Rankin, Secretary