

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

Houston, Texas

February 21, 2007

**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 February, 2007, 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 11:50 o'clock a.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
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 Lemoind and Gail McDonald of the law offices of Winstead Sechrest & Minick, P.C., the Authority's General Counsel. Additional attendees included the following:

Brad Dill of Realty Advisors; Jon Rucket and Sarah Miller of Pierpont Communications; Anthony Love of the Coalition for the Homeless; Earl Hatcher of the Houston Housing Corporation; David Fowler, Consultant; Tom Scott of Coach Realty; Judge Patricia Lykos of the Harris County Judge's Office; Susie Allen of the Office of County Commissioner Sylvia Garcia; Bob Kendrick of the Office of County Commissioner Steve Radaack; David Gunter, Melissa Quijano, Diana Morreale, Paula Sullivan, Beverly Burroughs and Yolanda Wadman of the Harris County Housing Authority.

PRESENTATION AND APPROVAL OF THE MINUTES OF THE AUGUST 16, 2006, BOARD MEETINGS

The Minutes of the July 8, 2006 and October 18, 2006 board meeting were presented for approval. Mr. Jones moved for approval of the minutes of the July 8, 2006 board meeting, seconded by Mr. Casimiro, and the Minutes were approved unanimously. Ms. Kirk moved for approval of the minutes of the October 18, 2006 board meeting, seconded by Mr. Jones and the Minutes were approved unanimously.

EXECUTIVE DIRECTOR'S REPORT

Overview

Mr. Rankin presented a draft of the HCHA Annual Report for the Board's review. He pointed out that the Report included a letter from the County Judge congratulating the Authority for having been named by the U.S. Department of Housing and Urban Development (HUD) as one of the best housing authorities in the country for a fourth consecutive year. He pointed out that more detailed reports on the Housing Choice Voucher program (HCV), the Affordable Housing report, an update on the Summer Lakes Active Adult development, the Jackson Hinds-Single Residency Occupancy program (SRO), the Fannie Mae home lease program, and the HCHA homeownership program would be presented later in the meeting.

2007 Budget, including an Incentive Plan to reward outstanding performance

The Board engaged in an extensive discussion of the proposed 2008 Budget as set out in the Board Books. Mr. Lanier led inquiries into the various categories of the Budget, including projected expenses and revenues, particularly those related to the receipts of developer fees associated with HCHA's tax credit affordable housing developments. Mr. Lanier also focused on the revenue anticipated from the Authority's voucher programs, including the Disaster Voucher Program (DVP) program. Mr. Rankin explained that the DVP initiative was technically set to expire on September 30, 2007 but reported that HUD had indicated the program would be extended. Mr. Lanier and Mr. Jones cautioned that the Budget should realistically take into account only those DVP funds that HCHA was assured of receiving. Mr. Lanier asked Mr. Rankin to prepare a Budget that reflected a termination of funding for the DVP thru September 30, 2007.

Mr. Lanier then focused on the receipt of projected developer fees from the Authority's tax credit affordable housing activities. Mr. Rankin asked Mr. Tom Scott of Coach Realty, the co-developer, in conjunction with HCHA, of the Cornerstone Village and Louetta Village seniors projects, to address that issue. Mr. Scott reported again that HCHA will receive a developer fee for Cornerstone in the amount of \$700,000 and for Louetta in the amount of \$350,000 once the construction loans convert to permanent financing. Mr. Scott explained, in regard to Cornerstone, that the project is currently in the process of converting to permanent. This process, he said, will take three to four months but he expected the conversion should be completed no later than May 15th. Louetta Village, he said, should be converted to permanent financing by the end of the year, Mr. Scott said.

The Board next discussed employee compensation as projected in the Budget. Mr. Rankin explained that the Incentive Plan was being proposed in the Budget in two ways for the Board's consideration. The Board could then, as a matter of policy, determine how it desired to proceed. The first alternative was a Budget which combined current employee salaries with an Incentive Plan in the same manner as was adopted last year; the second is a Budget which shows employee compensation, without an Incentive Plan, at the same levels as those of employees in the Harris County Community and Economic Development Department (CEDD). Mr. Rankin reminded the Board that last year, because the salaries of HCHA employees were so much lower than their counterparts at CEDD, the Board adopted an Incentive

Plan designed to "equalize" the salaries of HCHA and CEDD. In order for its employees to receive payments under the Incentive Plan, Mr. Rankin said, the Board required that HCHA departments achieve defined, measurable and highly-restricted benchmarks. Mr. Rankin closed by pointing out that the Authority receives no General Fund monies to use for administrative purposes, including paying employees' salaries. He explained that HCHA employees who work in the Section 8 Program, for instance, are paid out of the administrative fee allocated to the Authority by HUD. No other Authority employees can be paid from these funds. Other HCHA employees must be paid from revenue generated by the respective programs in which they work. For instance, he said, HCHA employees working in the Affordable Housing Division are paid out of revenue generated directly from that activity. This was how the Incentive Plan was funded in 2006, he explained, since those were unrestricted funds.

Mr. Lanier reported that, in Mr. Wallace's absence, he would read into the record the e-mail he was sent by Mr. Wallace on the subject of employee compensation and the use of incentive plans in order to achieve salary equalization. Mr. Wallace favored eliminating the use of an Incentive Plan altogether and simply raising the salaries of HCHA employees, if possible, to equal those of comparable County employees. Or, if not possible, Mr. Wallace suggested combining employee raises, to the extent possible, with a more limited incentive plan. Mr. Casimiro inquired about the ability of HCHA to raise salaries for all employees if most of its program revenue was restricted. He voiced concern over granting raises in anticipation of receiving revenues from the Affordable Housing Division if there was even a slight chance that the Division might not achieve its objectives in terms of revenue. Ms. Kirk stated that she would support HCHA conducting a salary survey of comparable housing authorities in the region and using the results to formulate a policy on the setting of salaries. She also would incentivize the Executive Director's salary but would set the salaries of other Authority employees in line with those of comparable housing authorities in the region. Mr. Jones indicated that he favored conducting the salary survey and perhaps recommending an annual one-time bonus payment for employees to be paid out of unrestricted funds, as revenues permit. Mr. Rankin pointed out that HCHA is very unlike other housing authorities in the region, both in terms of the number of employees and in terms of the work performed, particularly in respect to tax credit affordable housing activities. No other housing authorities in the region are as innovative as HCHA in utilizing the tax credit program, Mr. Rankin stated.

Mr. Lanier then acknowledged that several approaches to employee compensation had been proposed and he would recommend that the Board act to adopt the 2007 Budget, with the Incentive Plan included, as was done in 2006. In addition, he said, he urged the Board to direct that a salary survey be conducted among other housing authorities in the region in order to establish where HCHA stood in relation to those other agencies. Mr. Lanier stated that it was important for the Authority to reward outstanding performance while at the same time demonstrating that it is a good steward of public funds.

Ms. Kirk moved that the Board 1) adopt the Incentive Plan as proposed, 2) commission a salary survey of comparable housing authorities in the region, and 3) delay any changes in employee compensation until the survey results are available to use for comparison purposes. Mr. Casimiro seconded the motion and it was unanimously approved, although Mr. Jones voiced a concern over the Authority adopting a policy that would hold HCHA accountable for compensation payments to be paid out of revenues that cannot be projected with reasonable certainty.

Next, Mr. Casimiro moved that the Board adopt the 2007 Budget as presented, utilizing the alternative that included the Incentive Plan. Mr. Jones seconded the Motion and it was unanimously approved.

Status Report on Summer Lakes

Mr. Rankin then reported on the progress of the Summer Lakes Active Adult community development and advised the Board that negotiations with the owners of the 760 acre-tract of land on Lake Houston that the Authority was hoping to purchase had failed. He asked the Board for authority to now pursue negotiations with the owners of a 91-acre tract of land for the project. Mr. Brad Dill with DB Realty Advisors, HCHA's consultant for Summer Lakes, summarized all activities to date on the Summer Lakes project and reported that he had forwarded to Jack Perry, Winstead real estate attorney, all negotiated management contracts with the development company, engineer, MUD attorney, General Counsel and land planner. Mr. Lanier asked Mr. Dill about his disclosure that he recently met with Huntwick Custom Homes to discuss Mr. Dill's employment by Huntwick to assist with its custom home development activities. Mr. Lanier informed Mr. Dill that there could absolutely be no conflict of interest in respect to any work he is currently doing for the Authority and the work he might be required to perform for Huntwick Homes. Mr. Lanier advised Mr. Rankin to monitor this development very closely. Mr. Lanier directed Mr. Dill to prepare and deliver a letter addressed to Mr. Rankin specifically stating that he will not perform work for Huntwick Custom Homes that could in any way be interpreted as a conflict of interest with his work for the Authority. Mr. Lanier requested a motion authorizing the executive director to pursue negotiations with the owners of a separate 91-acre tract of land on Lake Houston for the development of an active adult master planned community. Mr. Casimiro so moved, seconded by Ms. Kirk, and the motion was unanimously approved.

Mr. Casimiro urged extreme caution as the Authority moves forward with Summer Lakes, given the change of conditions in the marketplace over the past three months. He also inquired about the projected costs of homes that would be built in the development and, once advised by Mr. Dill, expressed the opinion that this was an extremely optimistic and aggressive approach to land development.

Participation as a Sponsor of an SRO Moderate Rehab Project

Mr. Rankin next introduced Mr. Anthony Love, CEO of the Coalition For the Homeless. Mr. Love explained the process for submitting an application for a Single Room Occupancy Moderate Rehab project. The Coalition for the Homeless encourages participation in permanent rental assistance housing projects. Mr. Love asked the Board to consider acting as the sponsor of an application for an SRO Moderate Rehab project, in conjunction with the Coalition For the Homeless.

Report on the Status of the Jackson Hinds Gardens SRO project

Mr. Rankin introduced David Fowler, a consultant who assisted HCHA in conducting a review of the Jackson Hinds Gardens project. Mr. Fowler stated that 11 agencies initially volunteered to provide social services at the facility. The agencies' actual delivery of promised services range from daily service since inception to no direct contact whatsoever with Jackson Hinds Gardens' management. Only six of the eleven agencies are currently actively engaged in work at the facility. Mr. Rankin explained that HCHA is responsible for assuring that the rent payments for the SRO residents are made to Jackson Hinds Gardens. In addition, he was recently informed by HUD that HCHA also had the responsibility for making sure that adequate social services are provided to the residents. However, no fees are paid to HCHA for this added responsibility and this obviously has created a undue drain on the resources of the Authority and on its employees. There was a discussion regarding the current needs of the SRO, such as pre-prepared meals, transportation, life and job skills training, employment opportunities, socialization activities, and on-site security. Mr. Hatcher addressed the full range of social services that Jackson Hinds Gardens is currently providing to residents through social services agencies that have contracted in writing to do so. Mr. Lanier pointed out that HCHA must continually evaluate all compliance issues at

the SRO and advised Mr. Hatcher to speak directly to the Authority staff about any concerns associated with the delivery, or non-delivery of necessary social services.

ADMINISTRATIVE AGENDA

Report on the Affordable Housing Division Activities

Mr. Rankin asked Ms. Diana Morreale to report on the status of the Affordable Housing Division activities. Ms. Morreale reported that Louetta Village should begin the process soon for converting from construction to permanent loan status. This could take 2 or 3 weeks to complete. Baybrook Park is now 61% occupied; Cornerstone Village is at 94%; Louetta Village is 82% occupied; and Primrose at Bammel is 53% occupied. Magnolia Estates closed its construction loan on December 22, 2006, site clearing has commenced and final permits are anticipated to be obtained by February 21, 2007. Waterside Court construction commenced July 2006 and is progressing in a timely manner. Construction is now approximately 37% complete.

Ms. Paula Sullivan presented the report on the Fannie Mae Program single family home rental program. In November of 2005, Fannie Mae and the Harris County Housing Authority agreed to jointly operate a program to provide rent-free, single-family homes to public servants from the Gulf Coast who were displaced by Hurricanes Katrina and Rita, and who were looking for longer-term housing. Now, with the lease periods expiring, residents are being given the opportunity to purchase their rent-free houses at affordable-housing rates. Ms. Sullivan stated that, so far, five of the program's 48 resident families have taken advantage of the Fannie Mae homeownership offering. In addition, five families have pending contracts to purchase Fannie Mae homes.

Ms. Sullivan then spoke about the Independence Program, an innovative new offering that provides Housing Choice Voucher recipients with the help they need to purchase a new home of their own in safe, established communities. HCHA has 2 people with contracts pending to purchase homes.

Mr. Rankin requested consideration and approval to participate with the Hettig-Kahn company in the development of the Elrod Place seniors tax credit community, a 9% LIHTC development. Mr. Barry Kahn discussed Elrod Place, located in the 3700 block of Elrod Road in Katy, Texas. Mr. Kahn reported that Elrod Place will be a 126-unit development consisting of 76 single family units and 50 elderly units. It is being developed as an intergenerational project, combining families and seniors.

Ms. Gail McDonald explained the Resolutions, which authorize the formation of a Limited Partnership and authorize the Executive Director to negotiate, execute and file, on behalf of the Authority, all necessary documents to accomplish those purposes. Mr. Jones moved for approval, seconded by Ms. Kirk, and the motion was passed unanimously

Report on the Housing Choice Voucher Program

Ms. Melissa Quijano reported that HCHA was now administering 1,822 vouchers in the Section 8 Program and 792 in the Disaster Voucher Program.

Mr. Rankin requested consideration and approval of the 2007 PHA Plan. Ms. Kirk moved for approval, seconded by Mr. Jones, and the motion was unanimously approved.

Mr. Rankin requested consideration and approval of the 2007 Administrative Plan. Mr. Jones moved for approval, seconded by Ms. Kirk, and the motion was unanimously approved.

Mr. Rankin requested consideration and approval of the 2007 Utility Allowance Schedule. Ms. Kirk moved for approval, seconded by Jones, and the motion was unanimously approved.

FINANCIAL AGENDA

Mr. Gunter presented the Authority's financials, covering the months of January 2007, December 2006, November 2006, and October 2006. Mr. Gunter reported there were no significant changes in HCHA's operation. Mr. Gunter did point out that there were \$93,000 in expenses associated with the Summer Lakes project. Mr. Jones moved for approval of the financial report, seconded by Ms. Kirk, and the motion was unanimously approved.

Mr. Rankin requested consideration and approval of the designation of David Gunter as Investment Officer for HCHA. Mr. Jones moved for approval, seconded by Ms. Kirk, and the motion was unanimously approved.

Mr. Rankin requested consideration and approval of the HCHA Investment Policy as set out in the Board Books. Ms. Kirk moved for approval, seconded by Mr. Jones, and the motion was unanimously approved.

OTHER BUSINESS

No items were presented for consideration.

EXECUTIVE SESSION

No executive session was convened.

PUBLIC COMMENT

No individuals appeared to present Public Comments.

COMMENTS BY COMMISSIONERS:

No board members had comments.

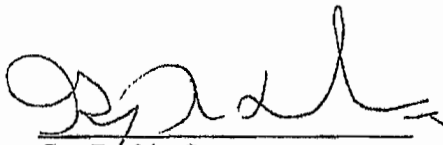
COMMENTS OR ANNOUNCEMENTS BY CHAIR:

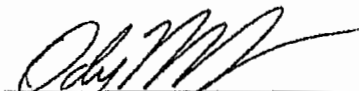
Mr. Lanier had no further comments.

ADJOURNMENT

Mr. Lanier invited a motion to adjourn. Ms. Kirk moved, Mr. Jones seconded, the motion carried and the meeting was adjourned at 3:07 o'clock p.m.

Adopted and approved this 20TH day of April, 2007.


Guy Rankin, Secretary


Odysseus Lanier, Chairman

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

Houston, Texas

April 18, 2007

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 18th day of April, 2007, 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 12:05 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
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:

Melissa Quijano, Paula Sullivan, David Gunter, Nereyda Vega 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; Ken McCowan of CDI Management; and Phil Nugent of The Heston Group.

PRESENTATION AND APPROVAL OF MINUTES OF THE FEBRUARY 21 2007, BOARD MEETING

The Minutes of the February 21, 2007 board meeting were presented for approval. They were approved with minor changes as suggested by Mr. Lanier and Mr. Rankin. Mr. Jones moved for approval, seconded by Ms. Kirk, and the motion passed unanimously.

EXECUTIVE DIRECTOR'S REPORT

Mr. Rankin discussed the Management Decision Report on the Summer Lakes Active Adult Community development project, as prepared by Metrostudy housing consultants. He pointed out that the study concludes the project has properly targeted homebuyers ages 55 and over who seek a maintenance-free lifestyle and attractive amenities. The study further concluded that the project as planned should be competitive in the active adult market. Mr. Jones agreed the study confirmed the target market for the project is supported by the demographics. Mr. Lanier noted that he had been advised that Ms. Gracie Saenz will be nominated to replace Mr. Casimiro on the board and that Ms. Saenz was said to be a strong supporter of seniors housing developments.

Mr. Rankin next discussed the HCHA Elrod Place joint application for federal tax credits being pursued by Hettig & Kahn, developers. He reported that some community opposition had surfaced at a recent town hall meeting in the Katy area and that the Katy Independent School District had voiced the most opposition. Mr. Kendrick of Commissioner Radaack's office stated that the Commissioner had voiced strong public support for the project but that State Representative Bill Callegari of Katy had submitted written opposition to the project. Mr. Rankin believes that this opposition effectively kills any chances of success of the project in the highly-competitive Texas Department of Housing and Community Affairs evaluation process. Mr. Jones disclosed that he had been asked for information about the project by a colleague and that he had supplied all the public information available to that individual. Mr. Jones stated for the record that he had not taken an advocacy position in respect to the proposed development.

Mr. Rankin informed the board that Werling Associates, Inc. had been selected to conduct the Employee Equalization and Compensation Study, as requested by the Board. He said he expects that the study will be complete and ready for presentation to the Board by the date of the June board meeting.

In discussing the Summer Lakes project, Mr. Rankin reported that an additional homebuilder had approached HCHA about an opportunity to participate. Mr. Lanier pointed out that financing was still not in place for the project, however. Mr. Rankin then reported that a potential financing entity with which the Authority had discussed the project was now indicating that it wanted to develop the entire project on its own, without HCHA participation. Mr. Lanier inquired as to why a non-disclosure agreement had not been negotiated and questioned whether a public entity could even require such an agreement. Mr. Lemond advised the Board that it was not inappropriate for a public entity to require a non-disclosure agreement.

Mr. Rankin then reported on a recent trip he made to evaluate the circumstances of the homeless in Seattle, Washington and the approach to homelessness taken by the City of Seattle and King County. The Corporation for Supportive Housing paid the costs for Daphne Lemelle of the Harris County Community and Economic Development Department and Mr. Rankin to observe the collaborative approach to supportive housing being pursued in Seattle and King County. The City of Seattle and King County submit one joint application for federal funding to address homelessness in the area. The County's community development department finances and supervises the construction of housing for the homeless, while the City's housing authority administers the housing vouchers for the residents and United Way provides the social services. Mr. Rankin suggested that collaboration of that nature could be extremely beneficial if implemented in Harris County.

ADMINISTRATIVE AGENDA

Housing Choice Voucher Division

Mr. Rankin presented a status report to the Board on the Section 8 Occupancy rates at the Authority. He reported that all available vouchers had been utilized for the fiscal year ending March 31, 2007. Mr. Rankin explained that HUD has implemented new rules, which disallow overleasing, and housing authorities must now carefully monitor their utilization of vouchers in order to prevent exceeding the authorized HUD limits.

Disaster Voucher Program

Mr. Rankin reported that the Katrina Disaster Housing Assistance Program/Disaster Voucher Program ("KDHAP/DVP") reflected that its units were 100% leased for the fiscal year ending March 31, 2007. He informed the Board that while the program is officially scheduled to end on September 30th, HUD had indicated the program would be extended. He also pointed out that while HUD has aggressively advised New Orleans voucher recipients they should return to New Orleans, the fact is that the City of New Orleans does not have a sufficient number of units available to house those residents if they did choose to return. By way of illustration, he reported that at the time of Hurricane Katrina, New Orleans maintained and operated 5,000 public housing units. After the disaster, all such units had been destroyed and today only 1,000 of the units have been replaced. He further pointed out that only 2,000 public housing units are being projected to return online within the next year. This fact, the Board was told, supports the speculation that the Disaster Voucher Program will be extended and that HCHA will continue to administer the program for HUD.

Affordable Housing Development Division

Mr. Rankin presented an overview of the completed HCHA tax credit projects, as follows:

Baybrook Park is currently 65% occupied; **Cornerstone Village** is currently 96% occupied; and **Louetta Village** is now 91% occupied.

Status on Magnolia Estates--Permits for on-site work were obtained on March 27, 2007. Site grading is approximately 50% complete. Seven building pads, including the clubhouse, are in place and site streets have been lime stabilized. The receipt of final permits for off-site utilities is anticipated by April 25, 2007

Status on Waterside Court--Construction is approximately 53% complete.

Fannie Mae Lease Program

Ms. Paula Sullivan informed the Board the Fannie Mae program had recently come to an end. HCHA was paid an administrative fee by Fannie Mae to administer a 12-month free rent program involving homes owned by Fannie Mae in the Houston/Harris County. At the conclusion of the program, 7 families had purchased their homes with the aid of Fannie Mae assistance, 4 families currently have pre-approved home loans and one family has a purchase contract pending.

SRO – Jackson Hinds Gardens

Ms. Sullivan reported that the Jackson Hinds Garden SRO continues to be 100% leased. An extensive discussion ensued among the Board members regarding the extent of social services being provided to the residents of the SRO. The Board expressed disappointment that the SRO residents are not receiving the full range of social services that management of the Houston Housing Corporation assured would be available when HHC sought HCHA's sponsorship of the project. Mr. Lanier inquired as to whether there had been any follow up with Mr. Earl Hatcher, the SRO's management agent, since the February board meeting, where Mr. Hatcher assured HCHA that every measure of assistance possible was being accorded the residents. Mr. Rankin and Ms. Sullivan both responded that Mr. Hatcher was uncooperative and unresponsive to attempts to discuss the operation of the SRO with HCHA. Mr. Lanier and Ms. Kirk speculated that perhaps the City of Houston could be called upon to require Jackson Hinds Gardens to cooperate with HCHA and other social service agencies in the effort to address the mental health and social services needs of the residents. Mr. Rankin pointed out that the same collaborative effort utilized in Seattle to address the needs of the homeless there could well be applied to Houston to avoid the kind of problem currently evidencing itself at the Jackson Hinds Gardens SRO project.

FINANCIAL AGENDA

Mr. Gunter then presented the HCHA February and March 2007 financials. There were no significant changes in the Authority's operations for the months of February or March, except that projected revenues reflect a figure approximately \$900,000 greater than budget, primarily because of the one-time DVP payments.

OTHER BUSINESS

Mr. Jones remarked that he was very pleased to report that the Habitat For Humanity project that the HCHA Board and staff members recently supported had resulted in a family moving into the home. He reported on the appreciation expressed by the matriarch of the family, who thanked the entire Houston community for helping her family to recover from the tragic aftermath of Hurricane Katrina.

EXECUTIVE SESSION

No executive session was convened.

PUBLIC COMMENT

Mr. Rankin introduced Mr. Phil Nugent of The Heston Group and Mr. Kenneth McCowan of CDI Management Services, Inc. of Houston. Mr. Nugent reported that his company had secured a contract funded by the U.S. Department of Homeland Security to develop an Alternative Housing Pilot Program in Texas. The program, he said, is designed to replace the "FEMA Trailer" as the primary source of temporary housing for individuals displaced by natural disasters. The Heston Group, formerly a Halliburton subsidiary, has historically constructed military housing for U.S. troops engaged in military actions in foreign countries, Mr. Nugent pointed out. He asked that the Board consider working with his company to administer such a program in Harris County.

COMMENTS BY COMMISSIONERS:

No board members had further comments

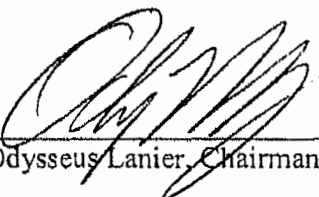
COMMENTS OR ANNOUNCEMENTS BY CHAIR:


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 1:16 o'clock p.m.

Adopted and approved this 16 day of May, 2007.


Odysseus Lanier, Chairman


Guy Rankin, Secretary

PRESENTATION AND APPROVAL OF MINUTES OF THE APRIL 18, 2007, BOARD MEETING

The Minutes of the April 18, 2007 board meeting were presented for approval. They were approved with minor changes as suggested by Mr. Lanier. Mr. Wallace moved for approval, seconded by Mr. Jones, and the motion passed unanimously. Ms. Saenz declined to vote because she was not present at the April 18, 2007 board meeting.

EXECUTIVE DIRECTOR'S REPORT

Mr. Rankin greeted Ms. Graciela Saenz who stated she admired the program and was very excited to be attending her first meeting. Ms. Saenz looks forward to being of assistance and service.

Mr. Rankin informed the board that Harris County Housing Authority has now been ranked five years in a row as one of the best housing authorities by the US Department of Housing and Urban Development. HCHA scored 135 points out of 135 points with 15 bonus points for the 2007 SEMAP certification. After HUD certification and the independent audit is complete, HCHA will be considered by industry professionals as the premier housing authority in America for its size.

Mr. Rankin informed the Commissioners that HCHA's financial performance over the past five years has been excellent. In fiscal year 2003 HCHA had approximately \$500,000 in unrestricted cash on hand. Today HCHA has almost 1.7 million in unrestricted cash on hand and an additional 10+ million in restricted assets. HCHA's projected income over the next three years remains consistent. HCHA estimates 2 tax credit deals over the next three years at \$250,000 per year. HCHA will receive 50% of the share in funds in developer fees for HCHA. As each deal closes into a permanent loan, HCHA will receive a substantial amount of cash. It is estimated that HCHA will receive 1 million dollars per year over the next three years from these developments. The excess in reserves could be spent in affordable housing, each year HCHA asks that the commissioners give us a project. The more reserves we get, the more we can accomplish.

Mr. Rankin stated HCHA could be selected as one of the primary Housing Authorities in America to design and develop the US Department Disaster Housing Assistance Program. (Twice the size of our current program). HCHA may be requested to manage the entire 11,000 vouchers in the Harris County region. Details of the total number of vouchers HCHA will manage will be known by May 24, 2007, when Mr. Rankin meets with the Office of Public Housing and Voucher Programs.

Mr. Rankin next explained how HCHA will partner with the Urban League. Dell Computers (Melinda and Bill Gates Foundation) have agreed to give HCHA computers for 250 families at 30% of cost in partnership with the Urban League. Mr. Rankin would like to give the computers to the families that will be moving into Waterside Court that have 11th and 12th graders.

Mr. Rankin has been working with a developer in Galveston that just built a 100% energy efficient home. Homeowners will receive a check in the amount of \$40.00 from the utility company. Mr. Rankin would like two homes in Waterside to be built 100 % pure energy efficient homes for low and moderate income buyers.

ADMINISTRATIVE AGENDA

Housing Choice Voucher Division

Ms. Quijano presented a status report to the Board on the Section 8 Occupancy rates at the Authority. She reported that 1839 vouchers had been utilized for the month of April, 2007. Ms. Quijano explained that in the months of May, June and July many families move, and HCHA will see a difference in the lease up rate.

Disaster Voucher Program

Ms. Quijano reported on the DVP program, 762 vouchers had been utilized. Mr. Jones is meeting with the Director of Elderly Affairs from the Office of the Governor of Louisiana on June 6, 2007. Mr. Jones would like to have more information on whether the elderly can return to Louisiana. There was a discussion regarding the return of the seniors back to Louisiana.

Jackson Hinds Garden SRO

Mr. Rankin stated the Jackson Hinds Garden SRO is leased up 100%.

MOD Rehab

Mr. Rankin stated MOD Rehab is leased up 100%

ACTION ITEM

Mr. Jim Lemond explained the adoption of a Resolution approving and certifying the accuracy of information contained in the fiscal year 2007 Section 8 Management Assessment Program Certification (SEMAP Certification). It authorizes the Chairman of the Board and the Executive Director to sign the SEMAP Certification and to submit the Resolution and the Certification to be U.S. Department of Housing and Urban Development (HUD). Mr. Jones moved for approval, seconded by Ms. Saenz, and the motion passed unanimously.

Affordable Housing Development Division

Mr. Rankin presented an overview of the completed HCHA tax credit projects, as follows:

Baybrook Park is currently 71% occupied. Projected to complete lease up July 2007.

Cornerstone Village is currently 96% occupied, the cost certification has been submitted to TDHCA. Capmark has recommended the full bond amount to Fannie Mae. The Co-developer anticipates that Fannie Mae will make its final decision in the next two weeks.

Louetta Village is now 91% occupied. The Co-developer has started assembling a loan conversion package.

Primrose at Bammel is currently 54% occupied. Projected to complete lease up September 2007.

Magnolia Estates—Closed on December 22, 2006. All permits have been obtained. Construction is 11% complete.

Waterside Court—Construction commenced July 2006 and is progressing on-time and within budget. Construction is approximately 65% complete.

New Development/Elrod Place application was submitted in the TDHCA 2007 Competitive Round. This is a proposed 116 unit intergenerational development concept that includes 50 single family home and 64 senior apartment homes.

Independence – Homeownership Program: Four Families are pre-approved with home loans and have contracts pending.

Mr. Rankin is doing a Social Service study, to know what type of services tenants are receiving.

FINANCIAL AGENDA

Mr. Gunter then presented the HCHA April 2007 financials. There were no significant changes in the Authority's operations for the month of April. Ms. Saenz had a question regarding Consulting & Professional Services and Travel. Mr. Wallace was also interested in knowing the details of the Consulting & Professional Services.

Mr. Rankin explained the reason for the additional charges in Consulting & Professional Services was the additional four people helping with the DVP program. There was a discussion regarding the details to be included in the financials explaining higher than usual expenses.

OTHER BUSINESS

Mr. Rankin explained to the board the award entry Housing Choice Centers for Emergency has received an NAHRO Award of Merit in Housing and Community Development, and has also been entered in the National Awards of Excellence competition. The award will be presented in a Special Awards Reception for Award Winners Friday, July 20, during the NAHRO Summer Conference at the Hyatt Regency Chicago, in Chicago, Illinois.

Mr. Rankin included copies of an updated memo by Earl Hatcher regarding the Status of Services at Jackson Hinds. Mr. Lanier would like the information in the memo verified. Mr. Jones would like to forward Mr. Hatcher's report to the Service Company. Mr. Turkel explained the services provided at Jackson Hinds are on a voluntary basis. Mr. Turkel is also concerned about the services offered at Jackson Hinds. There was a discussion regarding the supportive services received by the homeless. Judge Lykos is concerned about Houston Housing Corporations' rating with HUD.

EXECUTIVE SESSION

No executive session was convened.

PUBLIC COMMENT

No individual appeared to present Public Comments.

COMMENTS BY COMMISSIONERS:

Mr. Lanier announced that after speaking with Sylvia Garcia, from precinct two, he has some matters with his business to attend to and it is best for him to step down. Commissioner Garcia understands his decision. Mr. Lanier wanted the commissioners to know that he has enjoyed his time at the board.

Mr. Wallace wanted to acknowledge Mr. Laniers' honor, commitment , service and dedication, that he has brought to the board.

Mr. Jones wanted to let Mr. Lanier know how much he appreciated the level of integrity he brought to the board.

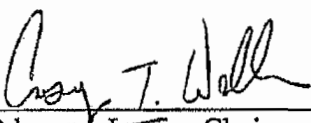
COMMENTS OR ANNOUNCEMENTS BY CHAIR:

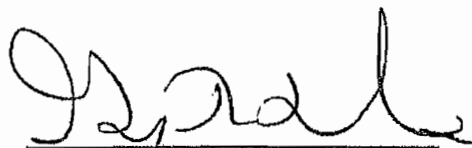
Mr. Lanier had no further comments.

ADJOURNMENT

Mr. Lanier invited a motion to adjourn. Ms. Kirk moved, Mr. Jones seconded, the motion carried and the meeting was adjourned at 1:16 o'clock p.m.

Adopted and approved this 21st day of June, 2007.


Odysseus Lanier, Chairman


Guy Rankin, Secretary

Melissa Quijano, David Gunter, Anna Hinojosa and Kris Harvey of the Harris County Housing Authority; Patricia Lykos of the Harris County Judge's Office; Bob Kendrick of the Office of County Commissioner Steve Radack; Olga Rodriguez of the Office of County Commissioner Sylvia Garcia; Victoria Morales of PierPont Communications; Steve Werling of Werling Associates, Inc., and Richard Breedlove and Karen Balzi of Breedlove & Co., P.C.

PRESENTATION AND APPROVAL OF MINUTES OF THE MAY 16, 2007, BOARD MEETING

The Minutes of the May 16, 2007 board meeting were presented for approval. Ms. Saenz made the motion to approve the minutes. The motion was seconded by Mr. Jones and passed unanimously.

EXECUTIVE SUMMARY AND EXECUTIVE DIRECTOR'S REPORT

Mr. Rankin greeted the board and explained the three main topics of discussion. The first agenda item reviewed would be the election of Board Officers. Mr. Rankin explained that the positions requiring the election of board officers were chairperson, vice chairperson, and treasurer. He noted that, in accordance with state law, HCHA must use the open ballot process to elect its officers.

Mr. Rankin noted that the next agenda item discussed would be the presentation by Mr. Breedlove of the results of the Authority's 2006-2007 independent audit.

Mr. Rankin explained that Mr. Werling would then review the salary survey as conducted by his company.

Mr. Rankin advised the Board that there would then be a presentation and discussion of a large Disaster Housing Assistance Program that the Authority may be asked to administer by the Federal Emergency Management Agency ("FEMA") and the U. S. Department of Housing and Urban Development ("HUD").

ADMINISTRATIVE AGENDA

Election of Board Officers

Mr. Wallace requested nominations for a Chairperson, expressing to the Board his desire to serve in the position himself. Mr. Jones expressed his regrets about not being able to pursue the Chairmanship, but explained that his current position requires a significant amount of travel that would impede his abilities as chairperson. Ms. Kirk expressed a desire to hold the position. Ms. Saenz noted that because she was new to the Board, she would not be a viable candidate for this position. Mr. Herrera also withdrew himself from consideration for the position because he was also newly appointed to the Board.

Mr. Jones then proposed that the election of officers be tabled until a subsequent board meeting in order that the persons interested in holding the office of chairman might advise all board members of what their visions of the future were for the Authority. This would also allow those persons to demonstrate to the other board members how they would act to lead the Authority as Chairman. The sentiment of the board members was that they should proceed with the elections, as scheduled.

Mr. Rankin related that the Authority had achieved great success over the past 4 years and suggested that the candidates for Chairman be allowed to state how each would, as Chairman, serve to promote the continued success of the Authority. The candidates agreed with the suggestion and each was allotted time for that purpose.

Ms. Kirk spoke of her tenure on the Board over several years and how proud and privileged she was to serve on the Board of Commissioners. Ms. Kirk reiterated her commitment to assure that the Authority serve all the community and acknowledged how that commitment has sometimes caused concern to certain individuals. She cited her strong support for the Authority's participation in the Jackson Hinds Single Room Occupancy project as an example since it was a creative approach to housing the homeless that was so unique in its requirement that social services be provided as a fundamental part of a housing program. She stated that she will continue to support the Authority's Mission Statement, which includes engaging in innovative projects that maximize the opportunities for home ownership and that provide social service support systems to its constituents. She closed by emphasizing her support for the Authority and its role in helping the underprivileged achieve the American Dream.

Mr. Wallace pointed out that he had been a member of the Board of Commissioners for over a year and that he was firmly committed to the Authority's Section 8 voucher program, which currently serves 1848 families. He spoke of the possibility that HCHA might be called upon to administer the extension of HUD's Disaster Voucher Program, where there might be as many as 12,952 vouchers awarded to the Authority to administer in the Region. He stated that if this were to happen he would want the Authority to use the money earned in fees for administering the project to expand the number of permanent voucher holders within its jurisdictional boundaries. Mr. Wallace advised that 1848 vouchers in the HCHA service area was simply not enough and he would like to see the success of administering as many as 12,952 housing vouchers lead to a greater allocation of permanent vouchers from HUD. Mr. Wallace closed his remarks by saying that he wants to see the Authority continue to run more like a business than a government entity. He would want to continue to see audit results that indicate "No Findings" and said that he was excited about the prospect of serving the Authority as its Chairman.

Mr. Jones then nominated Ms. Kirk as Chairperson and Ms. Kirk seconded the nomination. Mr. Wallace nominated himself as Chairperson and the nomination was seconded by Ms. Saenz. Mr. Wallace called for a vote on Ms. Kirk's nomination and two members voted in favor of her candidacy, while three members voted against it. Mr. Wallace then called for a vote on the Wallace nomination. Three members voted in favor of the Wallace candidacy and two members abstained from voting. Mr. Wallace announced that the Wallace nomination had carried and, therefore, he had been elected to the office of Chairman.

Mr. Wallace from this point presided over the meeting as the elected permanent Chairman of the Authority.

Mr. Wallace proceeded to the next position, that of Vice Chairperson, noting that at the present time, the position was vacant. Ms. Saenz nominated Ms. Kirk to serve as Vice Chair. Mr. Jones seconded the nomination and Ms. Kirk was elected unanimously to the office of Vice-Chair.

Mr. Wallace then explained that the current position for Secretary was being held by Mr. Rankin in accordance with policy. Mr. Herrera nominated Mr. Rankin as Board Secretary. Mr. Jones seconded the nomination and Mr. Rankin was elected unanimously to the office of Board Secretary.

Mr. Wallace called for nominations for the position of Assistant Secretary. Mr. Jones nominated all current board members to serve as Assistant Secretaries. Ms. Saenz seconded the nomination and all current board members were elected unanimously to serve as Assistant Secretaries of the Authority.

Mr. Wallace called for nominations for the final office, that of Treasurer. Mr. Jones nominated Ms. Saenz as Treasurer. Mr. Herrera seconded the nomination and Ms. Saenz was elected unanimously to the office of Treasurer.

Presentation of 2006-2007 Independent Audit Report

Mr. Wallace introduced Mr. Richard Breedlove, of Breedlove & Co., P.C., which performed the Independent Audit for the Fiscal Year ended March 31, 2007. Mr. Breedlove reviewed the reports and findings as presented in the audit, copies of which the board members previously received. He noted two changes in formatting from the previous year's audit: First, he said, the Authority participates in several Limited Partnerships involved in the development and construction of affordable housing. To that end, the Authority has formed Limited Liability Companies ("LLCs") for that purpose, each of which is legally separate from the Authority and governed by separate Boards. The LLCs act as the General Partner in each Limited Partnership and the financial statements of each are combined and, thus, reported as discretely presented component units. Mr. Breedlove pointed out that component units column in the basic financial statements includes the financial data of the Authority's discrete component units. Second, Mr. Breedlove continued, the Authority's Housing Enterprise Fund is shown as one Fund, whereas in the past it had been shown as two.

Mr. Breedlove advised the Board that the Audit concluded that there were "no reportable findings or questioned costs" in respect to the Authority's operations.

Mr. Breedlove solicited questions from the board members. Mr. Herrera inquired about the procedures employed by Breedlove & Company to ensure that the subjects of their audits were complying with HUD requirements. Mr. Breedlove explained that Breedlove & Company performs audits of public housing authorities ("PHAs") based on HUD compliance regulations. He also explained that it regularly audits Public Housing Authorities and, as such, is subject to HUD oversight. Ms. Bolzi, an associate of Mr. Breedlove, added that their company is a part of the Government Audit Quality Center and complies with all HUD annual educational requirements.

Mr. Wallace requested clarification regarding HCHA's Housing Assistance Program ("HAP") checks and unclaimed funds listed as a receivable from Harris County in the amount of \$516,639. More precisely, he asked, in the event HCHA ever receives that money from Harris

County, would HCHA be allowed to use the money for program purposes or would it be required to give the money back to HUD? Mr. Breedlove answered that, technically, the funds would be owed to HUD but it was his opinion that it is unlikely HUD would request a return of the money, especially if HCHA were to request permission to use those funds in another manner. Mr. Rankin advised that a letter would be sent to Harris County requesting payment of the monies owed.

Ms. Kirk moved to accept the Audit Report as presented. Mr. Jones seconded. The motion carried unanimously.

Mr. Breedlove issued an open invitation to all board members to feel free to contact him or his associates regarding any questions or concerns they may have regarding the Audit.

Presentation and Discussion of Independent Salary Survey

Mr. Wallace suggested that the presentation and discussion of the Independent Salary Survey be deferred until immediately prior to the time the Board would go into the Executive Session. All board members agreed.

Housing Choice Voucher Division

Mr. Rankin presented a status report to the Board on the Section 8 occupancy rates at the Authority. He reported that the fiscal reporting year is from April 1st to March 31st. Mr. Rankin explained that this month's adverse variance in the voucher program is a result of many families moving, causing a difference in the lease-up rate. At the time of reporting, Mr. Rankin noted that the Authority was at a 99.84% lease-up rate.

Disaster Voucher Program

Mr. Rankin reported on the DVP program. He noted that HCHA was currently administering approximately 2,000 vouchers. Mr. Rankin explained that, based on recent information received from HUD, the DVP will be extended through March 2009 to anyone receiving housing assistance in any form prior to Hurricanes Katrina and Rita and who had been displaced as a result of the hurricanes.

Jackson Hinds Garden SRO

Mr. Rankin stated the Jackson Hinds Garden SRO is 100% leased up.

MOD Rehab Program

Mr. Rankin stated MOD Rehab is also 100% leased up.

Report on Affordable Housing Division Developments

Mr. Rankin presented an overview of current HCHA tax credit projects, as follows:

Cornerstone Village is currently leasing up well. 152 of the 156 units are leased. The project is expected to convert to permanent loan status on July 15, 2007. HCHA will receive its portion of the developer fee at that time.

Louetta Village is now 99% occupied. The loan conversion to a permanent mortgage should be completed by September.

Baybrook Park is currently 73% occupied and 89% of the units are pre-leased. There have been some leasing issues at the project in that the majority of the prospective families applying for leases have incomes exceeding requirements. The developer continues to make significant progress toward addressing this challenge.

Primrose at Bammel is currently 60% occupied. It is projected to complete lease up September 2007.

Magnolia Estates is scheduled to open on December 1, 2007. Construction is presently 25% complete.

Waterside Court is approximately 73% complete and currently has 24 signed pre-leases, each with a \$500 security deposit. The last week in June will allow for move in of the first 10 units.

Independence Homeownership Program

Mr. Rankin advised the Board that one closing on a new home will occur the last week in June. Mr. Rankin introduced Ms. Victoria Morales with PierPont Communications, which will be coordinating media coverage of this closing. Information regarding this homeowner will be provided at the next regular board meeting.

Mr. Rankin noted that the recipients of the Habitat for Humanity home are still very excited about having moved into their new home. The family has extended an invitation to the board members to visit their home on any Sunday as a way to express their gratitude for the support given to them in this process.

FINANCIAL AGENDA

Mr. Gunter then presented the HCHA May 2007 financials. He noted that there was a significant variance from the approved Budget were due to the unplanned cost of the salary survey requested by the board and the Disaster Voucher Program recipient survey.

Mr. Rankin discussed the findings of the DVP survey, particularly the fact that the survey found that 72% of DVP recipients plan on remaining in Houston and only 20% plan on returning home. He also advised the Board that the survey found the top three social services needs of the voucher recipients to be (1) job and financial assistance, (2) better affordable housing, and (3) transportation.

OTHER BUSINESS

Mr. Rankin informed the board that a special meeting is tentatively scheduled for July 11, 2007 at a time to be determined. This meeting will focus on the Disaster Housing Assistance Program ("DHAP"), a new program representing an extension and expansion of HUD's Disaster Voucher

Program ("DVP") that was implemented after Hurricanes Katrina and Rita to assist families displaced by those hurricanes. FEMA and HUD in the next two weeks will decide which public housing authorities in the Region will be awarded a contract to administer up to 12,952 vouchers, representing over \$250 million in funds. He believes that HCHA will receive a contract to administer a minimum of 5,500 vouchers. Mr. Rankin noted that HCHA participation in such a huge expansion of the current program would require larger facilities and additional staff. He also said that he was completely confident that HCHA is capable of such an undertaking. Mr. Rankin reviewed the Authority's role in providing for the displaced residents of Hurricanes Katrina and Rita, making reference to HCHA's swift action, perseverance and commitment to serve as key elements of its success during those very stressful times.

Mr. Rankin told the Board that if HCHA is indeed selected to administer a large number of vouchers, it was his intent to subcontract a major portion of the work required to properly handle the additional vouchers. He informed the Board that HCHA had issued a Request For Proposals ("RFP") on June 4, 2007 for administration of the new HUD Disaster Housing Assistance Program ("DHAP"). In addition, the Authority had issued a similar RFP on that same date to firms interested in coordinating the delivery of Social Services and Case Management to housing voucher recipients. Mr. Rankin said that HCHA would also subcontract with one or more social service agencies to coordinate those services. He asked that the Board appoint an Evaluation Committee to review and score the Proposals received for housing and for social services/case management, to conduct oral interviews of the highest ranking proposers and to present their findings at the special called meeting of the Board on July 11th. Each Committee would consist of representatives of an independent consulting firm, two board members, and HCHA staff.

Ms. Kirk recused herself from any discussions regarding the process of selecting subcontractors for social services and case management functions, as did Mr. Jones. Both said they were doing so because of their professional relationships with social service providers in the Harris County area. Each indicated they wanted transparency in the entire process and, thus, would recuse themselves from the process.

Mr. Wallace moved to establish a housing services committee composed of himself, Mr. Herrera, HCHA staff, and representatives of an independent third-party consulting firm with expertise in voucher management to be chosen by Mr. Rankin. Ms. Kirk seconded the motion and it was passed unanimously.

Next, Mr. Wallace moved that a committee be established consisting of himself, Ms. Saenz, , and a third party expert to be chosen by Mr. Rankin for the evaluation of qualifications of proposers wishing to subcontract with HCHA for the coordination of social services/case management for housing voucher recipients. Ms. Kirk seconded the motion and it carried unanimously.

Mr. Wallace reiterated the need for an open, competitive and transparent process in the selection of subcontractors for both the housing and the social services functions. Ms. Saenz inquired about the timeline for all related matters relating to the DHAP. Mr. Rankin advised that he would produce such a timeline within a week after further consultation with HUD.

Mr. Wallace proposed that a letter be written to FEMA from the Board expressing its strong support for the selection of HCHA as the prime contractor for all 12,952 housing vouchers for the Region. He also asked that the date of the special called meeting of the Board to consider all aspects of the DHAP not be set at this meeting, but that such date be finalized after more information is forthcoming from FEMA and HUD.

The Board next discussed possible meeting dates for the next several months. Mr. Rankin reminded board members that board meetings were typically held on the third Wednesday of each month. Mr. Wallace suggested that, since the Board was meeting on this date (June 21, 2007) and since the Board was anticipating it would meet in early July to discuss the DHAP, there would be no need to meet a second time during the month of July.

Mr. Rankin reviewed the dates of the NAHRO Conference (July 17-21) and explained that the opening events of the Waterside Court will be postponed until the end of August to ensure time for the pond and grass to be installed.

Presentation and Discussion of independent salary survey by Werling Associates, Inc.

Mr. Wallace introduced Mr. Steve Werling of Werling Associates, Inc., who presented the results of an independent salary survey performed at the request of the Board of Commissioners. Mr. Werling indicated that the data contained in his report was adjusted to the Houston market as of June 1, 2007. Mr. Werling explained the importance of the survey in helping the Board to make informed decisions regarding the compensation of the Executive Director and the executive staff of HCHA. He then discussed the survey data obtained and his company's analysis and interpretation of that data. He pointed out that information was obtained from organizations that most replicated the structure of HCHA. The survey concluded that the salaries of the Executive Director and the executive staff of HCHA were lower than those of persons performing the same functions in comparable organizations. Mr. Werling's report recommended initiating a Pay Grade structure for HCHA that would establish minimum and maximum salaries for each pay grade. This would help the Board maintain comparability with other similar organizations and give the Board a basis for determining fair compensation for all employees of HCHA.

Mr. Jones inquired about the wide variances in salaries reflected in the survey's findings. Mr. Werling noted that some of the things contributing to those variances were the size differences public housing authorities, the rigidity of the individual systems employed and the tenure of the executives being evaluated.

Ms. Kirk asked Mr. Werling to elaborate on the recommendations he listed in his report, which he did. He pointed out that his recommendations do not have to be implemented in one board action and noted that sometimes it may take a year or so to get an employee's pay to the level it should be.

Mr. Herrera questioned Mr. Werling's preference of citing compensation of employees who worked under the terms of an employment contract versus those who were governed simply by

the state law applicable to "at will" employees. Mr. Werling responded that he saw no distinction between the two for purposes of conducting a salary survey.

Mr. Wallace thanked Mr. Werling for the presentation.

PUBLIC COMMENT

Mr. Wallace inquired as to whether any member of the public wished to address the Board. No one chose to present Public Comments.

EXECUTIVE SESSION

Mr. Wallace announced at 5:20 p.m. that the Board would go into Executive Session to consider specific personnel matters regarding the compensation and salaries of the Executive Director and certain executive staff of the Authority.

RECONVENE IN REGULAR SESSION

The Board reconvened in regular session at 6:27 p.m. and Mr. Wallace announced that there was no action to be taken as a result of the matters discussed in Executive Session.

COMMENTS BY COMMISSIONERS:

No Commissioner had comments at this time.

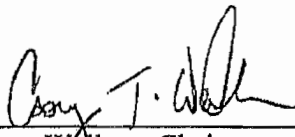
COMMENTS OR ANNOUNCEMENTS BY CHAIR:

Mr. Wallace had no further comments.

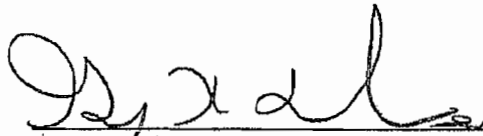
ADJOURNMENT

Mr. Wallace announced that there was no further business to be conducted at this time and moved to adjourn the meeting. The motion was seconded by Mr. Herrera and the meeting was adjourned at 6:30 p.m.

Approved this 10th day of July, 2007.



Casey Wallace, Chairman



Guy Rankin, Secretary

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

Houston, Texas

July 10, 2007

THE STATE OF TEXAS)
)
COUNTY OF HARRIS)

The Board of Commissioners of the Harris County Housing Authority met in a special session, open to the public, on the 10th day of July, 2007, at the offices of the Authority, 8410 Lantern Point Drive, inside the boundaries of Harris County in the city of Houston, Texas. Mr. Wallace, Chairman, called the meeting to order at 3:12 o'clock p.m. and the roll was taken of the duly constituted members of the Board, as follows:

Casey T. Wallace	Chairman	Present
Brenda Kirk	Vice-Chair	Present
Walter Jones	Commissioner	Present
Gilbert Herrera	Commissioner	Present
Graciela Saenz	Commissioner	Present

Mr. Wallace asked that the Minutes reflect all Commissioners were 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 P.C., the Authority's General Counsel. Additional attendees included the following:

Melissa Quijano, David Gunter, and Chantel Alleman of the Harris County Housing Authority; David Turkel, of the Harris County Community & Economic Development Department; Arnold Adams, Sharon Reado, Rose Anne Howland, David Ahola, Roland Rodriguez, and Gasper Mir of Mir, Fox, & Rodriguez, P.C.; Gilbert Hopkins of McConnell, Jones, Lanier, & Murphy, LLP; and Ben Mendez of Project Management Group, LLC.

APPROVAL OF RESOLUTIONS

Mr. Herrera moved to approve the Resolutions authorizing appropriate signatories on HCHA bank accounts at Amegy Bank, N. A. Ms. Saenz seconded the motion; it carried unanimously.

ADMINISTRATION OF FEDERAL DISASTER HOUSING ASSISTANCE PROGRAM

Mr. Wallace reminded the Board that the Harris County Housing Authority ("HCHA" had been advised by the U.S. Department of Housing and Urban Development ("HUD") that it can expect to be selected by HUD to administer its Disaster Housing Assistance Program ("DHAP") in the Greater Houston area. DHAP is HUD's extension of its Disaster Voucher Program, designed to continue to assist families displaced from their homes by Hurricanes Katrina and Rita, Mr. Wallace explained. HCHA would serve as the prime contractor to the Federal Emergency Management Agency ("FEMA") to administer the program and HUD would act as FEMA's agent to oversee the processing of the vouchers, he said. After being advised that it might be selected to administer the disaster voucher program, HCHA issued a Request For Qualifications and Proposals ("RFQP") on June 4, 2007 inviting interested firms to submit proposals to become a subcontractor to HCHA. On June 20, 2007 HCHA received four (4) Responses to the housing voucher administration RFQP.

Mr. Wallace reminded the Board that, at the June 21, 2007 board meeting, a special committee ("Committee") was appointed to evaluate the proposals. Copies of the proposals received by HCHA were transmitted to the Committee members for their review and evaluation.

On June 27, 2007, the Committee met to interview all four Respondents. The Committee was comprised of Mr. Herrera, Mr. Wallace, Mr. Rankin, and Mark Thiele, a representative of Quadel Consulting Corporation, nationally-recognized experts in the field of federal housing vouchers. After listening to presentations from all proposers, the Committee members scored the Respondents based on their written proposals and oral presentations. These scores were submitted to HCHA staff.

Mr. Wallace then asked Mr. Rankin whether the staff had reviewed the evaluations delivered to them from the Committee members and whether the staff had a recommendation as to which firm should be selected as the prime subcontractor to the Authority for the DHAP.

Mr. Rankin advised the Board that his recommendation, based on the Committee's evaluations and the staff review, was that the Board should award the prime subcontract to Mir Fox & Rodriguez, P.C. He also recommended that a secondary subcontract be awarded to the firm of McConnell, Jones, Lanier, & Murphy, LLP; based on the section listed in the Request for Proposal which allows for single or multiple awards. The second subcontract would provide for project management, developing a call center concept, technology components, and the development and oversight of a recruitment/training plan.

Ms. Saenz moved to accept Mr. Rankin's recommendation. Ms. Kirk seconded. Mr. Wallace requested discussion and questions regarding the motion prior to a vote.

Ms. Saenz inquired about the evaluations made by the special committee. Mr. Wallace explained the process of their scoring procedures for the presentations. Mr. Rankin then explained how these findings were presented to the staff, and the staff's recommendation was based on those scores.

Mr. Jones commented that his interest centered on the actual performance criteria of the RFQP rather than relying heavily on price considerations. He noted that he would support a proposal that would give the Authority the best of both firms in order to deliver a great product versus supporting a product that was chosen based primarily on cost.

Mr. Herrera questioned the number of times Quadel's scores counted—i.e., whether just once as Quadel's final evaluation, or twice, including the final evaluation *and* Mr. Thiele's score sheet from the oral presentations. Mr. Rankin advised Quadel's scoring was counted only once, not twice, during the staff review.

Ms. Saenz requested clarification regarding the logistics of the prime award versus the second subcontract. She indicated she had concerns as to which specific tasks will be awarded to each of the subcontracting recipients. She also inquired about the proportionate ratio of monies allocated for this project. Mr. Rankin addressed both parts of Ms. Saenz's question, explaining that the prime subcontract could be awarded to Mir Fox Rodriguez based on their proposal "as is", and that the remaining elements required by HCHA to represent a complete product would be awarded to McConnell Jones. He went on to explain that the work elements which would be awarded to McConnell Jones were not included in Mir Fox's original bid. Mr. Rankin also noted that based on funds availability, the award to Mir Fox based on its original proposed cost to implement would still allow sufficient funds for HCHA to subcontract with McConnell Jones for the work elements not included in the Mir Fox proposal.

Mr. Herrera advised the Board of the breakdown of costs for those additional items provided by McConnell Jones in their proposal. The Board reviewed this record. Mr. Herrera also noted that the difference in cost between the two proposals was the subcontracting that McConnell Jones would employ for certain functions such as training, specifically with Nan McKay, a nationally respected HUD processes expert. He also expressed his support of Mr. Rankin's recommendation.

Mr. Rankin added that there would be no duplication of processes between the two subcontracting recipients.

Ms. Saenz inquired as to what was meant by McConnell Jones' process of "recruitment" for the Authority. Mr. Rankin clarified that the title of the program is Recruitment and Training and the focus of McConnell Jones would be only the training, ensuring that Mir Fox employees receive all necessary certifications and education required to administer this federal program.

Mr. Lemond requested a clarification of the motion based on this discussion. Mr. Herrera clarified the motion as:

Move to accept Mr. Rankin's recommendation that the prime subcontract for housing administration be awarded to Mir, Fox, & Rodriguez, P.C., and that a secondary subcontract be awarded to the firm of McConnell, Jones, Lanier, & Murphy, LLP.

Mr. Herrera said it was his intent that Mr. Rankin be given the discretion to negotiate the parameters of these subcontracts as he deems appropriate, ensuring no unnecessary duplications of functions.

Upon clarification of the motion, Mr. Wallace requested a vote. All Board members voted in favor of the motion. The Motion carried unanimously.

OTHER BUSINESS

Mr. Wallace advised the Board of the next three scheduled board meetings of July 18, 2007 at 11:30 a.m., August 15, 2007 at 11:30 a.m., and September, 19, 2007 at 11:30 a.m. After discussion, the board members were all in agreement that there was no need to have another meeting in July; therefore, the July 18th meeting was cancelled.

PUBLIC COMMENT

Mr. Wallace requested public comments. Mr. Roland Rodriguez of Mir, Fox, & Rodriguez, P.C., requested the opportunity to speak. He thanked the Board for the confidence in his firm, and added that he and his firm were honored to be able to participate in this project because of the potential impact it could have on this community. Mr. Mir also ensured the Commissioners that his team would work very closely with them and with the Authority staff to assure the success of the disaster voucher program.

Mr. Gilbert Hopkins of McConnell, Jones, Lanier, & Murphy, LLP, also asked to make a statement to the Board. Mr. Hopkins thanked the Commissioners on behalf of his firm and expressed the fact that he was extremely pleased to be able to participate in this project.

COMMENTS BY COMMISSIONERS:

Mr. Rankin introduced a radio clip that was aired by Houston's National Public Radio on this morning (July 10, 2007). A recording of the clip was played for the Board. This was an interview and informational piece regarding the Home Ownership Program administered by HCHA. The interview consisted of Paula Sullivan of HCHA and a participant in the Program who would be closing on a home in July.

Ms. Saenz inquired about the additional 5,500 vouchers for the DHAP. Mr. Rankin advised that he has been in contact with several HUD officials in Washington, D.C, who assured him HCHA can expect to be awarded all 12,952 vouchers. He added that within the next two weeks, he and Mr. Gunter would be traveling to Washington, D.C. to meet with Senator Kay Bailey Hutchison and other members of the Texas Congressional delegation regarding this issue. He invited any members of the Board who could do so to attend. Mr. Rankin also informed the Board that Harris County Judge Ed Emmett had agreed to send a letter in support of having HCHA administer the entire 12,952 vouchers.

COMMENTS OR ANNOUNCEMENTS BY COMMISSIONERS

No commissioners had additional comments.

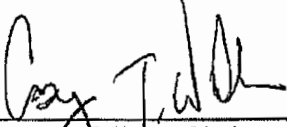
COMMENTS OR ANNOUNCEMENTS BY CHAIR

Mr. Wallace had no further comments.

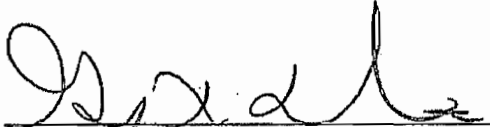
ADJOURNMENT

Mr. Wallace invited a motion to adjourn. Ms. Kirk moved, Ms. Saenz seconded, the motion carried and the meeting was adjourned at 4:04 o'clock p.m.

Adopted this 15th day of August, 2007.



Casey Wallace, Chairman



Guy Rankin, Secretary

David Gunter, Paula Sullivan, and Chantel Alleman of the Harris County Housing Authority; Patricia Lykos of the Harris County Judge's Office; Jon Rucket of Pierpont Communications; Nyla Woods of Family Services; Inc.; Nan McKay of Nan McKay and Associates, Inc.; Daphne Lemelle, Ellen Seaton and Levonne Harrell of the Harris County Community and Economic Development Department.

PRESENTATION AND APPROVAL OF MINUTES OF THE JUNE 21, 2007, AND JULY 11, 2007, BOARD MEETINGS

The Minutes of the June 21, 2007, and July 11, 2007, board meeting were presented for approval. Mr. Herrera advised the Board of a correction that needed to be made to the July 11th minutes: Public Comment Section – Roland Rodriguez made the comments on behalf of Mir Fox & Rodriguez, not Mr. Gasper Mir. Ms. Kirk made the motion to approve the minutes with the corrections as per Mr. Herrera. The motion was seconded by Ms. Saenz, and the motion passed unanimously.

PUBLIC RELATIONS PLAN

Mr. Rankin introduced Mr. Jon Rucket, of Pierpont Communications. Mr. Rucket advised that his presentation would explore Pierpont's public relations plan for the Authority for the next year and a half.

Mr. Rucket reported that Pierpont's goals for HCHA would include the following: establishing HCHA as the nation's most innovative housing authority; positioning HCHA as a tax-credit innovator; establishing HCHA as a leader in housing for seniors; spotlighting how HCHA ends the cycle-of-poverty for its constituents; and ensuring that the Housing Choice Voucher Program is seen as a cornerstone of the region's affordable-housing efforts.

Mr. Rucket explained also that Pierpont's target audience for these campaigns will be the residents and decision makers of Harris County, Texas and nationwide, housing authorities throughout the country, and potential private-sector real estate development partners and financiers.

Mr. Rucket detailed examples of the types of public relations efforts his firm would utilize to accomplish goals and to reach target audiences. Examples include profiling HCHA's leadership role in local housing initiatives, such as participation in HUD's DHAP program, garnering local news stories profiling HCHA successes in programs such as the HCV home ownership Independence program, securing placement of articles in trade magazines covering the HCHA's programs, approaching national news media with trend stories affecting the public (Digital Divide and Urban League), drafting and issuing regular press releases announcing HCHA news developments (Waterside Court, use of Solar Panels in construction of Baybrook), monitoring local news stories and serving as quotable source (Homeownership, Public Sector Finance), securing high profile awards (2008 NAHRO Award), hosting grand openings and events (Waterside Court, 2008 Houston BizJournal "Best CFO") and providing a writing resource bureau (2007 HCHA Annual Report).

Mr. Rucket closed his presentation by advising the Board that the "HCHA Brand" will be one of leadership in affordable housing initiatives. He explained that Pierpont's goal is to have its target audiences recognize HCHA as the leading housing authority in the region, if not the country, in the development of affordable housing. Mr. Rucket also advised the Board that HCHA was at the forefront of creative programming and expansion programming.

Mr. Rucket invited questions from the Board. Ms. Saenz inquired as to whether the media releases would include the established Spanish media in the Houston area. Mr. Rucket explained that all information is considered as to its relevance to the Spanish speaking community, and, as appropriate, media releases do and will include Spanish media sources. Mr. Rucket cited an example of this process, noting that the family that moved into the Authority's Habitat for Humanity house was Latino, and hence, the media coverage was heavily focused on the Spanish language television stations.

Mr. Jones asked that Mr. Rucket give thought as to how to educate and inform the public, local and otherwise, of affordable housing Section 8 program. Noting that most people do not realize the opportunities that HCHA offers to our currently employed and retired citizens, Mr. Jones further explained that education of the general public regarding the Authority's programs is a great promotional plan in itself. Mr. Rucket concurred.

Mr. Herrera complimented Mr. Rucket on his past efforts and future plans for the Authority. He also noted that due to the lack of information, the general public oftentimes has misdirected and misinformed views of the Katrina Evacuees and other housing assistance recipients. Mr. Herrera expressed a desire to see that the information disseminated to the public include the obligations on the part of families receiving assistance from HCHA, in addition to making the general public aware of the Authority's self-sufficiency goals. Mr. Rucket agreed with Mr. Herrera's point, and advised him that this process has already begun in that direction by highlighting success stories.

Mr. Rankin interjected that HCHA's public information campaign will also include information about HCHA's programs such as its Independence Program, the Down Payment Assistance Program, and the Section 8 program. He expressed a need to advise the public that 90% of all those families receiving Section 8 assistance are able to work and are, in fact, working. He continued on to say that many of these individuals are working for Fortune 500 companies. Mr. Rankin also noted that the general public needed to know that being on Section 8 does not mean that HCHA pays 100% of the assisted families' rent; it only pays a portion of the rent due, and the family pays the rest, based on the family's ability to pay.

Mr. Herrera added that Mr. Rankin, because of his credibility should serve as HCHA's spokesperson in explaining its affordable housing initiative, he is the person that should be explaining such matters to the public. Mr. Herrera also noted that people will trust and understand these matters if presented by Mr. Rankin as Executive Director of HCHA because of his proven track record. He went on to say that it was his feeling that the Authority should not underestimate the knowledge and understanding of the public when the message is presented to them properly and that HCHA would be making a mistake if it didn't present itself that way to the citizens of the area. Mr. Rucket again agreed with each of Mr. Herrera's comments. He also emphasized that the opening of Waterside Court was presented in a way that highlighted the fact that its tenants are working people.

Mr. Herrera advised Mr. Rucket that there also are several organizations interested in assisting veterans returning from Iraq. He requested that this information be integrated into HCHA communications.

Mr. Jones commended Mr. Rucket on his firm's efforts thus far, and expressed his hope that he would continue his efforts to get HCHA's information out to the local media, including the community newspapers published throughout Harris County.

SELECTION OF SOCIAL SERVICE PROVIDERS FOR DHAP

The board next considered the selection of social services agencies to serve as providers of case management services for DHAP. Mr. Jones advised the Board that he would neither comment nor participate in any discussion or vote relating to this agenda item because it might create the appearance of a conflict of interest regarding his current employer, which is being considered as a case management services provider. Ms. Kirk announced that she had recently resigned her contract with Harris County so as to avoid the appearance of a conflict of interest regarding this matter.

Mr. Rankin reviewed the elements of the DHAP project, noting that it will also include a social services component. He explained that this component was designed by HUD to assist recipients in achieving self sufficiency. These services are set to begin on September 1st. Mr. Rankin advised the Board that the Authority had issued an RFP approximately 30 days ago, and that responses were received from three (3) major social service agencies. Upon reviewing the material and following up with those three agencies, HCHA determined that those three agencies alone would be unable to handle the caseloads required to assist DHAP families. Therefore, HCHA contacted three additional service providers, based on qualifications and size in order to add capability to the required resource pool.

Mr. Rankin recommended that the Board authorize contracts with the following agencies:

Harris County Community and Economic Development Department ("CEDD"),
Neighborhood Centers, Inc.,
The Health Department of the City of Houston,
Family Services, Inc.,
Houston Area Urban League, and
Catholic Charities.

As HCHA's staff further reviewed the capabilities of the social service agencies, it was determined that two of those agencies currently maintain exceptional database systems, one of which has already been used in assisting Katrina evacuees.

Mr. Herrera inquired about the number of vouchers being awarded to HCHA by FEMA and how the DHAP budget was formulated to accommodate servicing those vouchers. Mr. Rankin advised the Board that the number of vouchers used was expected to be 8,500; however, he did foresee a strong possibility of that number increasing if the vouchers are not distributed out to other agencies (i.e. Houston Housing Authority). He added that if the number of vouchers increased, so would the budget for the DHAP project, requiring re-consideration by the Board. In that situation, Mr. Rankin would present an adjustment to the budget reflecting the most recent voucher numbers.

Ms. Kirk advised the Board that all of the social service agencies being recommended for case management contracts have been active in helping Katrina evacuees who will be served by this new project. She also reported on a meeting she recently attended, along with Mir Fox & Rodriguez, CPAs, that included representatives from each of the those agencies. Ms. Kirk explained that the meeting provided an excellent opportunity to discuss issues regarding the DHAP project and helped to clarify issues needing to be addressed prior to the start of the project. She also added that each of these agencies was currently receiving funding from the Houston Galveston Area Council ("HGAC") or United Way of Greater Houston.

Ms. Kirk explained that approximately 170 social workers were going to be required to service the required caseloads, and the deployment of these social workers would need to be simultaneous and, thus, critical to the success of the program. She went on to say that having a number of different agencies would be advantageous to achieving this task, including their ability to immediately hire a number of short-term, contract social workers.

Mr. Herrera asked about the demographics of the DHAP recipients. Mr. Rankin advised that a survey will be done soon after the program begins to obtain a breakdown of this information. Ms. Kirk added that Legal Aid would be an available resource to the program participants for issues like FEMA determination. This aid will be provided in the form of one-on-one assessments. Mr. Rankin also added that FEMA would have an office at the new HCHA DHAP location.

Mr. Herrera inquired about the location of the DHAP offices. Mr. Rankin advised that they will be located at 9000 Kirby Drive, approximately one mile south of HCHA's offices.

Ms. Saenz asked if the social services budget was separate from the administrative budget that had been reviewed by the board at its previous meeting. Mr. Rankin affirmed that they were two completely separate budgets.

Mr. Herrera asked Ms. Kirk's opinion as to capability of the Mir Fox & Rodriguez CPA firm to handle such an undertaking as DHAP since she has had the opportunity to meet with the Mir Fox principals. Ms. Kirk noted that MFR has a strong team of skilled professionals and she does feel that they are capable. Mr. Rankin concurred with Ms. Kirk as to the capabilities of Mir Fox & Rodriguez.

Mr. Rankin introduced Nyla Woods of Family Services, Inc., one of the social service agencies that is currently being recommended for the award of a case management contract under DHAP. Ms. Woods gave a brief history of the organization. She explained that her agency has been in service for 104 years, serving the indigent, recently immigrated, and other diverse groups in need of social services assistance. She also explained that the number one priority of the organization is to help their clients achieve self sufficiency. She pointed out that a key element of the agency's services is the provision of mental health services to its clientele, something not available from all social service agencies. Ms. Woods outlined the services available through her organization, including preventative measures such as seminars on substance abuse, bullies, drop-outs, and more. She also said that Family Services has maintained contracts with the State

of Texas, as well as local governmental agencies, to provide services to area citizens. She explained that the organization is funded by the United Way of Greater Houston.

Mr. Rankin requested that Ms. Woods speak about the Family Services database and how it assists the agency in its day-to-day operations. Ms. Woods explained that CEDD had just completed an extensive evaluation of the database and gave it a very favorable review. She explained that, as a Certified Public Accountant, she had developed the database concept to address what she believed was wasted time caused by clients having to physically fill out paper forms and then sending them to Family Services where an employee was required to enter the data into the agency's system. The database is now maintained as a web-based system that allows the agency to enter all client information from anywhere in the world that provides web access. She noted that it also includes a timekeeping component that allows for scheduling, medical records availability, demographic information, assessment tools, and client survey capabilities.

Ms. Woods explained that the database system allows the agency to quickly access and extract data for evaluation. She explained that Family Services, Inc. has been accredited by the Joint Commission on Accreditation of Healthcare Organizations ("JACHO"), the organization which accredits healthcare providers nationwide. She advised the Board that the agency's last Joint Commission audit was done entirely electronically, and the JACHO auditor was so impressed with the amount of time it saved, he advised that he would recommend the system to all other agencies subject to Joint Commission reviews.

Mr. Rankin then asked Ms. Lemell to discuss the social services offered through CEDD. Ms. Lemell expressed CEDD's excitement about the opportunity to be a part of this new endeavor. She explained that CEDD has partnered with HCHA in the development of tax credit affordable housing projects by providing financial resources in the past, and would be continuing to do so in the future. She also reported that CEDD had just recently been merged with the Harris County Social Services Department. Ms. Lemell said that CEDD also regularly provides utility assistance and emergency financial assistance to eligible county residents. She continued that CEDD has subcontracted with social service agencies in the past, and are fully prepared to monitor and facilitate any subcontracting that will be necessary for the DHAP project. She then introduced Ellen Seaton, the current Assistant Director of the Social Services Division, soon to be named the new Deputy Director of Social Services, as of September 1st. Ms. Lemell also introduced Lavonne Harrell as her Staff Assistant.

Mr. Wallace thanked Ms. Woods and Ms. Lemell for their input and hard work to date in respect to the DHAP project. He then requested a motion regarding the action item. Ms. Saenz moved to approve the staff's recommendations for the award of contracts to the named agencies for the provision of case management services for the DHAP project. Mr. Herrera seconded the motion and it carried unanimously.

Mr. Jones requested that he be allowed to resume participation in the board meeting. The chairman assented.

ADMINISTRATIVE AGENDA

Administration

Mr. Rankin advised the Authority was at a 99% lease up rate in respect to its voucher assistance programs.

Housing Choice Voucher Division

Mr. Rankin presented a status report to the Board on the Section 8 occupancy rates at the Authority. He noted that there was a slight difference between awarded vouchers versus leased units.

Mr. Rankin advised the Board that the Authority had just retrieved the last 300 families from its waiting list to begin processing them for housing assistance. This would clear the list for the first time in over four years, allowing the Authority to re-open its waiting list within the next 60 to 90 days.

Mr. Rankin also noted that opening the Section 8 waiting list was a significant undertaking which would require major advertising to all sections of the community. Mr. Wallace inquired as to whether the advertising done in reference to the opening of this waiting list would be made available in every language of the community that the Authority serves. Mr. Rankin answered that all languages will be included, noting that this is how the Authority has advertised in the past and how it plans to proceed in this instance.

Mr. Herrera requested that Mr. Rankin outline each housing program offered by the Authority. Mr. Rankin explained the Authority doesn't own any housing units, which falls under the category known as "Public Housing" programs. The Authority does however administer a Housing Choice Voucher Program/Section 8 Program as its core program. He explained that the program works by using income verification, family status, voucher size, and rent reasonableness to determine eligibility. This is the program administered by approximately 4,100 housing authorities throughout the United States. Mr. Rankin added that this program is monitored through a HUD based auditing system known as Section Eight Monitoring and Assessment Program, or "SEMAP".

Mr. Rankin next explained that the variances from month to month regarding lease up numbers at HCHA was due to families graduating from the program, dropping off the program, and the portability vouchers (families moving to and from this area).

Ms. Saenz asked about the process for determining the number of vouchers that is budgeted. Mr. Rankin explained that HUD determines a baseline number for each housing authority in the country. HUD then monitors the lease-up rate versus this baseline, requiring each housing authority to remain at least 95% leased up or use 95% of the funds allocated. If the housing authority's numbers do not sustain the requirements, then the number of vouchers is reduced based on the authority's recent history. Mr. Herrera inquired about the process by which an Authority can obtain increases in its voucher allotment from HUD. Mr. Rankin advised that any increase in voucher allotments has to be authorized by Congress, or as HUD sees appropriate.

Mr. Wallace noted that Congress at this time is in fact considering increasing the total number of vouchers in the entire program nationwide and whether or not HCHA will receive a part of that increase is still unknown. Mr. Rankin added that HUD recently advised the Authority that it would be granted an increase of 32 vouchers currently not being used in the Palacios, Texas area.

Disaster Voucher Program

Per Mr. Herrera's request, Mr. Rankin presented an overview of the DVP. He informed the Board that this particular program was created by HUD to assist Hurricanes Katrina and Rita evacuees that were previously assisted at other housing authorities prior to the hurricanes. HUD offered to the housing authorities that assisted these transported evacuees an increased administrative fee of 10%. As the evacuees arrived, HCHA staff verified assistance status through the HUD database. Mr. Rankin said that HUD intends to transition the DVP into the Housing Choice Voucher Program by December 31, 2007.

Ms. Kirk noted that a number of letters had been received by former City of New Orleans residents informing them to return to New Orleans as soon as possible or, otherwise, risk losing their housing assistance permanently. Mr. Rankin added that the letters were sent to the residents from the Housing Authority of New Orleans ("HANO") and were not accurate. He also advised that HUD would be sending out letters to notify the evacuees of the error in information they had received from HANO and HUD would provide them with the correct information as to their eligibility to continue receiving federal housing assistance.

Mr. Wallace noted that a number of the New Orleans evacuees had no place to return to in New Orleans due to lawsuits and the fact that no replacement housing facilities had yet been built.

Jackson Hinds Garden SRO

Mr. Rankin stated the Jackson Hinds Garden SRO ("JHSRO") is leased up 100%. He also advised the Board that there is a need for more SROs in the Greater Houston area. He advised the Board that SRO was a product of the Continuum of Care, a collaboration between the City of Houston, Harris County, Texas and the Coalition for the Homeless. This collaboration applies for federal funding from HUD on behalf of all homeless providers in the region. Part of the funding provided covers the cost of permanent housing. HCHA has received a grant to cover the cost of the rent for up to 10 years at the Jackson Hinds Garden SRO. Paula Sullivan of HCHA manages this program.

Ms. Sullivan informed the Board that her department performs annual recertifications for each JHSRO resident. She also advised them that as soon as one resident leaves the program, a new one is there to take that open spot within two days.

Ms. Kirk inquired as to whether any progress had been made regarding the independent assessment of the JHSRO, as previously requested by the board. Ms. Sullivan responded that the assessment determined that JHSRO had purchased a van; however, she said, the nature of its use was unknown. She also noted that she had not been able to obtain verification of improvements of performance regarding the operation of the facility. Ms. Kirk advised that she had been notified by various service providers that the SRO is transporting its residents to shelters or to other meal providers for food, instead of obtaining food for them at the JHSRO facility. Ms.

Kirk requested that this problem be investigated so as to prove or disprove the information. Mr. Rankin directed Ms. Sullivan to follow up on this information.

Mr. Wallace asked Ms. Sullivan about the turnover rate of residents at the Jackson Hinds Garden SRO. Ms. Sullivan advised that there were approximately 1-2 residents a month who move out but they are replaced immediately. Mr. Wallace then inquired about the average stay of an SRO resident. Ms. Sullivan responded that most residents are permanent. Ms. Kirk added that most of these clients were considered "hard to place" and had lived on the streets for multiple years and pointed out that if they are unable to obtain meals at the SRO, they would most likely move back out on to the streets in search of food. She also noted that Jackson Hinds was Houston's only premier SRO and that she would very much like to see it continue to be managed as a premier program.

Mr. Rankin reiterated that Ms. Sullivan would check into this matter and request a report from Earl Hatcher, the Executive Director of JHSRO.

MOD Rehab

Mr. Rankin stated MOD Rehab is leased up 100%.

Report on Affordable Housing Division Developments

Mr. Rankin presented an overview of the completed HCHA tax credit projects, as follows:

Cornerstone Village is currently at 94% physical occupancy and 99% occupied with pre-leases.

Louetta Village is currently at 95% physical occupancy and 99% occupied with pre-leases.

Primrose at Bammel is currently 66% physically occupied; 74% with pre-leases.

Baybrook Park is currently 84% physically occupied; 100% occupied with pre-leases.

Waterside Court 11% physical occupancy and 64% pre-leased.

Magnolia Estates is scheduled to open on December 21, 2007. Construction is presently 25% complete.

Independence – Homeownership Program

Mr. Rankin reported that there were three new homeowners expecting to close on homes through the Section 8 homeowners program, as follows:

Sheila Williams: closing 8-31-07

Yolanda Branch: closing 9-15-07

Delia Martinez: signed contract for new construction

Mr. Rankin also reported that Ms. Betty Brown closed on her new home on 6-21-07.

Mr. Wallace asked why the Primrose at Bammel project was taking such a long time to fill up. Mr. Rankin informed him that this property was being sold, and has been through six management changes. He explained that even though this is a nice project, the owner is managing this property as though he is selling it, rather than as though he owns it.

Mr. Herrera inquired about the backgrounds typical of Independence Homeownership Program recipients. Mr. Rankin explained that most recipients were employed, with a household income of above \$30,000, but that credit history plays a major part in preventing these recipients from obtaining home loans. Ms. Kirk added that financial guidance was the key to helping these clients in the application process for home loans that might be available to them.

Mr. Jones asked Ms. Lemell what use she could make of blending HCHA's waiting list with that of the HCCEDD. Ms. Lemell responded that the data would be useful and that CEDD was currently preparing to consolidate data to develop a housing strategy. The HCHA information would be beneficial, she said, to that effort. Mr. Rankin added that this type of information was currently used in the SEMAP and the data was helpful in moving HCHA clients into lower poverty-concentrated areas.

FINANCIAL AGENDA

Mr. Gunter presented the HCHA June 2007 and July 2007 financials. He said the reasons for any significant variances from the approved budget were noted at the bottom of the report. Mr. Gunter explained deferred revenue to the Board members.

Mr. Rankin reviewed the budget adjustments included in the Board packets. He advised that any adjustments made to the budget were reflected in the footnotes at the bottom of the report.

Upon reviewing the report, Mr. Wallace inquired as to the amount of money the Authority is spending on staff consultants per year. Mr. Rankin advised him that the Authority is currently utilizing three consultants with a cost breakdown, as follows:

- One consultant @ \$5,000 per month;
- One consultant @ \$25,000 per year; and
- One consultant @ \$25,000 per year.

Mr. Wallace then asked how much it would cost on an annual basis to hire the consultants as full-time employees. Mr. Rankin replied that it would cost prohibitive to hire these kinds of professionals on a full-time basis because of their special expertise in their respective fields.

Mr. Jones asked Ms. Lemell if she knew how much tax credit business the Authority would be doing in the next year. Ms. Lemell advised the Board that there is funding available for new tax credit projects, but an exact figure was not known. Mr. Rankin informed the Board that an RFP had been issued to developers interested in partnering with HCHA to build affordable housing. The RFP's were due on August 17, 2007. Mr. Rankin further explained that this was an annual process to ensure all developers are given the same opportunity to submit proposals for

affordable housing projects. He also advised that the TDHCA imposes a \$2 million annual limit on tax credits per developer and, therefore, the most the HCHA can have is \$2 million in tax credit projects in any one year.

Mr. Rankin informed the Board that a large portion of the Temporary and Professional Services fees shown in the Budget are for services that will be provided by Nan McKay and Associates for the production of informational books, documents, videos, and forms that will be used in the DHAP project.

Ms. Kirk motioned to accept the Mid Year Budget Review as presented. Mr. Herrera seconded. The motion carried unanimously.

OTHER BUSINESS

Mr. Rankin introduced Ms. Nan McKay of Nan McKay and Associates. Ms. McKay gave an overview of her company and its credentials. She also reviewed the basic principles behind DHAP and the services Nan McKay and Associates will be providing to aid in this project. Ms. McKay congratulated the HCHA for the exceptional accomplishment of being awarded more DHAP vouchers than any other housing authority in the country.

The board next previewed a landlord briefing video produced by Ms. McKay.

PUBLIC COMMENT

Judge Patricia Lykos reminded the Board that there was another anniversary of Hurricane Katrina approaching. She expressed the opinion that this was the perfect opportunity to highlight the accomplishments of the Harris County Housing Authority in regard to the Katrina evacuees.

Judge Lykos also advised the Board and the HCHA staff to be proactive in preparing for the next hurricane or other disaster by having an emergency plan in place.

Judge Lykos emphasized that, in respect to the DHAP project, HCHA has the opportunity to be a model for the entire nation. She also added that along with this honor comes the likelihood of opposition. Therefore, she requested that when HCHA makes the announcement for the DHAP project, that it is done in the most positive, optimistic light.

Judge Lykos added that all of her comments were strictly personal and not representative of any other person or office.

EXECUTIVE SESSION

Mr. Wallace announced that the Board of Commissioners would be going into Executive Session to discuss the issues as listed on the agenda. He recessed the meeting at 1:51 p.m.

RECONVENE IN PUBLIC SESSION

Mr. Wallace reconvened the meeting at 2:47 p.m.

Mr. Wallace motioned to adjust the pay schedule of the Chief Executive Officer/Executive Director of the Harris County Housing Authority, effective September 1, 2007, provided the money from HUD for the DHAP project is received, as follows: Base Sum of \$180,000 per year for the first year, with a 10% increase the second year, and a 10% increase the third year, provided the Harris County Housing Authority meets all benchmarks to be established from time to time by the Board of Commissioners. Mr. Jones seconded the motion. The motion carried unanimously.

Mr. Jones motioned to authorize the Chief Executive Officer/Executive Director of HCHA be authorized the discretion to distribute salary increases and bonuses to HCHA staff in accordance with the previously approved budget. Ms. Kirk seconded the motion. The motion carried unanimously.

COMMENTS BY COMMISSIONERS:

No comments were presented by commissioners.

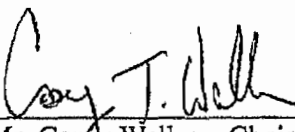
COMMENTS OR ANNOUNCEMENTS BY CHAIR:

Mr. Wallace had no further comments.

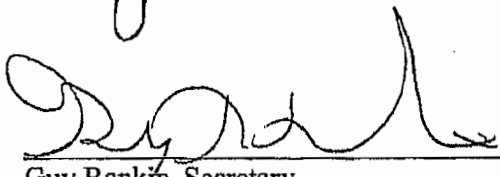
ADJOURNMENT

Mr. Wallace invited a motion to adjourn. Ms. Saenz so moved, Mr. Herrera seconded, and the motion carried. The meeting was adjourned at 2:53 o'clock p.m.

Adopted and approved this 19th day of September, 2007.



Mr. Casey Wallace, Chairman



Guy Rankin, Secretary

MINUTES OF REGULAR MEETING OF HARRIS COUNTY HOUSING AUTHORITY

Houston, Texas

September 19, 2007

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 19th day of September, 2007, at the offices of the Authority, 8410 Lantern Point Drive, inside the boundaries of Harris County in the city of Houston, Texas. Mr. Wallace, Chairman, called the meeting to order at 11:50 o'clock a.m. and the roll was taken of the duly constituted officers and members of the Board:

Casey T. Wallace	Chairman	Present
Brenda Kirk	Commissioner	Present
Walter Jones	Commissioner	Present
Gilbert Herrera	Commissioner	Present - Delayed
Graciela Saenz	Commissioner	Absent

Mr. Wallace 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 were Jim Lemond of the law offices of Winstead PC, the Authority's General Counsel. Additional attendees included the following:

David Gunter, Paula Sullivan, Melissa Quijano, and Chantel Alleman of the Harris County Housing Authority; Victoria Morales of Pierpont Communications; David Turkel of the Harris County Community and Economic Development Department; and Susie Allen of Commissioner Garcia's Office.

PRESENTATION AND APPROVAL OF MINUTES OF THE AUGUST 13, 2007, BOARD MEETING

The Minutes of the August 15, 2007, Board meeting were presented for approval. Ms. Kirk made the motion to approve the minutes as presented. The motion was seconded by Mr. Jones, and the motion passed unanimously.

EXECUTIVE SUMMARY & EXECUTIVE DIRECTOR'S REPORT

Mr. Rankin advised the Board of Commissioners that the grand opening event for Waterside Court will be held on October 19, 2007. The time of the event has not been determined as of yet, but once the information has been received, Mr. Rankin will pass it on to the Board members. Mr. Rankin noted that Waterside Court is a 118 unit, single family subdivision on West Road. He also advised that the Authority is looking to partner with Fry's Electronics to supply the units with computers. This purchase will be made in partnership with Amegy Bank, which financed the Waterside Court project.

Mr. Rankin also informed the Board of a development opportunity in north Harris County. He explained that it was in the Spring area, and that the Authority would be working with the Harris County Community and Economic Development Department and Commissioner Eversole's office on this project. Mr. Rankin advised the Board that he would be taking a tour of the potential site on October 3rd. Ms. Kirk requested to attend the tour; Mr. Rankin agreed and also invited Chairman Wallace.

Mr. Rankin reviewed with the Board the FEMA Affordable Housing Demonstration Project. He explained that this project has been developed jointly by FEMA and the Texas Department of Housing & Community Affairs ("TDHCA") over the last year to design a special emergency housing concept. Mr. Lemond added that the action item listed on the agenda was added in anticipation of more information regarding this project; however, since no new information had been obtained at this time, no action by the Board was required. Mr. Rankin advised the Board that the Heston Group was in fact the same group that made a presentation at a previous board meeting in reference to the "pop up" housing it has been providing for U.S. military troops in Iraq. He added that these pop up houses are being considered as an alternative to the FEMA trailers. Mr. Rankin explained that each "pop up" was a 20' x 16' block that was bulletproof and can withstand winds of up to 150 miles per hour. The blocks can be interconnected to create multi-bedroom homes or even a high-rise.

Mr. Rankin reviewed the highlights of the project as follows:

- FEMA will fund the purchase of land.
- 20-30 housing units will be constructed on the land.
- Current DHAP recipients will test these homes for a period of 2-4 years.
- At the end of the test period, the homes will be collapsed and stored.
- Should another hurricane adversely affect the Gulf Coast area, the homes can be reconstructed in a short period of time.
- In a state of emergency, these structures can provide shelter for emergency medical services personnel and for evacuees.
- Once the demonstration project is completed, the land will be deeded to HCHA for affordable housing purposes.

Ms. Kirk noted that the interior materials used to construct the units should be tested to determine compatibility with the area's conditions so as not to repeat the problems FEMA experienced with the use of trailers used for the Katrina/Rita evacuees.

ADMINISTRATIVE AGENDA

Administration

Mr. Rankin reviewed with the Board an overview and status report of the DHAP project. A hard copy of the report was given to each Board member. He advised them that the DHAP Center officially opened on September 18, 2007, having received all necessary permits. The Intake Center, he reported, has been open for eight days and has processed a total of 1776 families. Mr. Rankin reviewed the critical issues DHAP still faces, including not having received a sufficient amount of family data and owner information from HUD. At this time, HUD is considering having CLC Property Management Company, the subcontractor charged with the oversight of the City of Houston's current disaster assistance program, make DHAP payments through December 1st since HCHA does not have the data on families and owners necessary to make the payments. Mr. Rankin told the Board that HUD was extremely impressed with HCHA's DHAP process, calling it the premier assistance center in the country and expressing an interest in purchasing the rights to it so that it might apply the organizational structure to all of its disaster programs throughout the country.

Mr. Wallace asked whether HUD would pay CLC to administer the payments through December. Mr. Rankin advised that those details would be worked out in a meeting with HUD next week.

Housing Choice Voucher Division

Mr. Rankin presented a status report to the Board on the Section 8 occupancy rates at the Authority. He noted that there was a slight difference between awarded vouchers versus leased units in the Housing Choice Voucher Occupancy Report because the report was completed prior to the mid-month checks being issued, which shows a 60 unit count. He explained that this would result in a 51 count differential in the budgeted vs. leased unit count, instead of the listed 111.

Mr. Rankin advised the Board that the following programs, as listed, were at least 99% leased up, as follows:

**Disaster Voucher Program
Jackson Hinds Garden SRO
MOD Rehab**

Report on Affordable Housing Division Developments

Mr. Rankin presented an overview of the completed HCHA tax credit projects, as follows:

Cornerstone Village is currently at 92% physical occupancy and 97% occupied with pre-leases.

Louetta Village is currently at 97% physical occupancy and 101% occupied with pre-leases.

Primrose at Bammel is currently 70% physically occupied; 73% with pre-leases.

Baybrook Park is currently 86% physically occupied; 95% occupied with pre-leases.

Waterside Court 28% physical occupancy and 99% pre-leased.

Magnolia Estates, scheduled to open on December 21, 2007. Construction is presently 36% complete.

Mr. Wallace inquired as to the demand letter written by HCHA to Vernon Young, the developer of Magnolia Estates, regarding the potential default in meeting the construction timelines on the project. Mr. Wallace also wanted to know if Mr. Young had a performance bond in place on the project. Mr. Rankin advised that there was a bank guarantee in place, but no bond. Mr. Lemond noted that the guarantee was in the amount of \$7 million, with HCHA as the beneficiary. Mr. Rankin added that he and Mr. Young would be meeting soon regarding the status of the project. Mr. Lemond advised the Board that the developer was not in default at this time, but a letter will be drafted after the meeting next week in regard to default.

Mr. Rankin advised that Primrose at Bammel is being sold to Cascade Holdings, LLC, a large tax credit purchaser.

Independence – Homeownership Program

Mr. Rankin reported that the Homeownership Program continues to grow, and has already closed on more homes than last year's program. At this time the current active applicants are as follows:

Delia Martinez: signed contract for new construction

Yolanda Branch: closing 9-15-07

Sheila Williams: closing 10-30-07

Ms. Kirk inquired as to the number of clients HCHA has in queue for homeownership at this time. Ms. Sullivan responded that there are two contracts pending at this time, and approximately 50 clients currently working on improving their credit scores in order to increase their chances of qualifying for mortgage loans.

FINANCIAL AGENDA

Mr. Rankin advised the Board that the financials do not include the DHAP funds because the funds were not received by HCHA until September. Mr. Wallace inquired as to what HCHA's account balance would be if the DHAP funds were included. Mr. Gunter responded that the balance would be approximately \$17 million.

Mr. Gunter presented the HCHA August 2007 financials. He noted the only significant variance on the balance sheet was that HCHA had advanced \$1.1 million to Mir-Fox & Rodriguez for the setup and startup of the DHAP Center.

Ms. Kirk requested that the Chairman revert back for more discussion about the Jackson Hinds Gardens SRO project. She asked whether the Authority had received any updated information in regard to the social services offered to the clients at the SRO. Ms. Sullivan explained that a memo had been forwarded to the Authority by the facility's management, but no significant changes had been verified by HCHA as to the subjects discussed in the last board meeting. She

did note, however, that a new food pantry, accessible to the SRO residents, had recently opened in the neighborhood.

Mr. Rankin added that he had received two letters from the Executive Director of Jackson Hinds Gardens; one requesting that HCHA participate in a Continuum of Care effort to increase the total number of SRO units by 28 units in order to achieve a total unit count of 100; the second letter requested that it be allowed to increase the Fair Market Rent to \$426 per month that could be charged to the residents of the facility.

OTHER BUSINESS

Mr. Rankin requested that the Board consider attending a three-hour training session during the month of October which would be conducted by Ms. Nan McKay, covering the matters included in her book entitled "Everything a Commissioner Needs to Know". Mr. Rankin also suggested that all board members who had not previously done so should attend training sessions on Open Records and Open Meetings during the month of November. This training could be completed by Board members utilizing CDs on open government provided by the Texas Secretary of State's office. Mr. Lemond advised that the Open Records and Open Meetings courses can also be completed online by accessing the Secretary of State's website and completing the two one-hour sessions.

After discussion, the Board agreed to convene the October Board meeting at 11:00 o'clock a.m. in order to accommodate the Nan McKay training. The November open government training will be accommodated by issuing to each Board member a copy of the training CD. Reminder information will be forwarded to each Board member via email.

PUBLIC COMMENT

Ms. Gladys House, with the Carpet Depot, had requested time to address the Board regarding certain contracts; however, she was unable to stay for the Public Comment portion of the meeting and therefore left an informational packet and contact information with Mr. Rankin.

EXECUTIVE SESSION

No executive session was convened.

COMMENTS BY COMMISSIONERS:

There were no further comments voiced by the Commissioners.

COMMENTS OR ANNOUNCEMENTS BY CHAIR:

Mr. Wallace advised the Board that he and Mr. Rankin had a very successful meeting with HUD in Washington, D.C. It was at this meeting that a contract was executed regarding the DHAP project. He commended Mr. Rankin for working tirelessly to secure this project.

Mr. Rankin advised the Board that out of the 6,668 vouchers awarded to the HCHA by HUD under the DHAP contract, only 1700 families had shown up so far to begin the intake process. A strong outreach program is planned to contact the remaining individuals. There followed an extensive discussion as to what means would be utilized to contact potential DHAP clients, given the fact that there was a lack of current information on these families.

Mr. Rankin offered to accompany all Board members on a tour of the DHAP Center and the Intake Center following the board meeting.

Mr. Rankin introduced Ms. Victoria Morales of Pierpont Communications, who explained to the Board the continuing efforts Pierpont is making in regard to the DHAP operation and the grand opening of the Center. She also advised that Pierpont was on standby to provide public information assistance for any Section 8 clients who graduate to the Independence Program. Ms. Morales reviewed the Rumbo interview with Commissioner Saenz and spoke of the Hispanic influence in the community. She then cited the article about HCHA in the National Real Estate Investor magazine, which cited HCHA as an innovative housing provider.

Mr. Jones asked David Turkel if HUD had made any inquiries of his department as to where the Katrina/Rita hurricane victims might be located two years into the future. Mr. Turkel answered that there have been no inquiries from HUD as to the long term needs or assessments of this population.

Mr. Jones pointed out that Neighborhood Centers, Inc., his employer, has not been able to identify the existence of any long-range plan that addresses the housing needs of Katrina/Rita evacuees. Mr. Jones further reported that Neighborhood Centers has reached two conclusions in respect to Katrina/Rita evacuees residing in Harris County and the surrounding areas, namely:

- 1) that a totally different, non-traditional approach to housing must be developed in order to service the needs of that distinct population
- 2) that a significant number of these evacuees will one day become permanent residents of Harris County

Mr. Rankin reported that within the next 60-90 days, HCHA will have assembled a data bank on all families in need of housing in Harris County, including evacuees. He expressed his intent to deliver to HUD and to the U.S. Department of Health and Human Services ("HHS") this data in hopes that these agencies will agree to appropriate funds to address the needs of Tier 3 and Tier 4 households in Harris County. He indicated that his research has confirmed that HCHA ought to have a full-time social services case worker on its staff dedicated exclusively to client case management.

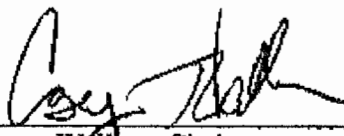
Mr. Turkel observed that the City of Houston and Harris County had recently collaborated on a successful grant application to HUD to obtain a total of \$60 Million in Community Development Block Grant funds to address the needs of Katrina/Rita evacuees. He pointed out that the City had chosen to apply its grant of \$40 million in equal amounts of \$20 Million each, first for law enforcement needs in Katrina/Rita communities and the remainder for apartment renovations in those areas. Harris County, on the other hand, had chosen to award \$10 Million of its \$20

Million grant directly to the Harris County Hospital District to address the medical needs of the uninsured and \$3 Million to the Mental Health and Mental Retardation Agency of Harris County.

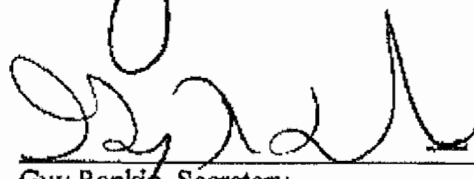
ADJOURNMENT

Mr. Wallace invited a motion to adjourn. Ms. Kirk moved to adjourn, Mr. Jones seconded, and the motion carried. The meeting was adjourned at 12:50 o'clock p.m.

Adopted and approved this 17th day of October, 2007.



Casey Wallace, Chairman



Guy Rankin, Secretary

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

Houston, Texas

October 17, 2007

**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 October, 2007, at the offices of the Authority, 8410 Lantern Point Drive, inside the boundaries of Harris County in the city of Houston, Texas. Mr. Wallace, Chairman, called the meeting to order at 12:20 o'clock p.m. and the roll was taken of the duly constituted officers and members of the Board:

Casey T. Wallace	Chairman	Present
Brenda Kirk	Commissioner	Absent
Walter Jones	Commissioner	Present
Gilbert Herrera	Commissioner	Absent
Graciela Saenz	Commissioner	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 J. McDonald of the law offices of Winstead PC, the Authority's General Counsel. Additional attendees included the following:

David Gunter, Melissa Quijano, and Chantel Allcman of the Harris County Housing Authority; Daphne Lemmel of the Harris County Community and Economic Development Department; Bob Kendrick of Commissioner Radack's Office, Judge Patricia Lykos of the Harris County Judge's Office, and Susie Allen of Commissioner Garcia's Office.

**PRESENTATION AND APPROVAL OF MINUTES OF THE SEPTEMBER 19, 2007,
BOARD MEETING**

The Minutes of the September 19, 2007, Board meeting were presented for approval. Mr. Jones made the motion to approve the minutes as presented. The motion was seconded by Ms. Saenz, and the motion passed unanimously.

EXECUTIVE SUMMARY & EXECUTIVE DIRECTOR'S REPORT

Mr. Rankin advised the Board of Commissioners that the grand opening event for Waterside Court will be held on October 19, 2007. The community celebration will begin at 11:00 a.m. and continue through 2:00 p.m. Mr. Rankin also noted that the property has been open for less than 60 days and is basically 100% leased up, the only units that are not leased up are the few that have not had construction completed.

Mr. Rankin reviewed with the Board the Staff's intentions to request the employee administrative services, including payroll and human resources, be provided by either Administaff or ADP. He advised the Board that bids had been previously reviewed for these services, noting that ADP had provided the lowest bid.

Mr. Rankin explained that in reference to the Commissioner Training, today's training would have to be postponed due to time constraints and the absence of two of the Commissioners. He explained that the training itself would be custom tailored to the Authority's needs and practices.

ADMINISTRATIVE AGENDA

Administration

Mr. Rankin reviewed with the Board an overview and status report of the DHAP project. He advised the Board that HUD had changed the first payment due to December 1st. Mr. Rankin also explained that 4,982 families have completed the intake process out of a total of 6,667 families, or approximately 73%. Currently, there is a large landlord intake process being conducted, and it will continue through the end of the month.

Mr. Wallace requested further explanation HUD's change in the date of the first DHAP payment. Mr. Rankin advised that this entailed DHAP making its first payment to landlords and/or families to December 1st. This change did not affect the payment to HCHA for its administration of the program.

Mr. Rankin noted that the DHAP Center will officially open on November 1st. All Social Services will begin on November 1st, all payments will begin on December 1st.

Housing Choice Voucher Division

Mr. Rankin presented a status report to the Board on the Section 8 occupancy rates at the Authority. Mr. Rankin advised the Board that the following programs, as listed, were at least 99% leased up, as follows:

**Disaster Voucher Program
Jackson Hinds Garden SRO
MOD Rehab**

Mr. Rankin made two notations:

1. On January 1st, all Disaster Vouchers will turn into regular Housing Choice Vouchers. Ending the DVP. The last two days have included an intake process in preparation for this switch.
2. Jackson Hinds has requested that part of their facility be classified as a shelter. This would allow their staff to move people from the shelter area into the permanent housing area of the facility.

Discussion and explanations ensued regarding the SRO request.

Report on Affordable Housing Division Developments

Mr. Rankin expressed that all developments were proceeding nicely.

Mr. Rankin advised the Board that Primrose at Bammel is being sold. Gail McDonald and Jim Lemond explained the sale of the Southwest Housing portfolio and the effects on HCHA's limited partnership role.

Mr. Rankin advised the Board that HCHA has been working strongly with the developer of Magnolia Estates, regarding the completion of this project and meeting deadlines. He also noted that the bank involved as a third partner requested that the developer apply for an extension due to Hurricane Erin. Mr. Wallace expressed his frustration with the developer of Magnolia Estates as a whole. Discussion ensued as to the various problems that have developed during this project.

Independence - Homeownership Program

Mr. Rankin reported that the Homeownership Program has become very popular, and there are five pre-approvals for the months of November and December.

FINANCIAL AGENDA

Mr. Gunter presented the HCHA September 2007 financials. He noted that a deposit for DHAP funding of \$16.4 million had been made. He also noted variances as follows:

1. DHAP Placement Fees \$1,000 per tenant for 6,667 tenants
2. Increase in interest revenue due to DHAP wire receipts
3. DHAP and Affordable Housing Expenses
4. Legal expenses for DHAP and Affordable Housing Developments

Discussion ensued as to investment possibilities of HCHA's revenue.

OTHER BUSINESS

Mr. Rankin requested that the Board consider attending the PHADA conference being held January 13 - 16, 2008. He noted that details will be forwarded to the Board at a later date.

Mr. Rankin invited those Board members who were available on Friday, to attend the Waterside Court grand opening. He also noted that Ms. Saenz is to be honored as a "Woman on the Move" on Friday.

PUBLIC COMMENT

There were no public comments at this time.

EXECUTIVE SESSION

No executive session was convened.

COMMENTS BY COMMISSIONERS:

There were no further comments voiced by the Commissioners.

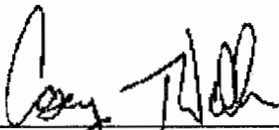
COMMENTS OR ANNOUNCEMENTS BY CHAIR:

No comments were made at this time.

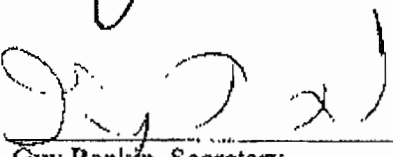
ADJOURNMENT

Mr. Wallace invited a motion to adjourn. Mr. Jones moved to adjourn, Ms. Saenz seconded, and the motion carried. The meeting was adjourned at 12:59 o'clock p.m.

Adopted and approved this 17th day of JANUARY, 2007.



Casey Wallace, Chairman



Guy Rankin, Secretary

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

Houston, Texas

November 21, 2007

**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 November, 2007, at the offices of the Authority, 8410 Lantern Point Drive, inside the boundaries of Harris County in the city of Houston, Texas. Ms. Kirk, Vice Chairman, called the meeting to order at 11:47 o'clock a.m. and the roll was taken of the duly constituted officers and members of the Board:

Casey T. Wallace	Chairman	Absent
Brenda Kirk	Commissioner	Present
Walter Jones	Commissioner	Absent
Graciela Saenz	Commissioner	Present
Gilbert Herrera	Commissioner	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 Lemon of the law offices of Winstead PC, the Authority's General Counsel. Additional attendees included the following:

David Gunter, Paula Sullivan, and Chantel Alleman of the Harris County Housing Authority; David Turkel of the Harris County Community and Economic Development Department; Judge Patricia Lykos of the Harris County Judge's Office, Marvalette Hunter of 3D Visions Planning Consultants and Darryl Jones of Harrison International Consulting Services, Inc.

**PRESENTATION AND APPROVAL OF MINUTES OF THE OCTOBER 17, 2007,
BOARD MEETING**

The Minutes of the October 17, 2007, Board meeting were presented for approval. Ms. Saenz made the motion to approve the minutes as presented. The motion was seconded by Mr. Herrera, and the motion passed unanimously.

EXECUTIVE SUMMARY & EXECUTIVE DIRECTOR'S REPORT

Mr. Rankin advised the Board of Commissioners that it is customary for the staff to produce a PHA plan during the first three months of the year. This PHA Plan is primarily a five year plan outlining the goals for HCHA. Mr. Rankin also advised that an amendment plan referred to as the Administrative Plan is also produced which will detail how HCHA is to carry out its day to day duties. He also noted that the 2007 Annual Report will be drafted in January and ready for print in February.

Ms. Kirk inquired about the marketing plan being addressed in the administrative plan. Mr. Rankin explained that the marketing plan must be a separate document in accordance to HUD guidelines 7420.

Mr. Rankin explained that HUD uses the calendar year to schedule its audits; therefore HCHA designates the winter months as audit preparation time. Independent audits will begin in December and continue throughout the month of May for both calendar year and fiscal year audits as required by HUD. Mr. Rankin advised the Board, based on questions by Mr. Herrera, that the audits will consist of 100% file inspection, including DHAP. The additional files generated by DHAP will also be audited during the normal audit timeframe. Mr. Gunter noted that the independent auditors do come in throughout the year to do interim work.

Mr. Rankin advised the board that HCHA would be re-opening their waiting list. He added that this is the biggest undertaking a housing authority faces because it is a very labor intensive task.

Mr. Rankin advised the Board that they have recently closed the RFP for an affordable housing project for seniors.

Mr. Rankin explained that Magnolia Estates is currently at 75% completion.

ADMINISTRATIVE AGENDA

Administration

Mr. Rankin reviewed with the Board a budget amendment regarding the \$16 million received from HUD for the administration of the DHAP program. He noted that these funds do not include the HAP payments, but are strictly designated for administration of the program.

Mr. Rankin advised the Board that Congressman Al Green has requested that HCHA speak to the House Financial Services Committee about HUD policy regarding the Section 8 program and DHAP.

Mr. Rankin advised the Board that the Department of Homeland Security may be visiting the DHAP Center to review our response to national long term disaster housing service.

Mr. Rankin advised the Board that HCHA has been invited to speak to London's Parliament in regards to affordable housing. Mr. Nick Bennett has extended the invitation on behalf of his organization which is the English equivalent to PHADA or NAHRO.

An invitation has also been made for HCHA to participate in an exchange program with Cairo, Egypt. They are interested in having HCHA brief them on affordable housing, including tax credit projects and permanent housing to replace their shanty towns.

Mr. Rankin announced the upcoming commissioner training and development options as follows:

PHADA Commissioners' Conference – January 13 – 16, 2008

National Association of Homebuilders - Multifamily Pillars of the Industry Conference – April 2, 2008

Disaster Housing Assistance Program (DHAP)

Mr. Rankin advised the Board that 3,000 families (of the eligible 6,667 families) have successfully completed the DHAP Intake Process, which includes signing a new rent contract with the landlord, implementing the applicable social services, and accepting the step up rent payment process. 2,000 additional families are in the process of completing the Intake Process, however, at this reporting these families have outstanding issues regarding intake requirements. Mr. Rankin also noted that the approximately 1,700 remaining families have been unreachable, deceased, or not interested in participating in the program.

Mr. Rankin noted that 70 case workers have been trained to help the DHAP participants, and the social services will officially begin on December 1st.

Ms. Kirk requested clarification on the situation with nonparticipating landlords of DHAP. Mr. Rankin advised her that 48 landlords out of 1,600 total participants, representing 348 families, opted to not sign up for DHAP. At this time, DHAP staff is currently helping those 348 families relocate to participating units.

Ms. Kirk recommended sending a letter to the Mayor advising him of the relocation of the HCHA DHAP clients due to their current landlord's non-participation. Mr. Rankin agreed to do so.

Housing Choice Voucher Division

Mr. Rankin presented a status report to the Board on the Section 8 occupancy rates at the Authority. Mr. Rankin advised the Board that the following programs, as listed, were at least 99% leased up, as follows:

**Disaster Voucher Program
Jackson Hinds Garden SRO
MOD Rehab**

Mr. Rankin noted the owner/manager of the MOD Rehab is ill, and HCHA may not sign up to continue their involvement with this particular program after January due to the change in management.

Report on Affordable Housing Division Developments

Mr. Rankin expressed that all developments were 97 – 100% occupied.

Mr. Rankin advised the Board that HCHA Affordable Housing team has been working strongly with the developer of Magnolia Estates, regarding the completion of this project. It is anticipated that completion will happen during the month of December.

Ms. Kirk inquired as to the request from Jackson Hinds to convert specific units into shelters. Mr. Rankin advised that the funding is based on the project being an SRO, not a shelter. Ms. Kirk requested a letter be sent stating HCHA does not support the request to convert some of its units to a shelter.

Mr. Herrera inquired about the Open Government training material. Mr. Lemond reviewed general information regarding this subject with the Board.

Mr. Rankin reviewed with the Board the current status of staff contracted for the Affordable Housing Division. He advised the Board that Marvalette Hunter and George White were currently working with the Affordable Housing Division, and explained their respective roles. Mr. Rankin reviewed with the Board the backgrounds and areas of expertise of each candidate.

Mr. Herrera motioned to approve a contract with Municipal Administrative Services, Inc. for assistance in developing various management reports for the Affordable Housing Division until March 31, 2008. Ms. Saenz seconded. Motion carried.

Mr. Rankin introduced Ms. Marvalette Hunter, explaining that she is currently working on the Olive Grove/Magnolia Estates project. Ms. Hunter reviewed the current status of the project.

Mr. Herrera motioned to approve a contract with Marvalette Hunter for assistance in developing various management reports for the Affordable Housing Division until March 31, 2008. Ms. Saenz seconded. Motion carried.

FINANCIAL AGENDA

Mr. Gunter presented the HCHA October 2007 financials. He noted that a budget adjustment is requested. Mr. Gunter reviewed with the board the Budget Justification handout, explaining each adjustment noted.

Mr. Herrera inquired about the contract administration fees for Pierpont Communications. Mr. Rankin explained the various services provided/facilitated by Pierpont for DHAP.

Ms. Kirk requested that an RFP be issued for all new contracts.

Mr. Herrera motioned to accept the Budget Amendment as presented. Ms. Saenz seconded. Motion carried.

OTHER BUSINESS

Ms. Kirk invited Darryl Jones to present Mr. Rankin with the awards HCHA received from the City of New Orleans in regards to their help with the Katrina Evacuees. Mr. Jones read each of the awards and proclamations and presented each to Mr. Rankin.

PUBLIC COMMENT

There were no public comments at this time.

EXECUTIVE SESSION

No executive session was convened.

COMMENTS BY COMMISSIONERS:

There were no further comments voiced by the Commissioners.


COMMENTS OR ANNOUNCEMENTS BY CHAIR:

No comments were made at this time.

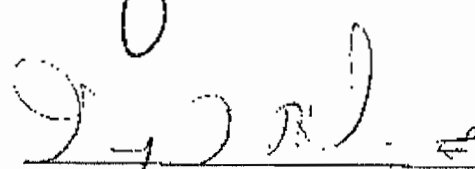
ADJOURNMENT

Ms. Kirk invited a motion to adjourn. Mr. Herrera moved to adjourn, Ms. Saenz seconded, and the motion carried. The meeting was adjourned at 12:40 o'clock p.m.

Adopted and approved this 17th day of JANUARY, 2007.



Casey Wallace, Chairman



Guy Rankin, Secretary