

MINUTES OF REGULAR MEETING OF

Houston, Texas

January 25, 2006

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 25th day of January, 2006, 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 3:00 p.m. and the roll was taken of the duly constituted officers and members of the Board:

Odysseus Lanier	Chairman	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 of the law offices of Winstead Sechrest & Minick, P.C., the Authority's General Counsel. Additional attendees were as follows:

David Gunter and Yolanda Wadman of the Harris County Housing Authority; David Turkel, Diana Lohman, Ken Fickes, and Craig Atkins of the Harris County Community & Economic Development Department and Patricia Lykos of the Harris County Judge's Office.

PRESENTATION AND APPROVAL OF MINUTES OF THE NOVEMBER 16, 2005 BOARD MEETING

The minutes of the November 16, 2005 board meeting were presented for approval. Ms. Kirk moved for approval, seconded by Mr. Casimiro, and the motion passed unanimously.

EXECUTIVE DIRECTOR'S REPORT

Mr. Rankin reported on the status of the discussions with Harris County regarding the Community and Economic Development Department and Harris County Housing Authority Rehabilitation Loans program. He advised the board that a tentative agreement on the terms and conditions of a revised Interlocal Agreement between the County and HCHA had been reached and would be explained in greater detail under Item VI (b) of the Agenda.

Diana Lohman and Craig Atkins of the Harris County Community and Economic Development Department gave a report on the entire loan portfolio that makes up the County's Rehabilitation Loan Program. Ms. Lohman, Mr. Atkins and Mr. Fickes reported that the overwhelming majority of the 400 loans in the portfolio could be characterized as non-performing loans and had been carried in an inactive status for the past 3 years. Diana Lohman said that she had verified that 7 of the 400 loans could be rated as performing loans. Ms. Lohman explained that those 7 loans were being paid in accordance with the agreement and 4 awaiting the execution of Releases of Liens. There followed extensive dialogue among the board members on whether Harris County or the Housing Authority would be the legal entity responsible for the execution of releases if the board voted to approve the Interlocal Agreement, as amended. There was additional discussion regarding which entity, subsequent to approval of the revised Agreement, would assume the responsibility for the overall administration of the loan portfolio. Ms. Lohman and Mr. Atkins assured the board that following the board's approval of the revised Agreement, the Community and Economic Development Department would continue to be responsible for the overall administration of the program's loan portfolio as it relates to releasing of liens.

Mr. Rankin also reported that the Housing Authority has engaged in extensive discussions with national homebuilders regarding the development of an Active-Adult Master Planned Community on Lake Houston in northeast Harris County. Three national builders have signed and delivered letters of interest in participating in the project. HCHA looks forward to working with the private sector to stimulate the development of this community.

Affordable Housing Development Division

Mr. Rankin explained the Housing Authority currently is participating as a co-developer in four public/private seniors housing communities which will provide badly needed housing for seniors who reside in Harris County. During the calendar year 2005, almost 600 new affordable senior housing units were committed to be built in Harris County with the assistance of funds

invested by the Housing Authority in conjunction with private developers. Each development will incorporate a full range of social services and job training classes for senior citizens. Over a 24-month period HCHA will have invested more than \$8 million in grant funds awarded to it by the Harris County Community and Economic Development Department to assist in the creation of seniors housing units. Those funds will be leveraged to create more than \$105 million dollars in affordable housing developments in Harris County and some 1,100 units of such housing will have been constructed at the end of the 24-month period.

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

Cornerstone Village – 64% Occupied – The Development opened as scheduled in December, 2005 and 78 of 150 units are currently leased.

Primrose at Bammel – Projected completion March 1, 2006.

Village at Louetta – Projected completion February 25, 2006.

Baybrook Park - Projected completion August 2006.

Waterside Court - Construction to commence Spring 2006.

Magnolia Estates – Construction to commence Winter 2006. – Facility requires a package wastewater plant.

Copperwood Ranch – Pending Abatement determination.

Homeownership Program

Mr. Rankin explained that HCHA has developed a Housing Choice Voucher Homeownership Program which allows Section 8 participants to purchase a home and move from public assistance to homeownership. The first new home closing occurred on December 22, 2005, thus making the move toward self-sufficiency a reality for some Section 8 participants and homeownership a choice.

Fannie Mae/HCHA Program

Mr. Rankin reported that HCHA developed a first-of-its-kind partnership with Fannie Mae to make single family homes available for lease to eligible participants from the inventory of Fannie Mae foreclosed properties. This is a program which allows an unoccupied foreclosed property to be used to help families achieve self-sufficiency and, eventually, to assist them in potentially purchasing the home as their own. Fannie Mae intends to provide an additional 35 houses for use in the program in the near future.

Single Room Occupancy Program

Mr. Rankin explained that HCHA had been awarded \$3.3 million dollars in HUD funds over the next ten years to be used for rent payments for the homeless at the Jackson Hinds Garden Single Room Occupancy development, a 72-unit apartment community near downtown. A new partnership with multiple agencies and a myriad of social services programs will provide wrap-around services for this development. The Harris County Community and Economic Development has awarded \$300,000 in additional funds to Houston Housing Corporation to further assist the project. A lengthy discussion ensued regarding the Jackson Hinds development

and the commissioners sought assurances from Mr. Rankin that HCHA would not be adversely affected in any way by the inability of the developer to meet its deadlines in regard to construction and/or ultimate operation of the facility. Particularly, Mr. Lanier made clear his expectation that all monies tendered by HUD for use in the payment of rents at the facility be segmented on the books of the Authority in such a way that they are always identifiable and not subject to erroneously appropriation for other uses.

Mr. Rankin requested approval of the PHA Plan 2006 as detailed in the Agenda Book. Since the inception of the 2005 PHA 5-Year Plan and the 2005 PHA Annual Plan, improvements have been made in the pursuit of the goals and objectives set forth in the 5-Year Plan. The Harris County Housing Authority will continue to maintain, he assured the board, a SEMAP High Performer score while improving the delivery of services to the community. The PHA's Goals include the expansion of the supply of Assisted Housing in the County, to improve the quality of Assisted Housing, to increase Assisted Housing Choices, and to promote Self-Sufficiency and Asset Development of families and individuals.

Housing Choice Voucher Program

Mr. Rankin explained that HUD had changed its formula for the funding of the Housing Choice Voucher program to a calendar year basis. HCHA's overall lease-up rate for 2005, he said, was 100% and he expects there will an increase in the same base line funding for 2006.

ACTION ITEMS

Mr. Lanier requested a motion for approval of the revised Interlocal Agreement regarding the Harris County Community and Economic Development Department/Harris County Housing Authority Rehabilitation Loans program. A lengthy discussion took place regarding the execution of releases of liens securing several loans which were recently paid in full by the borrowers. Mr. Lemond advised the board that the matter for consideration before them was the approval of the Interlocal Agreement as drafted. As a matter of policy, the board could deliberate at a later date on issues affecting the remaining loans. Mr. Lemond agreed to meet with Mr. Turkel and representatives of the County Attorney's office to discuss the ministerial function of the execution of Releases of Liens. Mr. Jones moved that the board approve the Agreement, seconded by Mr. Casimiro, and the motion was unanimously approved.

Mr. Rankin requested approval of the Resolution regarding the ratification of the seller financing on Magnolia. Ms. Kirk moved, seconded by Mr. Casimiro, and the motion was unanimously approved.

Mr. Lanier requested a motion for approval of the Resolution allowing HCHA to accept a \$700,000 grant from Harris County for the design and construction of a required sewer plant for Magnolia Estates. Ms. Kirk moved, seconded by Mr. Casimiro, and the motion was unanimously approved.

Mr. Rankin requested approval of the Annual PHA Plan 2006. Mr. Jones moved approval, seconded by Mr. Casimiro, and the motion was unanimously approved.

FINANCIAL AGENDA

Mr. Rankin presented the HCHA November and December, 2005 financials. There were no significant changes in the Authority's operations for the months of November and December. Mr. Rankin stated that Ms. Quijano and Mr. Gunter have done an excellent job of keeping track of the Katrina Disaster Housing Assistance Program ("KDHAP") vouchers.

OTHER BUSINESS

Retreat date: March 4, 2006 at 8:30 am

Professional pictures of the commissioners and Mr. Rankin to be taken

Pierpont Communications to handle awards ceremony

EXECUTIVE SESSION

No executive session was convened.

PUBLIC COMMENT

No individuals appeared to present Public Comments.

COMMENTS BY COMMISSIONERS:

Mr. Jones reported on a recent trip to New Orleans with Mr. Rankin and others to view the devastation in the city. He acknowledged that the damage to life and property were extensive and is convinced that HCHA has been a critical partner by providing housing assistance to New Orleans residents through the Katrina Disaster Housing Assistance Program initiative.

COMMENTS OR ANNOUNCEMENTS BY CHAIR:

Mr. Lanier had no further comments.

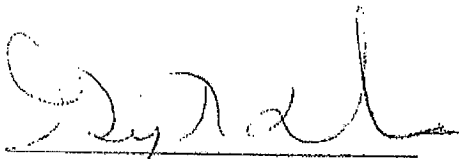
ADJOURMENT

Mr. Lanier invited a motion to adjourn. Ms. Kirk moved, Mr. Jones seconded, the motion carried and the meeting was adjourned at 5:20 p.m.

Adopted and approved this 22 day of February, 2006.



Odysseus Lanier, Chairman



Guy Rankin, Secretary

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

Houston, Texas

February 22, 2006

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 22nd day of February, 2006, 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 3:00 o'clock p.m. and the roll was taken of the duly constituted officers and members of the Board:

Odysseus Lanier	Chairman	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 of the law offices of Winstead Sechrest & Minick, P.C., the Authority's General Counsel. Additional attendees included the following:

David Gunter and Yolanda Wadman of the Harris County Housing Authority; David Turkel and Daphne Lemelle, of the Harris County Community & Economic Development Department; Patricia Lykos of the Harris County Judge's Office; Nancy Sims of Pierpont Communications; Don Schneider of Leadership Development, Inc.; Earl Hatcher of the Houston Housing Corporation; and Mark Greenblatt of KHOU-TV.

PRESENTATION AND APPROVAL OF MINUTES OF THE FEBRUARY 22, 2006, BOARD MEETING

The Minutes of the January 25, 2006 board meeting were presented for approval. Mr. Jones moved for approval, seconded by Mr. Casimiro, and the motion passed unanimously.

EXECUTIVE DIRECTOR'S REPORT

Mr. Rankin explained the approach he had taken in preparing the draft of the Authority's 2005 Annual Report. Mr. Rankin stated never has such a small group of people come together to accomplish so much. Mr. Rankin thanked the Board of Commissioners for their support and vision because, he said, without the board's leadership and direction, such a solid foundation could not have been developed and HCHA would never have accomplished so much in 2005.

Affordable Housing Development Division

The Housing Authority currently has four public/private developments underway for the purpose of providing affordable senior housing opportunities to the residents of Harris County. During 2005, almost 600 new affordable senior housing were started or built by the Housing Authority in conjunction with private developers. Each development includes a complete range of social services and job training for Harris County seniors. Over a 24-month period, Mr. Rankin indicated, more than \$105 million in affordable housing developments and some 1,100 units of affordable housing will be built.

Cornerstone Village	.67% occupied; the Project opened in October, 2005; 104 of 156 units are currently leased.
Primrose at Bammel	Projected completion March 1, 2006.
Village at Louetta	Projected completion February 25, 2006.
Baybrook Park	Projected completion August 2006.
Waterside Court	Construction to commence Spring 2006.
Magnolia Estates	Construction to commence Winter 2006.
Copperwood Ranch	Pending HCAD determination on tax exemption

Homeownership Program

Mr. Rankin explained that HCHA developed the Housing Choice Voucher Homeownership Program "Independence", which allows Section 8 participants to purchase a home and move from public assistance to homeownership. The first closing occurred on December 22, 2005, and made the move to self-sufficiency a reality and homeownership a choice for the first HCHA Section 8 voucher holder to successfully complete that transition.

Mr. Rankin reported that HCHA plans to close on two additional such new homes in March, 2006. More Housing Choice Voucher families are beginning to attend homebuyer education classes and the Authority looks to significantly increase the number of participants over the course of 2006.

Fannie Mae/HCHA Program

Mr. Rankin reported that HCHA developed a first-of-its-kind partnership with Fannie Mae to lease its entire inventory of foreclosed properties in Harris County to the Authority for delivery to Hurricane Katrina or Rita victims at no cost to them. The City of Houston is making housing vouchers available for use by the disaster victims and those vouchers are being administered by HCHA. HCHA is paid a fee by the City of Houston for each transaction. Such a program will assist families achieve self-sufficiency by allowing them to purchase a Fannie Mae foreclosed property. The program will serve as a national model for homeownership programs that can be developed as partnerships between Fannie Mae and housing authorities throughout the country.

Mr. Rankin informed the board that the Federal Emergency Management Administration ("FEMA") has re-named the Katrina Disaster Housing Assistance Program ("KDHP"). It will now be referred to as the Disaster Voucher Program, or "DVP".

Single Room Occupancy Program

Mr. Rankin said that the U.S. Department of Housing and Urban Development ("HUD") had awarded HCHA a total of \$3.3 million in housing vouchers over a ten-year period for the exclusive use at the Jackson Hinds Gardens Single Room Occupancy ("SRO") development, an apartment community for the homeless located near downtown Houston. A new partnership of multiple social service agencies will provide a myriad of broad-based social service programs at the facility in order to guarantee "wrap-around social services" for the residents.

Housing Choice Voucher Program

Mr. Rankin reminded the board that HUD has ranked the Harris County Housing Authority (HCHA) as "highest performing" for three years in a row. In addition, the Housing Authority received a clean independent audit in FY2005, containing no adverse findings. This ranks it as among the most well-run housing authorities in the country, as determined by HUD. Additionally, HCHA's Housing Choice Voucher Program has served more than 2000 families each month for two consecutive years, with a 99.9998% lease-up rate. Moreover, through this program, HCHA has administered a total \$39 million in payments to local landlords, representing an extremely significant infusion of dollars into the local economy.

Innovative Housing Communities

Mr. Rankin stated the Housing Authority has begun discussions with three national builders on the development of an Active-Adult Master Planned Community for the purpose of providing and collocating of seniors housing. All three builders have expressed in writing their interest in partnering with the Housing Authority to build the best Seniors Master-Planned Community in Texas.

Self Sufficiency

Mr. Rankin explained that the Housing Authority has formed partnerships with The Worksource, a local non-profit corporation, and with the Harris County Social Services Department to provide every client an opportunity to seek employment or gain additional

life/work skills needed to become 100% self-sufficient. All clients will receive formal job counseling at least once each year.

Katrina/Rita Disaster Housing Center

Immediately following the Hurricane Katrina disaster, HCHA established the first "Housing Choice Center" in America, designed to ensure that affected hurricane evacuees could gain access to affordable housing in Harris County. Within 3 days of opening the Astrodome to Hurricane Katrina evacuees, suitable housing was provided for more than 500 families and over 250 seniors, utilizing the Housing Choice Center. HCHA staff coordinated the solicitation of furnishings for the units that were provided by cooperative landlords, obtained donations of food for the evacuees and assisted in the facilitating of medical services for anyone needing care and attention. Within 20 days, HCHA secured housing for more than 25,000 who were being temporarily housed on cots in the Astrodome and in Reliant Center. Within 120 days, the number of housing recipients served by the staff of the Authority, in conjunction with the Joint Hurricane Housing Task Force, had grown to more than 40,000 families and more than 150,000 persons. This effort represented perhaps the most significant housing placement effort in history.

Mr. Jones inquired as to whether a database had been developed that would assist HCHA in determining the needs of Katrina victims, including obtaining information from New Orleans social service and housing agencies on when the evacuees might likely be allowed to return to New Orleans. He indicated that HCHA should have such information in order to give the earliest possible notice to evacuees currently housed in Harris County of when they would be able to leave Houston for New Orleans. Ms. Kirk commented that United Way is working hard to gather that information in order to share it with all affected parties. Mr. Jones recommended that HCHA coordinate all of its efforts with HUD and the Mayor's offices of Houston and New Orleans.

DISCUSSION ITEMS

Mr. Lanier led the board in an extensive discussion regarding the participation in the Housing Choice Voucher program by landlords that were reported to have been delinquent in property taxes to various taxing authorities in the area. He expressed his opinion that all property owners within Harris County owe a duty to the taxpayers who pay their taxes in a timely fashion to also do the same. However, Mr. Lanier and Mr. Jones pointed out that the mission of the Authority is to provide decent, safe housing to eligible voucher recipients and the board members would be wise to keep that mission foremost in their minds as they discuss the issue of landlords who are delinquent in the payment of taxes to the taxing authorities of Harris County. Mr. Lanier stated that the board must weigh all parties' interests against the interests of the Authority's clients and he will always err on the side of the clients. Mr. Rankin explained that the HCHA Administrative Plan must be submitted to HUD for consideration not later than May 1, 2006, and any policy regarding this issue must be formally approved by the board for inclusion in the Plan. In light of this requirement, he stated that he would include an Agenda Item regarding the landlord tax delinquency issue for consideration at the March board meeting of the board.

FINANCIAL AGENDA

Mr. Rankin presented the HCHA January 2006 financials. There were no significant changes in the Authority's operations for the month of January. Ms. Kirk inquired as to whether the Authority's budget reflected an increase of permanent staff to administer the Housing Choice Voucher Program in light of the increased voucher recipients from the Katrina disaster. Mr. Rankin said that the program currently uses temporary workers to administer the program but that next year's budget will propose adding three (3) permanent positions for that purpose.

OTHER BUSINESS

Mr. Rankin introduced Earl Hatcher with the Houston Housing Corporation. Mr. Hatcher reported that the project had received all required permits from the City of Houston to proceed with construction and that all demolition work at the project had been completed. Leasing is projected to begin as early as June, 2006. The commissioners asked Mr. Hatcher about the grants received, or applied for, by the Corporation for use in the development of the project. Mr. Hatcher agreed to prepare a report for the commissioners that will address the issue. Mr. Lanier also requested that the report spell out in detail the Sources and Uses of all funds obtained for the development of the SRO facility.

Mr. Rankin introduced Don Schneider with the Leadership Development Institute. Mr. Schneider expressed an interest in being selected as the facilitator at the board retreat, scheduled for later in 2006.

EXECUTIVE SESSION

No executive session was convened.

PUBLIC COMMENT

No individuals appeared to present Public Comments.

COMMENTS BY COMMISSIONERS:

No comments were offered by commissioners.

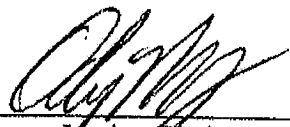
COMMENTS OR ANNOUNCEMENTS BY CHAIR:

Mr. Lanier had no further comments.

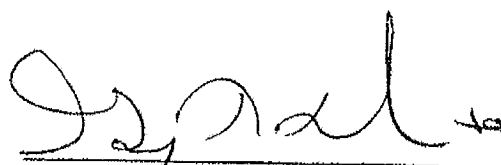
ADJOURNMENT

Mr. Lanier invited a motion to adjourn. Ms. Kirk moved, Mr. Jones seconded, the motion carried and the meeting was adjourned at 4:20 o'clock p.m.

Adopted and approved this 17th day of May, 2006.



Odysseus Lanier, Chairman



Guy Rankin, Secretary

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

Houston, Texas

March 15, 2006

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 15th day of March, 2006, 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 3:12 o'clock p.m. and the roll was taken of the duly constituted officers and members of the Board:

Odysseus Lanier	Chairman	Present
Walter Jones	Commissioner	Present
Brenda Kirk	Commissioner	Present
Jorge Casimiro	Commissioner	Present

Mr. Lanier asked that the minutes reflect that 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 was Jim Lemond of the law offices of Winstead Sechrest & Minick, P.C., the Authority's General Counsel. Additional attendees included the following:

David Gunter, Paula Sullivan and Yolanda Wadman of the Harris County Housing Authority; Patricia Lykos of the Harris County Judge's Office and Mark Greenblatt of KHOU-TV.

**PRESENTATION AND APPROVAL OF MINUTES OF THE FEBRUARY 22, 2006,
BOARD MEETING**

The Minutes of the February, 2006 board meeting were presented for approval. Mr. Jones moved for approval, seconded by Mr. Casimiro, and the motion passed unanimously.

EXECUTIVE DIRECTOR'S REPORT

Mr. Rankin presented the Executive Director's report, as follows:

Affordable Housing Development Division

Mr. Rankin announced that HCHA had completed the installation of a new software program called "*Starta*", which assists organizations that develop homes for low-income and elderly persons. The software, he reported, eliminates the need to manually copy and ship documents, thus reducing costly monthly operating expenses.

Mr. Rankin next reported on the status of HCHA's tax credit affordable housing projects.

Cornerstone Village	68% occupied; the Project opened in October, 2005; 106 of 156 units are currently leased.
Village at Louetta	9% Occupied-The development opened February 6, 2006 and 12 of 116 units are currently leased and 17 units are pre-leased.
Primrose at Heritage Park	Construction completed. Lease-up has been initiated.
Baybrook Park Retirement Center	Projected completion July 2006.
Waterside Court	Construction scheduled to commence April 2006.
Magnolia Estates	Construction scheduled to start 4 th Qtr, 2006
Copperwood Ranch	Pending HCAD determination on tax exemption.

Fannie Mae/HCHA Program

Mr. Rankin introduced Ms. Paula Sullivan, who reported that HCHA received six (6) more homes from Fannie Mae in the month of February, with each home scheduled to be leased to working families currently participating in the Disaster Voucher Program (DVP).

Homeownership Program

Mr. Rankin presented an overview of HCHA's Homeownership Program "Independence" and then asked Ms. Sullivan to explain the details of the program. The Homeownership Program closed its first transaction on December 22, 2005. The participant purchased a previously-lived in home in the town of Crosby in northeast Harris County. HCHA has 2 additional families from the Section 8 rental program that are transitioning into homeownership status, with projected closing dates by April 15th. These families are using down payment assistance provided through the Harris County Community and Economic Development Department. These participants are all purchasing new 4-bedroom homes having an average price of \$100,000.00. In target areas, families can receive up to \$34,500.00 for down payment assistance.

Ms. Sullivan further explained that a homeowners orientation meeting is scheduled to be held on March 22nd at 6:30 p.m. at HCHA for 56 families of public servants, including police officers, firefighters and school teachers. The management companies hired by HCHA will explain the mortgage application process, down payment assistance, and credit counseling classes. Mr. Casimiro stated that HCHA should negotiate with all builders and energy companies in an effort to receive at least a 4.5% discount because most Builders add 4.5% to the cost of the house in order to accommodate a realtor's fee. Mr. Jones expressed a desire that community amenities, including the availability of community and social services, be discussed with participants as they consider the selection of an area of the County where they wish to live.

ADMINISTRATIVE AGENDA

REPORT ON AFFORDABLE HOUSING DIVISION PROJECTS

Affordable Housing Development Division

Mr. Rankin reported again on the status of the various tax credit affordable housing developments.

Mr. Rankin also stated that the Olive Grove/Magnolia Estates was scheduled to close on March 21st. There was a lengthy discussion regarding HCHA owning and operating a utility plant, as contemplated for Olive Grove/Magnolia Estates. Mr. Lemond cautioned the board regarding the potential liability involved in owning and operating a utility plant. Mr. Rankin indicated it was his intent to advertise for bids to management companies that could operate the plant for HCHA. Mr. Lanier advised Mr. Rankin that the respondents should be evaluated based on experience and past performance with other owners in addition to the cost implications to HCHA. Mr. Lanier stated that HCHA has to be fully aware that a "low" bid is not always the "best" bid under all the circumstances.

Mr. Rankin informed the board that Diana Morreale, a specialist in tax credit projects, has been hired by HCHA to fill the staff position vacated by Richelle Henderson. Ms. Morreale, he stated, will present a status report on all HCHA tax credit affordable housing developments at the next board meeting.

REPORT ON HOUSING CHOICE VOUCHER PROGRAM

Preliminary HCV Fiscal Year-End Section 8 Occupancy Report

Mr. Rankin referred the board to the HCV Fiscal Year-End Section 8 Occupancy Report in the Agenda books. No board member had questions regarding the report.

Disaster Voucher Program

Mr. Rankin stated that the HCHA goal under this program is to serve 1,160 persons. HCHA receives \$1,500.00 per person plus a 10% Administrative Fee for operating this program. HCHA is listed as a Disaster Assistance Center. Families who previously participated in public housing programs or in Section 8 Housing Voucher programs elsewhere are eligible to participate in the Disaster Voucher Program.

Consideration and Approval of 2006 Administrative Plan

Mr. Rankin presented and requested approval of the HCHA 2006 Administrative Plan. The only change to the Administrative Plan from 2005 is the addition of the Disaster Voucher Program. See PIH Notice 2006-12. Mr. Jones moved for approval, seconded by Mr. Casimiro, and the motion passed unanimously.

Consideration and Approval of 2006 Utility Allowance Schedule

Mr. Rankin next discussed and requested approval of the 2006 Utility Allowance Schedule. Mr. Casimiro moved for approval, seconded by Ms. Kirk, and the motion passed unanimously.

Consideration and Approval of a Property Owner Tax Certification process

There was a lengthy discussion regarding HCHA adoption of a Landlord/Property Owner Tax Certification process as outlined in the board meeting backup materials. All the commissioners expressed the position that HCHA's main responsibility is to provide safe, sanitary and decent homes for its clients. Mr. Rankin reported that the local HUD administrator had strongly urged that HCHA not amend its Administrative Plan to include such a process. Mr. Jones voiced his opinion that it is disingenuous to approve a policy that HCHA had no means of enforcing. After lengthy discussion, the board advised Mr. Rankin to schedule meetings to discuss the issue with the Harris County Tax Assessor-Collector and with the local HUD

— administrator and to report back to the board on the results of those meetings. Mr. Lanier requested that board member Jones accompany Mr. Rankin to the meetings. The board took no other action in regard to the issue.

FINANCIAL AGENDA

MONTHLY FINANCIALS

Mr. Rankin presented the HCHA February 2006 financials. There were no significant changes in the Authority's operations for the month of February. Mr. Rankin requested a motion to approve February 2006 financials. Mr. Jones moved for approval, seconded by Ms. Kirk, and the motion passed unanimously.

CONSIDERATION AND APPROVAL OF THE FISCAL 2006-2007 BUDGET

Consideration and Approval of continuation of an Employee Incentive Plan

The board discussed the proposed Fiscal 2006-2007 Budget, which includes the HCHA Employee Incentive Plan in the form included in the board Agenda book. Mr. Casimiro expressed his strong support of the Employee Incentive Plan, so long as funds are available from revenue earned from HCHA activities unrelated to the HUD Housing Choice Voucher program or from ad valorem property taxes; and so long as HCHA continues to meet specific HUD performance criteria, that the incentive payments be distributed only after the completion of HCHA's Annual Audit, and upon the achievement of the defined, measurable objectives as described in the plan. Ms. Kirk voiced her support of the Budget and the Employee Incentive Plan because such an incentive plan, she stated, helps the Authority to attract and retain high-performing employees by paying competitive salaries. Mr. Jones said that he supported the adoption of the Budget and strongly supports the adoption of the incentive plan in order to encourage higher productivity in government. Mr. Lanier expressed his opinion that the Authority is constrained in the level of salaries that can be paid to Housing Authority employees because such salaries must be paid out of the administrative fees paid by HUD for administering the housing voucher program. An employee incentive plan, he stated, encourages higher productivity in its employees and, to the extent the Authority becomes creative in generating alternative sources of revenue, those alternative sources of revenue can be used to bring Authority employees up to comparable levels that other Harris County employees are paid.

Mr. Jones moved for approval of the Fiscal 2006-2007 Budget, including the Employee Incentive Plan. The motion was seconded by Ms. Kirk, and passed unanimously.

Consideration and approval of Investment Officer

Mr. Gunter reported that, in accordance with the Independent Auditor recommendations, HCHA is required to name an Investment Officer who has completed all requisite financial training required by law. Mr. Gunter stated that he had indeed completed all required training. Mr. Rankin recommended that Mr. Gunter be named the HCHA Investment Officer. Ms. Kirk moved for approval of the recommendation, seconded by Mr. Jones, and the motion passed unanimously.

OTHER BUSINESS

Mr. Rankin reported that Pierpont Communications is presently reviewing the final draft of the HCHA Annual Report and that the report will go to press not later than April 1st.

Mr. Rankin discussed the PHADA 2006 Annual Convention and Exhibition scheduled to take place June 4-7 in San Antonio. Ms. Kirk stated that she had attended this convention in 2005 and found it to be extremely informative.

Mr. Rankin also informed the board of the Southwest Region NAHRO Conference to be held in Galveston June 12-16 and asked that any board member desiring to attend contact his office for information.

EXECUTIVE SESSION

No executive session was convened.

PUBLIC COMMENT

No individuals appeared to present Public Comments.

COMMENTS BY COMMISSIONERS

Ms. Kirk publicly commended Mr. Rankin for his participation in a recent management seminar for local non profit organizations focusing on the long-term social service needs of victims of Hurricane Katrina and Rita.

Mr. Lanier and Mr. Jones publicly expressed their appreciation for the outstanding job Mr. Rankin has done in leading the Harris County Housing Authority.

COMMENTS OR ANNOUNCEMENTS BY CHAIR

Mr. Lanier reported that, at the request of U.S. Senator Kay Bailey Hutchinson (R-TX), he will participate as a panelist at the African American Leadership Summit, March 27-28, in Washington, D. C.

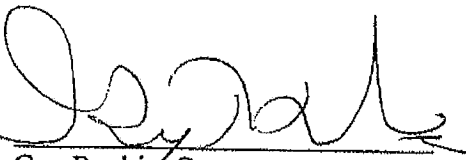
ADJOURNMENT

Mr. Lanier invited a motion to adjourn. Ms. Kirk moved, Mr. Jones seconded, the motion carried and the meeting was adjourned at 4:20 o'clock p.m.

Adopted and approved this 16th day of August, 2006.



Odysseus Lanier, Chairman



Guy Rankin, Secretary

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

Houston, Texas

May 17, 2006

**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 May, 2006, 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 o'clock p.m. and the roll was taken of the duly constituted officers and members of the Board:

Odysseus Lanier	Chairman	Present
Walter Jones	Commissioner	Present
Brenda Kirk	Commissioner	Present
Jorge Casimiro	Commissioner	Not Present
Casey T. Wallace	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 of the law offices of Winstead Sechrest & Minick, P.C., the Authority's General Counsel. Additional attendees included the following:

David Turkel of the Harris County Community and Economic Development; Melissa Quijano, Beverly Burroughs, Belinda Davis, Diana Morreale, Jacqueline Griffin, Paula Sullivan, David Gunter and Yolanda Wadman of the Harris County Housing Authority; Patricia Lykos of the Harris County Judge's Office; Bob Kendrick of the Office of Commissioner Steve Radack; and Nancy Sims and Jon Rucket of Pierpont Communications Inc.

PRESENTATION AND APPROVAL OF MINUTES OF THE FEBRUARY 22, 2006, BOARD MEETING

The Minutes of the March 15, 2006 board meeting were presented for approval. They were approved with two minor changes as suggested by Mr. Lanier. Mr. Jones moved for approval, seconded by Ms. Kirk, and the motion passed unanimously.

EXECUTIVE DIRECTOR'S REPORT

Mr. Rankin presented a one-year summary of the work of the Harris County Housing Authority, reiterating that the primary function of the Authority is to manage the HUD Section 8 Program. Mr. Rankin noted that the greatest challenge the Authority faced in the past year was the impact of Hurricane Katrina. In addition to the challenge of Hurricane Katrina, HCHA still managed to accommodate the needs of Houston residents in need of housing, serving more than 4,500 people each month – a very significant accomplishment for an agency with only 20 employees and a \$1-million administrative budget. The Authority also developed five affordable housing developments over the past 18 months, worth more than \$70 million, for seniors over the age of 55 years. HCHA was further awarded the first HUD single-room occupancy project in seven years in Harris County to house the homeless. And, lastly, HCHA developed the first Section 8 Homeownership Program to be established in the Houston region, designed to move Section 8 clients out of the public assistance system and into homeownership.

Housing Choice Voucher Division

Mr. Rankin presented a report on the Section 8 Occupancy rates at the Authority – 100% leased for the fiscal year ending March 31, 2006 and 98% leased for April 2006. In addition, the Katrina Disaster Housing Assistance Program/Disaster Voucher Program ("KDHP/DVP") shows units 100% leased for the fiscal year ending March 31, 2006 and 99% leased for April 2006.

Mr. Rankin introduced a new staff member, Ms. Jacqueline Griffin, to the Board. Ms. Griffin is a Certified Professional Accountant, with more than 20 years experience. Ms. Griffin will work in the KDHP/DVP section.

Affordable Housing Development Division

Mr. Rankin presented an overview of the three completed HCHA tax credit projects, noting that Cornerstone is now 76% occupied and that Louetta Village (116 units) and Primrose at Bammel (210 units) are expected to lease at a faster rate than Cornerstone because of their locations. He also reported that Baybrook Park was on schedule and that Waterside should be in construction closing by the end of June. The Waterside land closing occurred several months ago. The Magnolia Estates project will need an extension of the Seller-financed Note in order to proceed but that should not be problematic. This project, Mr. Rankin said, is the one that has most been adversely affected by the rise in post-Katrina construction prices. All three projects, however, may be affected by the Harris County Appraisal District policy in respect to granting a tax exemption on the entire project as had been expected. Mr. Rankin stated that Mr. Turkel would give a status report on that issue later in the meeting.

Mr. Rankin next introduced Ms. Dianne Morreale, a consultant recently hired by HCHA to assist in evaluating the financial feasibility of each its tax credit developments. Ms. Morreale stated that she has worked in the tax credit affordable housing industry for over 15 years and evaluated tax credit transactions from all aspects of a deal. She stated that her goal is to provide financial analysis, evaluation and due diligence so that HCHA may independently assess the potential for success in every one of its proposed tax credit developments, rather than relying strictly on the private developer's projections and pro formas. Chairman Lanier endorsed the effort to focus on the economics of each transaction.

Ms. Morreale summarized some aspects of each of the existing tax credit projects and voiced concern over projections that might today appear counter to the current financial climate of the markets. She noted, for instance, that purchasing a 6% cap rate in the Cornerstone transaction will assure some protection from rising interest rates and limit the amount of market exposure, even though the developer had used a 4% cap in his projections. The rise and fall of interest rates can radically change the return to be obtained in a project, she stated. Stated another way, Mr. Lanier observed that in Cornerstone our "worse case" scenario is factoring in a 6% cap rate, while our "best case" scenario is to factor a 4% cap rate.

Extensive discussion then ensued about the obligation of HCHA's developer/partners to continually communicate with the Authority and to provide up-to-date information, as required by our Agreement with them. Mr. Lanier directed the staff to draft a letter for Mr. Rankin's signature that would advise the developers of their continuing duty to provide sufficient information to the Authority so as to minimize the risk to HCHA in times of uncertainty in the financial marketplace.

Fannie Mae

A total of 58 families are currently being assisted through this program. Eight (8) homes are used by the Housing Authority of the City of Houston.

SRO – Jackson Hinds Gardens

Construction is scheduled to be complete by June, 2006. Leasing will begin in late July, 2006. Supportive services will be coordinated by New Directions, Inc.

"Independence" Homeownership Program

Paula Sullivan reported the Housing Authority had two closings on new homes in April. A closing is estimated for May 18th on a 3 bedroom Beazer Home. Harris County Community and Economic Development approved \$34,000 in closing costs assistance to the Borrower in this case. The Homeownership Program is seeking additional lenders to participate in its program but it has been difficult to find those that can administer two separate note payments as is required in many cases because of additional loan assistance being provided by Harris County. Lenders typically cannot sell a two-note mortgage in the secondary mortgage market, and, thus, have been reluctant to embrace the program in its current form.

Mr. Rankin then reported that in August, 2005 HCHA had hosted a seminar for 300 people regarding homeownership opportunities. HCHA is planning a similar such seminar in June for 172 people. Only about 5% of those who apply will be able to qualify for a mortgage, he stated.

Mr. Rankin next reported the facts of the Karlette Stewart situation and requested approval for down-payment and closing cost funds in the amount of up to \$28,000 for Ms. Stewart. The funds would be provided from HCHA's Family Self Sufficiency ("FSS") escrow funds. She had previously been approved for an FHA Loan up to \$113,695 by Summit Mortgage Corporation and Ms. Stewart was anticipating the receipt of \$34,500 in down payment assistance from the Harris County Community and Economic Development department. The mortgage payments are estimated to be an affordable \$887 per month. On April 27, 2006, the Harris County Community and Economic Development department denied assistance to this family because Ms. Stewart's credit score of 614 did not meet Harris County's required 620 and the fact that the funding slots in the Humble Target Area were completely filled. Mr. Lemond read the resolution, Mr. Jones moved for approval, seconded by Ms. Kirk, and the motion passed unanimously.

Cornerstone Village- 73% Occupied-The development opened on October 23, 2005 and 115 of 156 units are currently leased. An additional 7 units are pre-leased. 13 residents will need to re-qualify under the FEMA regulations.

Village at Louetta-28% Occupied-The development opened on February 6, 2006 and 33 of 116 units are currently leased and 11 units are pre-leased.

Primrose at Bammel-One of four buildings was opened on March 22, 2006. Building 1 is 4% occupied, with 8 of 210 units currently leased and an additional 26 units being pre-leased.

Baybrook Park Retirement Center-Projected completion is now targeted for end of June 2006.

Waterside Court-Pending HCHAD determination. A pre-construction meeting will be scheduled in the next week. Construction is targeted to commence July 2006.

Magnolia Estates-Pending HCAD determination. Note currently expired on April 30, 2006 and will need to be extended.

Copperwood Ranch-Pending HCAD determination.

Mr. David Turkel gave the board an update on the status of the HCHA tax credit affordable housing projects awaiting pre-determination of tax exempt status from the Harris County Appraisal District ("HCAD"). He reported that certain school districts had threatened to sue HCAD if it continued to grant tax exemptions to housing authority/private developer projects. The school districts are taking the position that they are losing tax revenues when private developers gain tax-exempt status for the life of a project when such exemptions are granted, he said. He reported, however, that after a series of meetings with the Chief Appraiser and several of his deputies, it appeared that HCAD was going to approve a template for such deals that met the state's tests for tax exemption. On the other hand, the Chief Appraiser had indicated that he might seek an Attorney General's opinion on the validity of such exemptions, which could be

problematic for HCHA's projects. At best, it could slow the process down while the opinion request is being considered. Mr. Turkel will keep the board informed as matters develop.

FINANCIAL AGENDA

Mr. Gunter then presented the HCHA March and April 2006 financials. There were no significant changes in the Authority's operations for the months of March or April. Mr. Lanier requested that the financial reports in the future account for the adverse effects of tax credit developments that have not timely closed as projected.

OTHER BUSINESS

Mr. Lanier reported that the Null Lairson CPA firm had called him and indicated the firm would not be able to perform the HCHA audit this year. He directed Mr. Rankin to prepare an RFP for Audit Services so that the board can select a firm to perform the work.

Mr. Rankin reported that HCHA's Annual Report had been published and was being distributed. He also stated that the SEMAP Annual Report was due on May 31st and would be timely completed. No progress has been made on a partnership with Habitat For Humanity because Habitat executives had been very busy with projects, but Mr. Rankin indicated that he expected to meet with Mr. Larry Payne, Habitat's executive director, in the very near future. Lastly, he confirmed that the Board Retreat date has been set for July 8th.

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. Jones seconded, the motion carried and the meeting was adjourned at 4:55 o'clock p.m.

Adopted and approved this 16th day of August, 2006.



Odysseus Lanier, Chairman



Guy Rankin, Secretary

SPECIAL CALLED MEETING OF THE BOARD OF COMMISSIONERS

Mr. Rankin opened the meeting by reporting that HCHA had issued an RFP for Independent Audit Services and that the only respondent was Breedlove & Company. The Breedlove response was reviewed by the board members in detail. Mr. Lanier expressed some concern regarding the rates as quoted in the proposal. After discussing the proposal with Mr. Richard Breedlove, principal, the board and Mr. Breedlove agreed as follows:

The charges for the audit will be adjusted to a fixed fee of \$33,800.00, with a contingency amount allowed for extra work required to be no higher than \$38,375.00, and the engagement will be for a two-year period.

Ms. Kirk moved for approval of Breedlove & Company to do the comprehensive audit of the Harris County Housing Authority. The motion was seconded by Mr. Casimiro, and passed unanimously.

OTHER BUSINESS

None

EXECUTIVE SESSION

No executive session was convened.

PUBLIC COMMENT

No individuals appeared to present Public Comments.

COMMENTS BY COMMISSIONERS:

No board members had comments

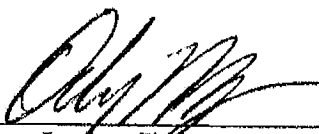
COMMENTS OR ANNOUNCEMENTS BY CHAIR:

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 9:50 o'clock a.m.

Adopted and approved this 16th day of August, 2006.



Odysseus Lanier, Chairman



Guy Rankin, Secretary
Houston, TX 77001
41143-1 6/14/2006

August 16, 2006

The Minutes of the May 17, 2006 and May 26, 2006 board meetings were presented for approval. Mr. Jones moved for approval, seconded by Mr. Wallace, and the Minutes were approved unanimously.

PRESENTATION AND AMENDMENT OF THE MINUTES OF THE SEPTEMBER 21, 2005 BOARD MEETING

An Amendment to the Minutes of the September 21, 2005 board meeting in respect to the Financial Agenda portion of the Meeting was presented for consideration and approval by Mr. Lemond. The amendment would correct the Minutes to show that the Board members engaged in an extensive discussion of both the proposed Mid-Year changes to the Authority's Budget and to the proposed adoption of an Employee Incentive Plan as part of those changes. Mr. Richard Breedlove of Breedlove & Company, the Authority's auditors, commented that, in his capacity as the Authority's auditor, he was satisfied that the Minutes as amended properly reflected the board action of September 21, 2005. Mr. Lanier observed that, while he understood the request for such an amendment of the Minutes, he wanted the record to reflect that it was his position that, as a rule, an organization's Minutes need only reflect board actions and not a documentation of the details of every Board discussion. Mr. Lanier nonetheless requested a motion approving the amendment to the Minutes, as presented. Mr. Jones moved, seconded by Mr. Wallace, and the motion was unanimously approved.

EXECUTIVE DIRECTOR'S REPORT

Mr. Rankin introduced Mr. Richard Breedlove of Breedlove & Company, P.C., the Authority's independent audit firm. Mr. Breedlove reported that his firm had recently conducted an independent audit of the Authority and a copy of the Audit Report was presented to the Board for its review and acceptance. He stated that the Audit found no "...reportable conditions" or "...material weaknesses in the Authority's operations." He further reported that the Authority's Major Programs reflected "...no findings and no questioned costs." In addition, he said, the Audit did not disclose "...any matter of non-compliance that is material to the Authority's financial statements." Mr. Lanier commended Mr. Breedlove's firm for its willingness to accept the engagement as the Authority's independent audit firm on such short notice and observed that the audit report was confirmation of the superb work of the Executive Director and his staff. He then requested a motion accepting the Audit Report. Mr. Jones moved that the Board accept the Audit Report as presented, Mr. Wallace seconded, and the Report was accepted unanimously.

Mr. Breedlove then advised the Board that the 2007 financial audit would require individual audit reviews of each of the Authority's tax credit affordable housing projects as a major component of its financial statements. Each partnership created for the development of each tax credit project, he explained, is required to have an independent audit for financial controls and accuracy. Mr. Breedlove stated he would have to review each of these audits as they relate to the Housing Authority as a component unit. Mr. Lanier commented that an estimate of costs associated with each such audit would be necessary from Breedlove & Company prior to the initiation of any audit work and Mr. Breedlove agreed.

Mr. Jones inquired as to the circumstances of an Audit which results in a management letter to the client. An extended discussion ensued on the distinctions between an independent audit and a management, or performance, audit. Mr. Breedlove explained that the Audit Report delivered today was financial in nature only and, further, since the Audit concluded that there were no reportable conditions or financial weaknesses in the Authority's operations, there was no basis for the preparation of a management letter. Mr. Lanier pointed out that the Authority may in the future wish to examine whether a performance review of its operations is warranted but that issue can be addressed at a later date. Mr. Breedlove concluded his remarks by pointing out that the rules governing the conduct of audit firms prevent a firm that conducts an independent audit of a client from also providing management audit or performance audits. Discussion about who, what, how and why management letters are written was a central theme in the discussion. The independent auditors found HCHA to be 100% in compliance of all HUD regulations and found zero findings. Furthermore, they found it not necessary to make any management comments.

Mr. Rankin next reported that, in addition to having Breedlove & Company conducting its annual independent audit, the Authority had at the same time hosted HUD auditors, who conducted the Authority's annual SEMAP audit. Mr. Rankin said he was pleased to report that the HUD auditors had issued a Final Score Letter to HCHA rating it as a High Performer for the fourth consecutive year. The auditors further rated HCHA as its Number One public housing authority among the 55 PHAs in the region. Mr. Rankin pointed out that five years ago, HCHA had been rated as "troubled", with 21 "findings", while today HUD concluded that there existed no management concerns at the Authority. Mr. Rankin attributed this success to the excellent work of his staff.

Dr. Jean Latting, Board Retreat Coordinator, next presented an overview of the July 8, 2006 board retreat. Mr. Lanier commended Dr. Latting for her expertise in leading the Retreat activities and reflected that the exercise served to reaffirm the Board's commitment to the mission of the Authority.

ADMINISTRATIVE AGENDA

Mr. Rankin reported that the Board on September 21, 2005 had approved a Resolution authorizing the Authority to accept a transfer of \$1,500,000 in TIRZ funds from Harris County's Department of Community and Economic Development to assist in providing interim housing in Harris County for Hurricane Katrina evacuees. Mr. Rankin explained that the Authority had never implemented the program and, thus, had never expended any funds for that purpose. He therefore requested that the Board rescind its prior Resolution by voting to deobligate the award of the \$1,500,000 in Harris County TIRZ funds for such purposes. Mr. Wallace so moved, Mr. Jones seconded, and the motion was unanimously approved.

Mr. Rankin explained that an extension of an additional 18 months of the continuing Interlocal Agreement between Harris County and HCHA had been proposed by Harris County and requested Board approval of the extension, as presented. Mr. Jones moved for approval of the extension, seconded by Mr. Wallace, and the motion was unanimously approved.

Mr. Lemond presented Resolutions for the Board's consideration regarding the final closing on June 22, 2006 on the Waterside Court tax credit seniors development, the first which would ratify the Executive Director's actions in executing all required documents needed for closing. The second would confirm the Authority's role in acting as General Contractor for the project and then subcontracting with the construction affiliate of Hettig & Kahn developers to construct the facility. Mr. Wallace moved, Mr. Jones seconded, and the motion to approve the Resolutions as drafted was unanimously approved.

REPORT ON THE HOUSING CHOICE VOUCHER PROGRAM

Mr. Rankin reported that occupancy rates in the Housing Choice Voucher program were at 99% for the fiscal year ended March 31, 2006.

FINANCIAL AGENDA

Mr. Gunter presented the Authority's June and July 2006 financials. He reported there were no significant changes in HCHA's operation for the months of June and July. Mr. Lanier noted that, because of the Waterside closing, the Authority's financials now reflect a half-million dollar surplus.

OTHER BUSINESS

Mr. Rankin advised the Board of two professional development conferences being held in October and November of 2006.

Mr. Lanier commented that he supports the creation of the office of Vice-Chairman as an Authority board office and would urge the Board to adopt such a change as soon as practicable.

Mr. Rankin advised the Board of the Grand Opening of the Baybrook Park retirement facility on September 8th and invited all board members to attend. He also reported that the dedication of the Jackson Hinds SRO homeless facility would take place on September 13th and represents the opening of the first facility for the homeless in over 6 years in Harris County.

PUBLIC COMMENT

No members of the public appeared to present public commentary.

EXECUTIVE SESSION

No executive session was convened.

PUBLIC COMMENT

No individuals appeared to present Public Comments.

COMMENTS BY COMMISSIONERS

Mr. Wallace expressed his appreciation for the help and guidance shown him by his fellow board members in this new endeavor as a member of the board of commissioners of the Authority.

Mr. Jones commented on the continuing responsibility for the Authority to interact with members of the media and recommended that Mr. Rankin arrange for staff training to address this challenge.

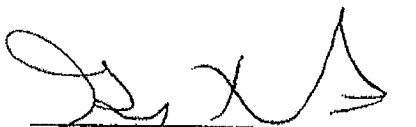
COMMENTS OR ANNOUNCEMENTS BY CHAIR

Mr. Lanier reported that he and Ms. Kirk had recently met with the General Manager of KHOU Channel 11 to discuss the recent television coverage regarding the Authority and observed that the Authority needs to continue to rely on the advice of its media consultants in matters regarding public relations and the media in general.

ADJOURNMENT

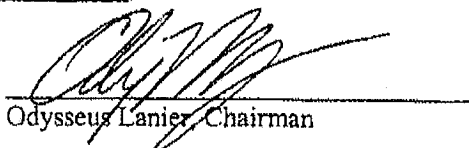
Mr. Lanier invited a motion to adjourn. Mr. Wallace moved, Mr. Jones seconded, the motion carried and the meeting was adjourned at 12:55 o'clock p.m.

Adopted and approved this 18th day of October, 2006.



Guy Rankin, Secretary

Houston #879194\1
41143-1 10/18/2006


Odysseus Lanier, Chairman