

City Council Chamber, City Hall, Tuesday, February 26, 2002.

A Regular Meeting of the Houston City Council was held at 1:30 p.m. Tuesday, February 26, 2002, with Mayor Lee P. Brown presiding and with Council Members Bruce Tatro, Carol M. Galloway, Ada Edwards, Addie Wiseman, Mark Ellis, Bert Keller, Gabriel Vasquez, Carol Alvarado, Annise Parker, Gordon Quan, Shelly Sekula-Rodriguez, M.D., Michael Berry and Carroll Robinson; Mr. Paul Bibler, Senior Counsel, City Attorney's Office; Mr. Richard Cantu, Director, Mayor's Citizens Assistance Office; Ms. Martha Stein, Agenda Director present. Council Member Mark Goldberg out of the city on city business.

At 2:05 p.m. Mayor Brown called to order the meeting of the City Council and Council Member led everyone in the prayer and pledge of allegiance. Council Member Goldberg out of the city on city business. Council Members Tatro, Galloway, Edwards, Alvarado and Robinson absent.

Mayor Brown requested the City Secretary to call the roll. Council Member Goldberg out of the city on city business. Council Members Tatro, Alvarado and Robinson absent.

Council Members Quan and Parker moved that the minutes of the previous meeting be adopted. All voting aye. Nays none. Council Member Goldberg out of the city on city business. Council Members Tatro, Alvarado and Robinson absent.

Mayor Brown requested the City Secretary to call the list of speakers.

Ms. Yolanda Smith, 2002 Wheeler, Houston, Texas 77004 (713-526-3389) appeared and stated that she was present on behalf of the Pleasant Hill CDC, that the NACP was one of the oldest and largest civilized organizations in the County and their goal of course was to fight discrimination and injustice wherever it occurred, that the Pleasant Hill CDC was basically trying to form units for the particular communities, that the NACP currently had an economic development program that consisted of several components to include small business development and job creation by their community with its fair share and also their housing, that the purpose of the housing component was to provide affordable housing to the constituents of not only the NACP but the communities at large, that they believed that the Pleasant Hill CDC was an excellent opportunity for not only the NACP members, but also the community at large to be able to have this particular success, that again an integral component of their economic development component was their housing, which focused also on partnerships with CDC's in providing these constituents with affordable housing, that the Fifth Ward Redevelopment Council had a proven track record of providing sound and quality social services to its community and the NACP was proud to be a partner of the CDC so she respectfully requested that the City Council basically place favor on developing the CDC for Pleasant Hill. Council Member Alvarado absent.

Council Member Quan asked Ms. Smith if she had a chance to study the proposal from Pleasant Hill, and Miss Smith stated briefly, and Council Member Quan stated that as far as the merits of the actual proposal she was not for sure set on that, but the very concept of providing housing, and Ms. Smith stated exactly, the concept of providing affordable housing to the constituents was basically what they were in favor of, and Council Member Quan stated that the seven units were not necessarily and predominantly African American neighborhoods, that they were scattered in other neighborhoods, that there was a large Hispanic and Asian population that would be served by the units as well, and Ms. Smith stated definitely and the constituent base of the NACP was not just African American so they believed the diversity of the CDC was one of its strongest points. Council Member Alvarado absent.

Mayor Brown asked if in her work in the community, did it come to her attention that there was a lack of affordable housing in their City, and Ms. Smith stated very much so and of course that was one of the goals of the housing component of their economic development program, to provide and to seek CDC's such as Pleasant Hill to provide this affordable housing, that she thought that the partnership of the NACP and other organizations such as the Urban League and many others, would be able to foster this, that she also believed that promotion, through programs such as their small business or such as their housing programs would be able to also, more than anything be able to bring units or bring individuals to those housing units, and Mayor Brown asked Ms. Smith as she talked to people in the normal course of her business was she hearing anything about whether they supported or opposed the proposal that Council would vote on tomorrow, and Ms. Smith stated that she could not say whether or not they were opposing or proposing, that she thought more than anything the conversation had been, in her mind, the proven track record that Pleasant Hill had in the Fifth Ward redevelopment in the community and what they would be able to provide to the constituents, and Mayor Brown asked if she had personally had a chance to go to the Fifth Ward and look at the housing there, and Ms. Smith stated that she personally visited several areas, and they were definitely something that she could be proud of, and Mayor Brown asked if it would logically follow that if they got this project she would also be proud of their work, and Ms. Smith stated she would be very, very proud. Council Members Alvarado and Berry absent.

Mr. Robert Muhammad, 4443 Old Spanish Trail, Houston, Texas 77021 (713-741-2474) appeared and stated that that he was present in support of Pleasant Hill's proposal to provide affordable housing for the City of Houston, that the Honorable Minister Louis Farrakham said that the poor had no voice and there was a need for affordable housing, particularly after Tropical Storm Allison, and even now after Allison there was a need for affordable housing, that now during the cold snap if it were not for the work of Sandy Kesler and Search, the Salvation Army and the Star of Hope, the homeless that were on the street right now would not have a place to go, and not only that, the working poor in the City had a need for affordable housing and those who they took a Pledge of Allegiance to the Flag and those who were overseas defending their right to speak and to work in this democratic forum, their families back here can not afford the housing in the City of Houston. but what was worse over all, was the politics of personal destruction, so he stood before because the black community could stand to lose a vote on Council, that was the way politics were played, but if the Council voted no based upon the politics of personal destruction, this son of Sylvester Turner, this Clyde Wilson type thing where they investigated and destroyed people, then they would have to ask them to question, once they voted no, what was their proposal, that the same question he asked all the no votes on Council, he asked Paul Bettencourt and the Magnificent 7 who were holding a press conference yesterday, what was their proposal, that as much energy as they put in to analyze and scrutinize the deal and tell them 20 reasons why the Council should not vote for it they could not give him one as to what they were going to do to provide affordable housing in the City, that this had a chilling effect upon any visionary servant who chose to try to go out, because the standard form of government or the philosophy of government since Ronald Reagan's time was that government was the problem, that Bill Clinton even said the age of big government was over, so what they had done was to say let the private sector do it and so now people stepped up in the private sector and did it, and then if there was profit in affordable housing, they knew that there would not be a lot available in the City of Houston because the profit making developers would be breaking their neck running over one another to make sure that affordable housing was not provided, that the profit was not in it, in fact it was in the higher level housing, they knew it and he knew it, that now the question was if they did not want this deal, what deal did they want, and what were they going to do, and if they voted no, he gave them 30 days to put together some people and he would be a part of any committee or anything they wanted to do to see what they were going to do, that they wanted to see this deal pass, but if it could not pass on its merits,

then they better come back with something better because they would return and hold them accountable for what they should be doing for the poor citizens in this city. Council Member Berry absent.

Upon questions by Council Member Vasquez, Minister Muhammad stated that he wanted to close basically by saying that he was very angry, not so much with Council for voting yes or no, that he was very angry with the press because the Enron scandal was a scandal not because Enron and its directors failed, that the Enron scandal was because the people checking who should have been checking the directors failed, meaning the accountants, and what was worse than that was the people who should have been checking the accountants failed, the SEC and others, and the press failed to check them, but what happened was that they were fed personal information on Harvey Clemons and his CDC and if they were going to stand up for a \$90 million deal that they ought to be willing to stand public scrutiny, but who was looking at the ones who were feeding the information, that they acted as if the ones who were holding the press conference were not those who would benefit from political patronage at the Council table, and what bothered him was the kind of double standard that when they came up and learn to work the wheels of power it was cronyism, but when those who had graced those halls and made plenty of money off of pouring concrete and robbing Metro for all those years to do what they did it was called being a good business man and learning how to work the political system, that they had to stop the hypocrisy and call it for what it was, that vote yes or vote no, if they voted yes than make sure that the taxpayers interests were looked after and make sure that the enormous resources of the City could be used to watch over and make sure that the bond thing did not go into default, but if you voted no, they better be back in 30 days with something to take care of the poor and homeless who needed help in this City. Council Member Berry absent.

Council Member Quan stated that what he gathered from Minister Muhammad's statement was that the Magnificent 7, as he called them, were not just there as good citizens trying to provide information, but he intimated that they may have had an ulterior motive and did he have that motive, what was the press conference about, and Minister Muhammad stated that he was going to tell it like it was, and he knew the Mayor might get angry, that he was excluding Paul Bettencourt from it because his thing was something different, but when he laid those numbers out, like he did on the stadium, and he told the Mayor privately and publicly, that first stadium deal that they did and went down in defeat, he did not like it but he was with the Mayor, but the second one was better because of his objections, if the points that he raised and the numbers and the analysis were based upon looking out for the taxpayers, he could live with that, but those other people that were there were developers and people who had benefited from political patronage at the very Council table, so he did not like their motives because some of them were involved in the bidding against this deal even though they opted out because instead of \$90 million they said it should have been a \$50 million deal, but what developer in this city would put \$50 dollars in the deal and were not making any money, that this was real, but why were they playing these games with one another, that the poor were still out there in the cold and the military people who were defending their rights, their families could not afford housing, and those of the Council Members in whom the districts of these projects were in, they really did not want the pour in their community, so if you did not want it, he would be like America, send them their tired, poor, huddled masses yearning to be free, send them to his district, they would take them.

Council Member Quan asked Minister Muhammad if he was involved in public housing in any way, did he have a CDC associated with his organization, and Minister Muhammad stated that his qualifications come from being one of the last people to be evacuated or forced out of Allen Parkway Village, and when Judge Hitler evicted the final tenants, he and then City Council Member Jew Don Boney along with HUD and the former Director of Housing negotiated a pact at the community center Allen Parkway Village before the last family was taken out, that with all due respect, and it was not on Mayor Brown's watch, those people were double crossed in Allen

Parkway Village, and the scripture says the first shall be last and the last shall be first, well the last ones out were the first ones back in but they never got back in and they had double crossed the poor in public housing in the City ever since, so that was where his qualifications came from in terms of his credibility, that the other thing was that he had formed a CDC and was working with it, but Pleasant Hill was way ahead of him and had done magnificent work over there in Fifth Ward and had put on the tax roll properties that were dilapidated and formerly were not there and built new single family housing and they should be given all due consideration for this deal.

Council Member Galloway stated that she wanted to thank Minister Muhammad for being present in support of the Pleasant Hill CDC project, that she knew he had helped citizens all over the City and was sure he was quite familiar with the Fifth Ward area as it related to the apartments for low income as well as the homes for low income minorities and asked if he would say that the program had been most successful in the Fifth Ward community, and Minister Muhammad stated that it was a magnificent sight over on Lyons Avenue, that it was a beautiful thing, and he wondered if, as people had said, they had gone around and looked at the seven properties that Pleasant Hill was trying to purchase, but had any of the critics gone over and looked at the magnificent work done over in Fifth Ward, which was literally, with all due respect, the armpit of Houston, Texas, but with the work of Pleasant Hill was coming up to date and was something to be proud of, and Council Member Galloway stated that had been her contingent as well, that she thought that many of the people who were protesting against it had not toured the Fifth Ward area and seen all the properties that had been placed back on the tax rolls and the new homes that were out there because of the Pleasant Hill Redevelopment, that she wanted him to reiterate that and so she would say that they had a proven even track record, and Minister Muhammad stated that he believed they had a proven track record, and again he was only saying that any fallacies or flaws that they had were being less than perfect, that he was willing to concede that but here were plenty of resources with the City and among their grassroots organizations and other professionals in the community that could help Pleasant Hill where ever they needed to be helped because after all they did have a fiduciary responsibility to the taxpayers, and so they also had the resources that could be brought to bear to help Pleasant Hill but if the for profit developers did not want to do the work, and the for profit people stepped up that were already starting behind those other people and did not have the bank money or the backing of the political elite, and they had fallacies and shortcomings, that was because they already started 10 yards behind and now they wanted to complain about how they had shortcomings and fallacies without bringing to the table the resources necessary to help them do the job, and Council Member Galloway stated that the housing that had been provided by the Pleasant Hill CDC was not just for black people, it was for all low income people regardless of who they were and asked Minister Muhammad if he had noticed that the residents in that area were diverse people who lived in that community, and Minister Muhammad stated that poverty knew no color, in fact most people that were poor were white, female and children, so to vote against it made no sense so either fix it or vote it down and come back 30 days later with something else, because he did not come to Council normally, but he promised them he would be back, and Council Member Galloway stated that she wanted to compliment him on what he was in the community because she knew that people in the northeast area were devastated by Tropical Storm Allison were in desperate need of affordable living quarters for those people.

Council Member Edwards stated that she wanted to thank Minister Muhammad for being present and being of part of it and for all the work he had done in the community, that she thought his analysis of the personal destruction attack against Pastor Clemons was right on target, that she wanted to move it to another point and just to get Minister Muhammad's position on it and to help her talk about it with her constituents because she had gotten a number, it was almost split even, from District D on the issue, that one of the questions that was always asked and since he had his ministry in District D primarily, when he looked at the issue of possible budget cuts coming up next year and properties being removed off of the tax rolls, District D was

a district that had been historically under served and was currently being under served, how would he suggest they carry that message to the community, and Minister Muhammad stated that regardless of whether those properties were taken off the rolls or not what District D needed was additional housing, not only affordable, but up end and low income or affordable housing, that they needed to created housing and put things on the tax rolls, that as they drove around District D they saw so much vacant property that should be put back on the tax rolls and could be, they had in District D, zip code 77021 and 77004, a negative population growth, that they were losing population and the reason they were losing population was because of the lack of proper housing, and two, because they did not have the amenities, that over \$345 million a year net retail loss left their district to go elsewhere, to go to Meyerland and all those other places, that they needed to capture those dollars by bringing in affordable housing and by bringing the amenities that they wanted, how come they did not have a Starbucks, a Marble Slab, what was wrong with them, that there was a Starbucks in every community but not in theirs, that they should have everything that everyone else had, that they needed to bring housing in and not worry about what went on with this deal, that this deal really was a smoke screen, in his opinion, in terms of the opposition, to not deal with the real issue, which was that they needed to be about the business of building affordable housing, that if the HHFC, the Houston Housing Finance Corporation, would take \$4 million and put it in the Rice Hotel downtown that was not affordable housing, but of course they wanted to put stuff on the tax rolls and that was part of its duty and its role, but the thing that bothered him was that he wanted to see that same kind of effort put in putting up housing, multi family housing and single family housing in their district, that he thought it was very important, and Council Member Edwards stated that one of the challenges that the issue lifted up was the need for a comprehensive housing plan for the City and she heard Minister Muhammad say he would be willing to work on that and was going to hold him to that, and Minister Muhammad stated that he was at her beck and call, and the City government, he was at their beck and call, that if she was really serious about this issue and since they had built all the stadiums that he was going to build, he was not building another stadium until the City got serious about the Aids crisis, housing and taking care of their elderly and poor, that he would take a leap in Lake Houston before he built another stadium or anything for rich White men to live out their fantasies, he wanted to see the poor taken care of in this City.

Council Member Robinson stated that he wanted to thank Minister Muhammad and Ms. Smith for being present, that he shared their frustration, that he spent four years at the Council table with that same level of frustration, and a lot of time a lot of people in the community could not understand why he acted like he did, and he thought it was just a small microcosm that had brought it to the forefront that when they stood up for the people they advocated for policies that made a decision and some people did not understand, that he thought the City ought to buy those delinquent lots and turn them over to the neighbors who had been next door to them for years and mowing the weeded lots, that there were kids walking past those dangerous buildings, and work with the CDC community, that the only thing that insulted him was that he did not hear one person in the media talk about the people who were standing up at that press conference and reminding them of the promise of affordable housing that they all took money from them in the Fourth Ward and we did not get one unit from any of them, that he thought somebody would have mentioned that in the story, that he did not know what was going to happen on the vote tomorrow, but he was looking for people and the administration to stand up and really be about the business of putting affordable housing on the ground, whether they did it with Minister Muhammad, Harvey Clemons or whoever, that was what he was looking for, and he had not seen that and that was his frustration and he thought they were destroying a man when they were not dealing with the real issue, that if they had a plan he would like to see it, but the only plan he had ever seen from them was over in the Fourth Ward and that was a total failure, that he did not know how people who had failed could come to the forefront and talk about their bringing expertise to judge the creation of affordable housing in the City, that he was like Council Member Edwards he wanted them to be there and to hold them and the administration

accountable for putting affordable housing on the ground through this and other projects, and not just leave after this discussion, this controversy and move on and then want to know why they were not getting it done, that he was glad that Council Member Edwards was there, that he told her the other day that she felt his pain, that it had been four years, that he was with her, that he wanted all the people who had a problem with it, that was fine, what was their plan, how would they go about doing it and then work together to get it implemented, that he hoped the press would call those people's names who had the press conference and ask them what affordable housing did they create when they were in charge of the Houston Housing Finance Corporation and where was all the money that Council put up that they were supposed to have used to do the deal and if they would give it back they would at least have that security against any "potential failure or default in Harvey Clemons' project."

Council Member Tatro stated that he wanted to thank Minister Muhammad for being present, that he had a letter from the four previous presidents of the Houston Housing Finance Corporation and thought that Minister Muhammad would agree that the board was focused on the mission statement of supplying affordable housing and asked if he agreed with every decision they made, and Minister Muhammad stated that the Houston Housing Finance committee he had never heard of it until now so that meant that they had been flying under radar for a long time, and Council Member Tatro stated that he had a letter he would like Minister Muhammad to read because he thought they were very strong proponents, as their mission statement was, to supply affordable housing to the City of Houston and to supply affordable housing to the residents, that his analogy to Enron was very interesting, he said who was doing the checking on the checking and who was making sure that things were done right, and in some cases it was a very good analogy to that, that one of his concerns had been the due diligence that the organization, Houston Housing Finance Corporation, failed to do on the deal, the checks, because every deal brought to the City could not possibly be a great deal, and one of the concerns, and he would show it to him in the letter, was when they go to supply affordable housing they want to get the lowest value or the best value, but in this deal going out and purchasing apartment complexes that were worth \$65 million market value and paying \$90 million, where the private sector would not do that, that the private sector would probably be able to buy them at \$65 to \$70 million and then the rents could be kept low to sustain that total debt. but in this case, and this was just another deal brought forward to them, they were now purchasing that roughly \$65 million for \$90 million, therefore carrying more debt on those same apartment complexes than the private sector might have done because the appraisals showed that the value was substantially less, so when they considered deals, we need to consider that, because he thought Minister Muhammad would agree that not every financial deal put together, and so the private sector did do some very good things in some cases in that it financed and purchased at market or near market, therefore lessening the debt burden and the expenses of being able to live in those apartments, because if they built something they wanted it to cost as little as possible so therefore they could keep the rents as low as possible, and that was one of the big concerns about this particular deal, that they were going \$90 million to really only get \$65 million in value in those apartments, therefore requiring the rents to be much higher to sustain that debt than they would have had to be under market value, that he talked to Council last week about the two for profit renovations they supported in his district, and actually a federal tax credit apartment complex in his district that Margie Bingham did not support that they supported, and so in this what was the solution, it had been his mantra that there were a lot of private people out there that would create not only the stock of affordable housing, but create the rehabilitation as shown in his district and his support of it, that he thought they had to be very select with the deals brought before Council, that he wanted to be a part of the solution that they were talking about and he championed Council Member Edwards' desire to have a comprehensive plan, and as they saw deal after deal they did not see the plan, that he thought this was one deal that was brought forward that could actually hurt in the long run, because if they were not diligent in doing their due diligence and looking at each deal, then it could hurt the future apartment complex

rehab that came to the City if they went into default on a bad one, so he wanted high scrutiny, not less scrutiny, that he wanted to give Minister Muhammad a copy of this letter and asked him if he had any last comments, and Minister Muhammad stated that he would share Council Member Tatro's concerns if he would come to the Council table with a \$65 million deal to provide affordable housing, and if Pleasant Hill could participate in that he would like to see it, that voting no was not going to let anyone on the Council table off the hook and that was what he wanted to let them know and that was what he was present to say, so whatever they did, whether they voted for it, then they had to do their due diligence and protect the interests of the taxpayers, and if they voted no, he was still going to be on their case because they were going to provide the affordable housing for the people whether it was in his district or somewhere else, and Council Member Tatro stated that he could not agree more that they had that responsibility. Council Members Edwards and Vasquez absent.

Upon questions by Mayor Brown, Minister Muhammad stated that Reverend Clemons neighborhood really inspired him and that was why he formed a CDC because Reverend Clemons had been doing that, that many of his members at the Mosque, their parents attended Reverend Clemons church, and he remembered Pleasant Hill and that whole area when he attended a funeral in his church, before he ever started a CDC, that it was an anchor, the housing project there for the senior citizens was an anchor for development that was taking place all around there, that the office complex that he put on that corner of Lyons Avenue and Waco was an inspiration, and what that did was attract other businesses because they felt safe and secure, that there was a police substation, insurance company and other things, that it was inspiring and it inspired him to want to do work over on Old Spanish Trail, that area of Third Ward and the Old Spanish Trail, Alameda MacGregor area, that he was inspired by it, and whether they voted it up or down, he was telling them they would still have to get this work done and he would still like to see them involved because they were probably far ahead of most of them in the area, and Mayor Brown asked if it was correct to conclude from Minister Muhammad's remarks that Reverend Clemons did quality work in whatever he did, and Minister Muhammad stated that he could not dispute that, that there were wonderful and beautiful single family homes there, and there was still a lot of blight around, but with the work that Reverend Clemons had done with carving a path of development and uplift and hope he really commented him and that was why he was standing up for his brother today, that he would absolutely do quality work based upon his track record. Council Member Vasquez absent.

Mr. Mark R. Martin, 5316 Blossom, Houston, Texas 77007 (713-276-5319) appeared and stated that he was a partner in the law firm of Gardere, Wynne and Sewell in Houston, that he was a tax lawyer and he and his firm had conducted the due diligence on the Pleasant Hill matter, tax due diligence, that there had been a lot of comments in the papers and on television about certain aspects of Pleasant Hill and their tax situation that he felt needed some clarification, that there were three items that he wanted to talk about, that first there had been a lot of comments about how the expenses of Pleasant Hill exceeded its revenues, how it was operating at a loss, that the second was their status as a public charity and finally he had heard comments about tax exempt bonds deal generally, that with respect to the comment that they had lost money, he thought it was very inaccurate to say, well, it was not inaccurate, but they were a tax exempt organization, and it was true that their expenses had exceeded their revenues, but he wanted to talk specifically about their expenses and their revenues, that their revenues came from grants from private foundations, public charities, private individuals, public corporations and government entities, that they also got revenue from developer fees from the three projects that they were currently operating, Britain's, Pleasant Hill's and Park Village Apartments, that as had been discussed today, they had three projects that they were currently running and they got revenues from those projects, that also they got revenues from The Victual, which was a restaurant that provided a free continental breakfast to people in the Fifth Ward and also provided subsidized lunches, that their expenses were for grants that they made to public

charities and their program activities in the Fifth Ward, their summer program, their after school program for children and then they had a substantial loss on the Victual, that over the last three years they had loss \$700,000, that he hated to use the term loss, they had expenses in excess of revenue, again they were not a for profit entity, so the terminology was distinct and of that \$700,000, almost 90% of that was from feeding those people at the Victual and the losses that arose from that, that he thought that never came up in the paper or television, that the expenses they had were not, that this was not a situation where they had people that were being enriched with large compensation, people that were taking fancy trips, etc., that this was a situation where all of the money they spend was for charitable purposes, that when they did the due diligence to make sure they were a tax exempt organization, which was a predicate for this bond deal to be successful, they had to look at all of those expenditures, that they conducted significant due diligence on those expenditures and determined that they did not have a situation where they had people making a lot of money, that he thought the clarification on how the money was being spent was critical, that they were a public charity and the law firm would opine that they were a public charity, that the Internal Revenue Service in January issued a new exemption letter for them indicating that they were a public charity, and any of the comments that they were not was just wrong, that finally, this was a bond deal and as a bond deal, he would not go into the specifics, but basically there were very rigid guidelines as to who could live in these apartments, that those individuals had to be low income people, that there were very specific safe harbors that had to be satisfied for this transaction to work, and secondly, the housing had to be affordable, and affordable was also very specifically defined, that these would remain affordable for 40 years pursuant to IRS guidelines for both who could live there and what was "affordable". Council Member Vasquez absent.

Council Member Quan stated that looking at the bond deal, and looking at the fact that they were limited to low income people and had to be affordable housing, did it make financial sense to float the bond at the rate it was and with the amount of return anticipated, and Mr. Martin stated that it was not really his aspect of the transaction, the financial aspects, but he did know that the financial advisors had approved the transaction, that he knew that HUD had backed the transaction, and knew just because his partners and other advisors had looked at it, that if they could just see the documentation and the work that had been put into it to make sure that the deal did make sense, it was impressive. Council Member Vasquez absent.

Council Member Parker stated that she was familiar with the work of the CDC and had actually toured the single-family homes that they put over there and she used to be the CDC president for two years and had even been to meetings at Reverend Clemons anchor center so she was familiar with that process, that what she would like to understand was that Mr. Martin mentioned that the CDC had been accused of losing money, and having been involved in a lot of non profits, she understood that non profits took money in and they spent money on the other side and had to balance, and asked how did they run a deficit as a nonprofit, did that mean they had debts outstanding, how did they do that, and Mr. Martin stated that their expenses exceeded their revenues, and it was a cash flow, that they were involved in three existing projects which had been discussed today and those projects, like many real estate projects, were cash flowing but not "profitable", so they had used their access cash flow, instead of holding it in their coffers they had spent it on community projects, most notably the after school program and the summer program, and Council Member Parker asked if he thought that those who had been criticizing that aspect of the CDC had been misrepresenting what the situation was, and Mr. Martin stated yes he did, and Council Member Parker asked if it was because they had made expenditure but they had future cash flows that would go against those expenditures, and Mr. Martin stated that he thought there was a suggestion that they were somehow run poorly because they had run deficits, and he did not think that was, in this case, accurate, instead, he thought, they had taken the cash they had available and had spent it on projects that meet their charitable mission, their charitable purpose and that was the distinction he was trying to make, and Council Member



Parker stated that she was actually asking a question at a much more basic level, and if someone could just explain to her at some other time perhaps this afternoon how that was happening. Council Member Vasquez absent.

Council Member Edwards asked if Mr. Martin was saying that it was good financial processing standards to run a nonprofit in a deficit, and Mr. Martin stated no, that what he was saying was that they had cash available to spend, and the cash was in excess of their revenue, and like many real estate transactions there was cash flow, even though the deal was not profitable, so they had cash available and in this case they could do nothing with the cash, which would not be a bad idea, he guessed, but in light of their mission to provide low income housing and in light of their mission to help people in the Fifth Ward, they had used the cash in an appropriate manner, so he thought that they were trying to run the Victual, the program where they provided free continental breakfasts and subsidized lunches, and thought they were trying and had been successful recently in making that activity more of in the black, trying to make it in the black, but in the past they had not run it in the black, but again, it was not like it was designed to make a profit, it was really a program that was designed to give to the community and that was what they had done. Council Members Keller and Vasquez absent.

Council Member Sekula-Rodriguez asked if consistent with Reverend Muhammad's recommendation that they come up with something in the future, would they be able to provide Council with a restructure or a different offering, perhaps starting with a lower purchase price, and then revisiting all the consultants, the developers and the attorneys, she would be willing to hear it again, but as it was structured right now, it did not look like it was a good deal for the City, but she would like to leave that door open, and Mr. Martin stated that probably his partner, John Cochran could speak to those issues better, but he did think, that like the tax issues, they hear things that were not accurate about what were reasonable prices for the property and what somebody would buy those properties for and to answer her question, he thought another deal could be put forth, but she had to understand that the manpower that had gone into this transaction was going to be very difficult to garner support, at least from his firm and he suspected from other advisors, who worked like this again on another transaction any time soon, that he thought it was very unfortunate if it did not go forward. Council Members Edwards and Vasquez absent.

Council Member Robinson asked if the project revenue stream sufficient to cover the bonds that would be issued against it, and Mr. Martin stated yes, that it was his understanding that it was, that Council Member Robinson was making a good point because the tax returns had nothing to do with the deal, absolutely nothing, that the tax returns dealt with the current projects that they were running and all of the things that they had done up to this time, that this transaction would cover the cost of this deal and there were very strict covenants in all of the documentation that prohibit the use of the funds for anything but satisfying the service on the bonds as he said; that he wanted to clear up just the small part of Reverend Clemon's existing CDC that he was chairman of the board of, that just to clarify, it was a tax exempt organization, a public charity, it had done everything from the tax perspective that it should do, and it was a tax exempt entity and a qualified tax exempt organization and a valid participant in this transaction, and Council Member Robinson stated that he had not seen anybody make any commentary about the revenues sufficient to cover the bonds so if there was anything in any of the documentation and if they could point that out to him that was what he would be interested in, that he would be happy to look at anything anybody had and if they could get that to him before the close of business today so he was not rushed at the table in the morning he would appreciate it. Council Members Edwards, Vasquez and Parker absent.

Upon questions by Council Member Wiseman, Mr. Martin stated that Pleasant Hill's cash inflows from grants, developer fees and from the Victual, their cash inflow was less than the

money they spent, the revenue was less than the expenses, but they could not spend anymore cash than they actually had and what he had tried to explain was how did they get this extra cash, and they got the extra cash because they had real estate investments, and oftentimes, real estate investments, there was more cash than there was revenue because of things like depreciation, which was an expense, but there was no actual dollar outlay for that expense, so it was a book expense, but they still had actual cash in your hands, and they had been using that money and spent that money for charitable purposes. Council Members Edwards, Vasquez, Parker, Quan and Robinson absent.

Upon questions by Mayor Brown, Mr. Martin stated there were two components, there was income from the property and then there was cash flow from the property, and the cash flow may be greater than the income because there may be expenses that did not require a cash outlay, and depreciation was a perfect example, that it was an expense on their books for both accounting and tax purposes, but they did not actually pay money, so if they had \$100 of depreciation expense, but never really spent the \$100, they still had that \$100 of cash. now there was a question of what would they do with the cash and in their case, instead of holding it in the enterprise, and just keeping it, they spent it on community projects, charity work, that they were a tax exempt organization, they ha to spend their money on charitable activities, that there was no mismanagement at all, it was how they kept their books and how they spent their excess cash to help people, that this would be guaranteed by HUD and it was his understanding that the City would be at no risk whatsoever on this project, that the deal was structured so that it would work, that the discussion about the excess expenses over revenue was not related to the transaction, that he was just involved because as a predicate to having the bond deal, Vinson and Elkins, who represented the issuer, would render an opinion that the bonds were tax free and they required another firm to render an opinion that the organization was a tax exempt organization and that was how he got involved in the project, and once it was over he was out of the project and had no other vested interest, that based upon his area of expertise, this was a sound deal, and his firm would render an opinion that this organization qualified as a tax exempt organization, and had been approved by the Houston Housing Finance Corporation.

Council Member Galloway moved to suspend the rules to hear the one minute speakers on Item 35 out of order and Ms. Lolita Chandler after Mr. Tom Scott, seconded by Council Member Parker. All voting aye. Nays none. Council Member Goldberg out of the city on city business. Council Members Keller, Vasquez and Robinson absent. MOTION 2002-0220 ADOPTED.

Reverend Willie Davis, 6531 Beckman Rd., Houston, Texas 77021 (713-748-0806) appeared and stated that he was present on behalf of Reverend Clemons and Pleasant Hill and what he would like to do was to make mention that there were others of the ministerial clergy in the City, Pastor Bill Lawson as well as Pastor Dixon and many of those who had expressed their concern as well in support of the effort as it related to affordable housing, that he wanted to start off with, first of all, his statement and then he would like to make a plea in his closing, that he knew that many of them who stood today and Reverend Muhammad and Ms. Yolanda Smith and many others, that he would like to make the statement that in 1989, as he looked at this council, there were a lot of them who were present here along with their present administrative Mayor, back in 1989 when the affordable housing issue and community development issue was a major issue in this city, the HHFC was an organization that he understood had been around since 1979, but they had affordable housing problems in the City for many years and he could remember when they were addressing affordable housing, when he actually participated brother Robertson addressed the Council, there was a different administration back at that time and he was on the battlefield for community development, but it was almost nonexistent and they had affordable housing problem back then, and here they were today arguing about affordable housing, that he would remember to not let history repeat itself, that there were those of them out there who were fighting in their personal communities and no one across the other side of town

was going to come in and clarify and resolve affordable housing for them, thank God for what Reverend Clemons had done and what his organization had done, the community which he had done it in, and he would plead for them to think very carefully, the process, a plan, by which affordable housing could be done in this City, back during that administration, he would support that some of the Council Members who were new would do their homework, that led an organization back at that time, the paper, the very papers that were anti affordable housing were some of the ones who walked down the street with him in the Third Ward community and looked at the depravity that was going on in those communities, that they had made great strides, but there were still greater strides that they must make in regards to affordable housing, that he would hope a lot of them would not get too settled in their comfort zone, in their Council positions and not get caught up in a lot of bipartisan, that in the City for the past four years, they had to deal with a lot of bipartisan bickering from the Council as it related to what ought to be done in this community, that he understood that most of them were voting by their constituents, and that was fine, but when they started talking about what was best for the City as a whole, then they needed to lay their bipartisan to the side and talk about what was affordable for those who did not have the benefit that others had, that he said that because community development had been an issue in the Country from east to west, north to south, that Houston, the 4th largest City in America, he would hope and pray that many of them around that did the homework, looked at the CDC's that had been done in the past, look at the strides that had been done, that he grew up and was born and raised in a community that affordable housing was needed now, that his last time he was at Council, about two years ago, when the YWCA was trying to organize, in their Gateway Project, housing for the homeless in the very community that they were talking about right now, that they could do one of two things, they could sit and work with the administrator and one another and work a plan out, that when affordable housing was done years ago, it was done on the heels of the Council and the City, and with community development working with the banking institution, which was something they still needed to do now, that he would give his time anytime, he was always willing, that he did it in 1989 and would do it in 2002, whatever it took in order to get the job done, but let them put their heads together and prayers together and not think bipartisan and think about what was best for affordable housing in this City. Council Members Vasquez, Sekula-Rodriguez and Robinson absent.

Council Member Edwards stated that Pastor Davis had mentioned 1989 and for them to do their homework, was that a plan he could refer her to or a process, what exactly was he talking about, and Pastor Davis stated that he was speaking of the fact that many of them remembered back in 1989, he was part of an organization called the Houston Reinvestment Alliance and they were in a protest with Allied Bank, which was a merger between First Interstate Bank and it was regarding the community development and for bringing affordable housing, that many of them who knew the history on the Council, Councilman Jim Robinson, who was the brother of Council Member Judson Robinson, was one of the people who took on a project called San Jacinto Garden and they ran into the same identical issue that they were talking about today, which was a great project, it was affordable housing for those in a low community and that was what they did in 1989, that they fought those kind of issues about those very things of how they could do it and he was saying today, like in 1989, it took a collective of the banking institutions, if they needed to call in other financing, that he heard a lot of Council Members worry about the dollar amount. if they were worried about that, then come up with a plan, not be anti affordable housing because it was a Harvey Clemons or a Willie Davis, that they were in the process of putting together a CDC right now for affordable housing in that immediate area, that people needed housing so they needed to think proactively rather than reactively when somebody brought a plan, that one of the reasons that came up in the issue with regards to the San Jacinto Garden Project, Mr. Robinson took that project on and had received funds and support from the City through community development, and the media got involved and began to attack Jim Robinson on a personal level, rather than look at the project and what was being done and they went at him from a personal attack, which brought a lot of news and a lot of innuendoes, exactly what was

happening to brother Harvey Clemons, and the affordable housing project went under because it was some personal political personalities that were going on within Council and within the administration, that the project was not successful because it was not against the merits of any funding, it had everything to do with personalities and not with the fact of the organization. Council Members Tatro, Vasquez, Parker and Robinson absent.

Upon questions by Mayor Brown, Pastor Davis stated that the reason the ministers were actively involved in the project was because they saw everyday the need for affordable housing, that in their communities there was such a great parallel about what the business sector did, developers coming into their communities, the church ministry of today had to serve both sides, that they had people who could afford to live in very distinguishable upper level home projects, but they had a lot people in their communities who did not so they took it upon themselves to try to create community development for affordable housing, that was something that they must do, that was their Christian duty, that was their civic duty so that was why they were present to support Reverend Clemons and Pleasant Hill, and Mayor Brown stated that they appreciated his being present. Council Members Tatro, Vasquez, Parker and Robinson absent.

Ms. Joyce Smith, 4814 Larkspur, Houston, Texas 77033 (713-734-0114) appeared and stated that she was a very concerned citizen and was very active in her community, that she was in opposition to the project and one of the reasons why was because it was voted down and then all of a sudden somebody was fired and then somebody else was hired and just miraculously it was a good idea, that she had a problem with that, that she was very concerned that liberal, White, Democrats would use a few Blacks on the pretense that they were going to pass the things that were going to benefit the masses of Black's when it did not, that who it really profited were the poverty pimping Black preachers and the politically connected Blacks, that she lived in the neighborhood and wanted the Council Members who were going to vote for the project to come to her home and she would take them on a tour of her community and the housing projects, that the rat, roach, crime infected projects they did not get the services that the White community and where the Mayor lived, they did not get the services that other communities got, that right now they were in their communities putting tar and asphalt on their streets but where the Mayor chose to buy a nice home, they had real nice concrete streets, that they were being used for their vote, and Ms. Smith continued to voice her personal opinions regarding the Pleasant Hill Project until her time expired. Council Members Tatro, Vasquez and Parker absent.

Council Member Edwards asked Ms. Smith what was her main problem regarding the issue, and Ms. Smith stated that there was just something about it, that Council just wanted to rush it on through, that she was tired of being used for her vote and then not getting the benefit of the stadiums because they really could not afford them, and Council Member Edwards asked what specifically on the issue she was speaking on today, was it the taxing problems, the fee problem, the compilation of the projects, what was her concern, and Ms. Smith stated that it was the \$90 million, that it was not chump change and if they were going to put all that money in that section, and Council Member Edwards stated that those properties were around the City. Council Members Tatro, Vasquez, Parker and Quan absent.

Mayor Brown stated that he wanted to make some corrections to what Ms. Smith was saying, that the issue had never been voted down, that was not correct, and he wanted to say that there was a void in affordable housing, low income housing in the City, and he had encouraged and would continue to encourage the ministers and whoever else could fill that void to do so. Council Members Vasquez, Parker and Quan absent.

Ms. Karen Marshall, 5445 Almeda Rd., Ste. 505, Houston, Texas (713-528-1200) appeared and stated that she was present on behalf of William A. Lawson and The William A. Lawson

Institute for Peace and Prosperity, whose primary mission was to bridge the gap between the powerful and powerless, and also they were very involved in being a catalyst in the community for economic and community development, that she was going to read to them a letter that Reverend Lawson had addressed specifically to Council Members Parker, Berry and Edwards and had another letter to pass along to Mayor Brown, that he may have already seen it but she wanted to share with the audience and read the following: "Dear Friends, as you will be approached by members of the community regarding your positions on item 35 in Wednesday's meeting of City Council, concerning the approval of the issuance and sale of bonds by HHFC to facilitate the development of a major housing project by Pleasant Hill Apartments Project. I had agreed to approach the three of you, whom I know and respect, as a long time resident of Houston's inner city and as one who has continuing contact with low income families who need affordable housing, I would urge your approval of this resolution. The media has portrayed Reverend Harvey Clemons as of questionable motives, vaguely implying illegal or unethical tactics in his projects, such a portray could very well influence your confidence in such projects. If Reverend Clemons is shown to have criminal or even unethical intent I would be the first to urge you to block his project, but in his years as a pastor and as a community developer, I have not seen such intent, indeed I am convinced that there are other sinister forces who would like to stop or at least slow projects that would provide more affordable housing and more improvements to inner city neighborhoods. Please do not allow such persons or groups to poison you against projects that can revitalize our central city. Reverend Clemons is being supported by some of the most credible people in our community, some of those have made or will make an appeal to you. None of us is trying to make a hero of Reverend Clemons, all of us are trying to keep affordable housing on your agenda so that all Houstonians may benefit from what is still a healthy real estate market. Thank you for being there to hear us.", and Ms. Marshall stated that the letter was on behalf of Reverend Bill Lawson. Council Members Galloway, Wiseman, Ellis, Vasquez and Parker absent.

Mayor Brown stated that he wanted her to express his appreciation to the Pastor for his letters. Council Members Galloway, Wiseman, Ellis, Vasquez and Parker absent.

Mr. Charles Lusk, 4400 Post oak Parkway, Ste. 2250, Houston, Texas 77027 (713-993-9911) appeared and stated that he was one of the Magnificent 7 referenced earlier, that as a former director of Houston Housing Finance Corporation he was present in opposition to the transaction, and one of the principle reasons he was opposed to it was that he did not feel it should even be on their agenda for consideration, that it was approved by Houston Housing Finance Corporation without compliance with their own rules for underwriting a loan, that the Houston Housing Finance Corporation rules required that the applicant, in this case Pleasant Hill, summarize prior development ownership, development ownership and management experience of its principals, including for each development, the date of the project, the size of the project, the method of financing, contact information for the lender and outstanding amounts related to those projects and a representation that the financing that was in place had been paid as agreed and were not considered in default, that they heard earlier that there were three projects that Pleasant Hill already owned and operated and their board got no information related to those projects presented to them, that they made a decision on a \$90 million transaction with no credit underwriting, that essentially it was represented to them that it had been underwritten at the HUD level by qualified HUD underwriters, that Davis Pen Mortgage, who attended the meeting in December offered to provide that information to them but in fact the next day they called and said by advice of counsel, they could not put them in the loop on their underwriting, and Mayor Brown asked by advice of who, and Mr. Lusk stated by advice of legal counsel, that he was supposing that was who told them not to, that their bond counsel, Vinson and Elkins, had added a provision to their bond resolution with respect to it that stated that in considering the resolution, the board had with respect to underwriting matters, relied solely on the commitment for issuance of answers from the U.S. Department of Urban Development and the recommendation of Newman

and Associates, Inc., the underwriter for the bonds without independent investigation, that he had sent Council a letter, and attached to that he had an article from the bond buyer, that the City of Miami was currently appealing a ruling by the SEC against them for fraud with respect to issuance of debt, in that particular situation, the SEC concluded that issuers could not rely on auditors, financial advisors or other market professionals to protect them from inadequate, bond related financial disclosures, that when he resigned from the board, he resigned because he felt like the actions taken by the board were grossly negligent, to approve a \$90 million transaction and not comply with their own rules, that was why he felt like it should not even be on their agenda, that it was not qualified to be on there, that one of the other objections he had related to the transaction was that the units, the 7 projects, currently housed low income and moderate income residents and they also were owned by a tax paying entity, generating \$1.264 million currently in ad valorem tax revenues to the City and were satisfying the need that Houston Housing Finance Corporation was charged with, and that was their mission statement, to provide decent, safe, affordable housing for low income and moderate income residents, that number two, another charge of Houston Housing Finance Corporation and the Housing Corporation was to preserve and enhance the City's tax base, that they would do just the opposite if they took them off the tax rolls, that a loss of over \$15 million in tax revenue for the City over the 40 year term if they took today's numbers and carried them forward without appreciation, so the transaction was not in the best interest for the City and he recommended against it, in fact, dealing with some suggestions, what could they do that would be positive, in his opinion, they could take a portfolio like it that somebody had to provide low income housing and paying tax, why not freeze the tax on the portfolio at \$1,265,000 for the next ten years and take the incremental value increase attributable to those properties and have the owner roll that into reduced rents and social services for tenants who lived there, that it was the exact same thing that Reverend Clemons' organization was charged with but could not perform because there was not adequate cash flow, that those were his biggest concerns. Council Members Galloway, Wiseman, Ellis, Vasquez and Parker absent.

Upon questions by Council Member Tatro, Mr. Lusk stated that he had been in the real estate business since 1971 and owned some apartments and developed land together with partnerships, that he was a trustee in the General Homes Corporation Liquidating Trust for 8 years, that he was on the HHFC Board for 4 years, that HHFC typically when there was a submission for similar financing the applicant's provided them, without even asking, with their financials, and with references for lending institutions and representations regarding their dealings, that the due diligence was done by their organization, that on this particular one they had done nothing in the way of credit underwriting, that they made a \$90 million decision only on the pro formas, a one year analysis pro forma, not real numbers and it was plugged in for 40 years, that they were provided by First Southwest who was HHFC's financial advisor, and Council Member Tatro stated that there had been some representation about exactly what HUD's sign off to the deal was, and it was his understanding that HUD had not completed their final review, that yes they did have a firm commitment letter, but it was not by some substantial portion complete and underwritten at HUD and asked if Mr. Lusk could elaborate on that, and Mr. Lusk stated that when their board met in December they were advised the deal had been underwritten by a number of qualified HUD underwriters and HUD had blessed it, vis-à-vis, they had evidence with the HUD commitments, that it was not turned down in December but a 5 to 5 vote essentially killed it as far as bringing it forward to Council until they had the reappointment of some of the board positions and they voted and whereupon it came through to Council, that after he tended his resignation he met with George Rodriguez at HUD and Ray Richardson, who was the chief underwriter for HUD and asked them about what it was that they had in hand and the commitments that they had were like the old SAMMA letter, that in the processing of a HUD 221D4 loan, in the old days a SAMMA letter was an invitation to continue to come forward with the process of financing and essentially that was what they had at this point, that Mr. Rodriguez and Mr. Richardson had said that the credit underwriting had not yet been performed on the

transaction, notwithstanding what had been presented to their board in December, and in fact if the City Council approved the deal at that point they would go through the final underwriting, that if they read the HUD commitment it was conditional, that there were a whole bunch of things listed there that they had to comply with before they had the final issuance of insurance from HUD, according to them that was the status. Council Members Galloway, Wiseman, Ellis, Keller, Vasquez and Berry absent.

Council Member Robinson stated that he wished somebody would have come to visit with him and thought that he had a reputation on the Council as somebody who listened to the issues on the merits, that he tended not to like people who did their deals in the newspapers, because he could not figure out what their motives were, that he did not want to attribute bad motives to everybody and thought they were all trying to deal with it on the merits and try to figure it out, that he had some questions and would love to visit with Mr. Lusk, and asked as to the SAMMA letter he was assuming that even if Council were to say okay, if they did not have the HUD underwriting he did not think anybody was going to buy the bonds, or was he under a misimpression, and Mr. Lusk stated that he thought Council Member Robinson was right, and Council Member Robinson stated that he wanted to make sure he was clear, that even if they went forward if they did not have what they said they have from HUD it was a nice gesture by Council but it really was meaningless, and Mr. Lusk stated that he asked Rodriguez and Richardson about that, that if in fact they went through the underwriting process at their level, and everything was fine, then it was a go, and they said yes, and then if per chance there was a problem with credit how was that dealt with, and they said that was basically a matter of give and take, that they could actually come in with a solution if they had a problem and HUD may say okay, fine, go forward or HUD may say there was a problem and if they could not get a resolution they could not go forward, that was what HUD told him, and Council Member Robinson stated that in the business of transaction, that if they did not get HUD credit, then the deal would end up looking like a private sector financing that was going to cost them more without that insurance and if their whole argument was cost was a breaker, then they had to make sure they performed relative to HUD and if they did not get the Council vote, essentially, was meaningless in the sense that they could not forward, and Mr. Lusk stated correct, and Council Member Robinson stated that on the property he liked the TIF idea that Mr. Lusk mentioned but he had sat at the Council table and for your years and there were people who were still on Council who had opposed the petition created TIRZ where the City got one-third back for affordable housing, so he was not so sure now why they would support freezing the taxes on an apartment owner on the TIRZ model, why they would support that concept if in the past they had opposed the petition created TIRZ where one-third was coming back, that in this specific instance, the property owner had not paid taxes, so if they froze them on the rate of taxation now, they still owed back taxes and his hope was that they would pay the backs taxes and going forward they would continue to pay the taxes on the rate that was frozen and they would take the savings, the differential in increased appraisals and reinvest it into maintenance, keeping rents low and the like, but they were already dealing with a real situation where they had somebody who had not even paid the backs taxes, so the solution was a good one if it was a descent, law abiding property tax paying person or he had to figure out how to get the back tax out of this deal, that the other question he had was that he was trying to get clear in his mind the appraisal value, that he kept hearing HCAD but remembered when, on the Compaq Center they had to get nine appraisers, so he was trying to figure out, did anybody trust HCAD by itself or did anybody else appraise the property, where did the 95 million dollars come from, and Mr. Lusk stated that he would suggest that the \$46 million that were currently assessed on the properties was close to reality for the units, that there was an appraisal that was done that reflected \$65 million and that appraisal was reviewed by another appraiser that supported the \$65 million so in reality they could say they had appraisals that supported a \$65 million value and then they had a \$90 million bond issue, so they had 50% more debt than they had value that they were securing it with, and Council Member Robinson asked if there was no appraisal number at \$90 million or higher and Mr. Lusk stated

no, that what it reflected was the appraised value, which was the purchase price, plus the renovation cost of \$16 million and the issuance cost of \$9 million. Mayor Brown, Council Members Wiseman, Ellis, Keller, Vasquez, Alvarado and Berry absent. Mayor Pro Tem Quan presiding. (NO QUORUM PRESENT)

Upon questions by Council Member Edwards, Mr. Lusk stated that the current tax revenue generated off of the properties was \$1,264,000, that he went through the appraisals and added up the numbers, that it was going to all of the taxing authorities, that it was a combination of the school district, City and County, that all seven properties cumulatively added up to the appraisal amount, the \$65 million. Mayor Brown, Council Members Wiseman, Ellis, Keller, Vasquez and Alvarado absent. Mayor Pro Tem Quan presiding. (NO QUORUM PRESENT)

Upon questions by Mayor Pro Tem Quan, Mr. Lusk stated that in the meeting where the transaction was approved he had enumerated his objections to the deal going forward, many of which they were hearing, plus he talked about the fact that they had the rules they were going by, and he also had a copy of the bond buyer article and also had an article that spoke to the liability that directors had if they exercised gross negligence or malfeasance in their duty to the corporation and provided each member with that information, that he had it filed of record as part of the minutes of their meeting, and then he prepared a representation that was the exact language that he just read to them regarding the financings without outstanding balances associated with the projects owned by Pleasant Hill, being paid as agreed and not being considered in default, that he handed it to Reverend Clemons at that meeting and asked for him to execute that, suggesting that he would not only vote for his deal, but would make the motion to approve it if he would sign that representation, that Pastor Clemons declined, and he then told the other board members that it was his position that he would be voting against it, and it would be in his opinion grossly negligent for them to vote it forward, and they did, 8 to 3. that was when he tendered his resignation, that he raised issues about First Southwest because the sources and uses of funds schedule, for instance, was boiled down from three or four pages in their December packet to one page in the February 5th meeting, and additionally, they raised the issues of the cash flows and the response they were given was that they forgot to hit the button on there that grows the expenses and grows the revenue, and frankly he had to tell then he was a little surprised at that, and Council Member Quan asked if that would not be nearer to the negative of the project if they did not grow the numbers out and if they just ran the same number for 40 years, and Mr. Lusk stated no, that he thought if they were to take rent capped units, and took a realistic look at their expenses, then potentially they were going to have a matrix there, over a 40 year term, where the two might cross, and that was his concern, that they were not going to be able to keep their units at an economic stability and that was if they started off economically stable, and Mayor Pro Tem Quan asked Mr. Lusk if he thought that the mortgage broker fee was exorbitant for what the project was looking at, and Mr. Lusk stated that he did not think exorbitant, that he considered it the norm, that if they looked at mortgage brokers fees, they were typically a percentage of and believed that was 1.5 percent and that was not an untypical brokerage fee, that as to the transaction bond cost at about 6.5 percent. was that reasonable, he thought there were economies of scale that should be gained when they were doing a significant portfolio like this and did not see the benefits generally that he would expect to see, so he thought that some of the fees were high that all of the fees, in his opinion, were worth review, that he had trouble figuring out where the fees were, where they had been and where they were going. Mayor Brown, Council Members Edwards, Wiseman, Ellis, Vasquez, Alvarado, Parker and Robinson absent. Mayor Pro Tem Quan presiding. (NO QUORUM PRESENT)

Council Member Sekula-Rodriguez stated that she thought Council Member Robinson was leading them along a wrong path when he was trying to bring out that the Council's decision on the deal was meaningless, and Mr. Lusk stated that he thought it was an incredibly big decision, that he did not think he said it was meaningless, that he thought that Council Member Robinson



said that relative to HUD underwriting, that the decision was basically subject to HUD underwriting. Mayor Brown, Council Members Edwards, Wiseman, Ellis, Vasquez, Alvarado and Parker absent. Mayor Pro Tem Quan presiding. (NO QUORUM PRESENT)

Council Member Robinson stated that Mr. Lusk's point now was that a decision related to liability exposure because of insufficient due diligence in compliance with the HHFC rules relative to what was in the bylaws, that his question spoke to the issue of insurance from HUD, and Mr. Lusk stated which the bond buyer article spoke to and said they should not depend on third party insurance to avoid their own rules and doing an underlying credit analysis, and they had not done an underlying credit analysis, and Council Member Robinson stated that the argument that was being made by Mr. Lusk and others was that the vote automatically said that HUD was going to insure the debt, and HUD was not necessarily going to insure the debt, that he was not sure that people wanted to deal with the substantive issue, that if somebody had a problem he would they rather have gone to him and say that they did not submit x and y documents or the financial advisors did not look at the x and y documents as opposed to having a press conference and having everyone email him and saying that he was a screwed up public servant for looking at the deal, that he wanted to make sure that if he and Mr. Lusk were going to engage in a conversation that no one else would characterize it that he was trying to trick him. Mayor Brown, Council Members Wiseman, Ellis, Vasquez and Berry. Mayor Pro Tem Quan presiding.

Council Member Tatro asked Mr. Lusk why, in his opinion, did First Southwest not perform a standard full due diligence, and Mr. Lusk stated that he thought there were enough people working the deal, from Pleasant Hill's perspective, and Council Member Tatro asked Mr. Lusk who gave First Southwest the scope of work and Mr. Lusk stated that was a charge given to them long ago by HHFC. Mayor Brown, Council Members Wiseman, Ellis, Vasquez, Alvarado and Berry. Mayor Pro Tem Quan presiding.

Council Member Robinson stated that he had just called the City Attorney's office and in light of all the concerns he had raised relative to Arthur Andersen and the like, he certainly would want their lawyers to look at the issue of First Southwest not doing their job and Vinson and Elkins not doing their jobs, and if that was the issue, then they were talking about serious professional malfeasance, and the potential of subjecting not only the HHFC Board to liability, and Mr. Lusk stated that he was not accusing anybody of anything, all he was saying was that they did not comply with their rules. Mayor Brown, Council Members Wiseman, Ellis, Vasquez, Alvarado and Berry. Mayor Pro Tem Quan presiding.

Mayor Pro Tem Quan stated that while Mr. Lusk had stated that he did not want to accuse anybody of anything, he thought there were some serious allegations that had been made and they as a City needed to investigate. Mayor Brown, Council Members Wiseman, Ellis, Vasquez, Alvarado and Berry. Mayor Pro Tem Quan presiding.

Mr. Barry Palmer, 1001 Fannin, Ste. 800, Houston, Texas 77002 (713-653-7395) appeared and stated that he was an attorney and specialized in the field of affordable housing, that was all he did was work on transactions like the Pleasant Hill transaction representing developers, either nonprofit, for profit, governmental entities, and in that capacity, he saw a large number of affordable housing transactions, and had worked with Pleasant Hill and Fifth Ward CDC over the years, that he had found them to be the most successful non profit developer in the City of Houston in developing affordable housing, that it was very difficult for non profits to develop affordable housing in the City, there were very few resources available and the programs that were available were extremely complex and difficult to access and Harvey Clemons and his non profit had done that and done excellent work over in the Fifth Ward and he thought that he had done great work for the affordable housing community in Houston, and it really had pained him to see the way that his character had been attacked, that he had been attacked in the press,

primarily by a group of for profit developers who opposed the transaction for whatever reason, that they may never know why they really opposed it, but it was always a different reason, that it was interesting to him to hear Charlie Lusk come up and testify and list a dozen different reasons why he was opposed to the transaction, and yet say that he was ready to support it and vote for it at Houston Housing Finance Corporation if Reverend Clemons had been willing to sign a representation that his loans were current, that made no sense whatsoever, that Reverend Clemons did not sign that representation on advice of counsel because it was presented at the last minute without an opportunity for review, but it really just typified what they had seen in the transaction where things come out of nowhere that make no sense from people who were opposed to the transaction, and they come up with reasons why they ought to be opposed, that the latest they were hearing was that they ought to be afraid that they were going to get sued for not doing our due diligence like Dade County or Miami or whatever, that was just ridiculous, that he had worked on the transaction since March and they worked on the transaction for nine months before it ever went to Houston Housing Finance Corporation and the reason for that was because of all the due diligence everyone was doing for a nine month period, that for Mr. Lusk to say that First Southwest did not analyze the transaction, he guessed he was entitled to his opinion, but that was just plain wrong, that they worked tirelessly on this transaction as did Vinson and Elkins, and both of them came to the conclusion that they recommended approval of the transaction for both the business side and the legal side. Mayor Brown, Council Members Wiseman, Ellis, Vasquez, Alvarado and Berry absent. Mayor Pro Tem Quan presiding.

Council Member Robinson asked Mr. Palmer if they had a chance to take a look at the disclaimer language since the time it was presented, and if so, did they have an opinion on it at this date and time, and Mr. Palmer stated that they had not looked at it since then because it had really been a moot issue, that he was sure that they could have had it marked up and made some revisions to it if they felt that it was sincerely his concern about the transaction, but he did not think it was, that he had listed a dozen other reasons and if those had been satisfied there would be a dozen more, but the fact was that there were a group of for profit developers who did not want to compete with the non profits in buying apartment complexes in the City of Houston and they knew that if they defeated this transaction there would not be any other non profit transactions coming forward, that if Pleasant Hill could not do this, there was no non profit in this town that could do it, so not to kid themselves that another deal was going to come back in 60 days, that as to the HUD guarantee first of all, he worked on HUD transactions all the time, they closed them on a weekly basis, a firm commitment from HUD was just what it said, a firm commitment. it had some conditions to it, those conditions were typically administrative, it was almost unheard of for a transaction to have a HUD firm commitment and not close and to say that HUD had not done any underwriting when they had issued a firm commitment, was just totally misrepresented or they misunderstood HUD's process, that he would challenge anyone to go in with an apartment loan to HUD and come out with a firm commitment without having gone through extensive underwriting and due diligence, it just did not happen, it made no sense, and Council Member Robinson asked what would happen if Council were to vote and then in fact a firm commitment from HUD turned out not to be a firm commitment from HUD, did they still proceed forward, or from everything he had been told, they ended, from a cost perspective, in the same place of trying to do it on a private finance basis and that was the problem, it cost too much on a private finance basis, and Mr. Palmer stated that was correct, if the transaction was approved by Council and HUD did not close on it's firm commitment the transaction would not go forward, it would become moot, and Council Member Robinson stated that they had some serious questions about the \$46 million HCAD appraisal versus the \$60 million something appraisal and then the total cost which included the cost of the transaction and maintenance on a debt finance basis. would he give him some help on where the numbers stacked up, and Mr. Palmer stated that their appraisals, and they had two appraisals done on the property, supported the purchase price of roughly \$60 million, that the appraisals were in excess of that, that the

assessed value was at \$46 million, and in the apartment community it was not unusual at all for the sales price of a transaction to be 50% higher than the assessed value, that he was working on another transaction that they were closing next week with the exact same situation, the assessed value was roughly two thirds of the purchase price, that because the apartment community worked so hard fighting assessed values and it challenged them, had hearings, filed lawsuits to keep the assessed value down as low as they could, and Council Member Robinson stated that he would be interested in two things, had anybody seen the appraisal on which the offer was made by former Mayor Lanier, and did anybody have any information relative to private transaction in terms of apartment purchases that would rebut his argument that normally they were bought at a price higher that would say they were bought at or below the appraised value, if anybody had that he would like to see that, and Mr. Palmer stated that they could certainly get him some backup on a historical basis that apartments typically sold for a sales price substantially in excess of their tax assessed value. Mayor Brown, Council Members Wiseman, Ellis, Vasquez, Alvarado and Berry absent. Mayor Pro Tem Quan presiding.

Upon questions by Mayor Pro Tem Quan, Mr. Palmer stated that he was the attorney for the developer, Mr. Scott, that he dealt often with the Houston Housing Finance Corporation, that Vinson and Elkins, the attorneys for Houston Housing Finance Corporation, opined that the transaction had complied with Houston Housing Finance Corporation rules, and he would also add that in his experience of the numerous transactions that he had handled before Houston Housing Finance Corporation in the last two years, this transaction underwent much more intense scrutiny than any other transaction he had ever seen go through Houston Housing Finance Corporation, so the suggestion that they received some kind of preferential treatment could not be further from the truth, and Mayor Pro Tem Quan asked why seven units and such a large package as opposed to doing one or two units, establishing more credibility and coming back and purchasing more units at a later time after showing the abilities of Pleasant Hill to handle this type of work, and Mr. Palmer stated that he thought that Pleasant Hill felt they had shown their ability by their development from scratch of new construction units in the Fifth Ward, which at the time they did it were the first new apartment units built in the Fifth Ward in over 50 years, and by the other apartments that they had acquired, that they were ready to take on a portfolio package, that this opportunity came along, there was one seller who owned all seven of the properties, and it was an opportunity that Pleasant Hill felt where they could make a significant impact on the most important issue facing affordable housing today, which was preservation of existing affordable housing, that he thought that too much had been said about these units being already affordable, that missed the point, the fact was there were no HUD development programs out there for new affordable housing, and all of the units that were built in the 1960's and 1970's that were subject to long term contracts with HUD, were all expiring now, so around the Country they were seeing thousands of affordable housing units being converted, renovated, rental rates substantially increased, that it was the single biggest issue that the affordable housing community faced nationwide. Mayor Brown, Council Members Wiseman, Ellis, Vasquez, Alvarado and Berry absent. Mayor Pro Tem Quan presiding.

Minister Joe Angel Lopez, 2220 South Pine Point Rd., Houston, Texas 77063 appeared and voiced his personal opinions regarding the Pleasant Hill project until his time expired. Mayor Brown, Council Members Tatro, Wiseman, Ellis, Vasquez, Alvarado, Parker, Berry and Robinson absent. Mayor Pro Tem Quan presiding. (NO QUORUM PRESENT)

Mr. Robert Horton, 3714 Bain, Houston, Texas 77026 (713-260-6144) appeared and voiced his personal opinions regarding the Pleasant Hill project until his time expired. Mayor Brown, Council Members Tatro, Wiseman, Ellis, Vasquez, Alvarado, Parker and Robinson absent. Mayor Pro Tem Quan presiding. (NO QUORUM PRESENT)

Mr. Joseph Colangelo, 8311 Cheshire Vale, Houston, Texas 77024 (713-463-9291) appeared and stated that the first speaker took 45 minutes and did know what they learned from it and maybe they learned a lot, that he had sent them another resume as he had sent to Council Member Robinson who said he did not know why people were opposing it, that yesterday, five of them got together, that they were not the Magnificent 7, that Michael Stevens, Charlie Lusk, Dick Rogers, former HHFC president Harry Reed, himself and Bettencourt were all firmly opposed to it, many of them owned apartments, but that was not why they were opposed to it, they were opposed to it because it did not make sense, that they finally got expense figures that the appraisers used, probably nine, ten, eleven or twelve months ago and it was even more unbelievable than when he appeared before, that the appraisals were amazing, that they got pages and pages that they had analyzed using their expenses, that what they showed was operating expenses of under \$4 a foot, that he thought it was under \$3.90 a foot, that real estate operators would say it needed to be \$4.75 a foot, that was 1,800,000 square feet times one extra dollar, that if they used that one extra dollar they would not be present, that they used reserves for replacements, \$200 per unit on a 40 year mortgage, that he did not know anybody that put \$200 per unit in, that it should have been \$350 and some would say even higher than that, that if they add that to the expenses per year, and it adds another death nail, but that was not all, they use \$100 per unit as insurance costs, if Reverend Clemons or anybody could show him that a Houston portfolio had \$100 dollars per unit insurance costs, he would love to know, that it was really \$250 and then they gave a story of an investor who had an \$800 unit property in town that had two fires, and his insurance went up from \$100,000 to \$390,000 from year 2000 to 2001, that the numbers did not work, that they would never work, they were a year old, and they may have worked for the group that owned the properties that had spent a lot of money before it so the expenses of running it for that short period of time were low, that they would never work on it, that Council Member Robinson could play all the games he wanted to play about the motives, but it was not going to work, that Channel 13 reporter Tom Abrams announced in front of Reverend Clemons last week and asked him if he was making money on the deal, and he said no, and then Abrams said what about the fact that he was flipping to himself some of the properties that he bought last year and was making \$370,000, that he would love for them to find out, that Abrams had verified it, that no one had denied it yet, that a very interesting point, Mike Schneider, who was in back interviewing Council Member Robinson, who did not seem to ever get any information, Mike found out after five years of not paying any taxes, not even showing any tax returns, they had lost \$330,000, that it was a lot more than that, that they really knew what the real reason was, and if they wanted to understand what it was, it was not that hard to find, that as far as Barry Palmer saying it was the best CDC he had ever seen, he was going to say one word, balloney, he could give them CDC's that were making money, that were doing what they were supposed to be doing versus this deal and all of them now were coming to the conclusion, that what they now thought was going on was that Pleasant Hill CDC was going down, that they were in trouble, they had made mistakes, their expenses were going out of control, that their private restaurant was killing them, that he did not think it was because they were giving continental breakfasts away, they were making a lot of other things in the form of grants to their church, which was legal, but it was not very smart, so what happened was they had Pleasant Hill CDC that was going under, that if they got a massive infusion of money from the deal, they were going to be able to keep Pleasant Hill CDC alive, and then what would happens was that the Mayor would be happy, Mrs. Bingham would be happy and two years from now when they were gone and this whole thing fell, everyone was going to say they did not realize it was going to happen, that it was there, that the expense numbers stunk, the income numbers stunk and 93% occupancy, it should be 88% percent economic occupancy, which was a lot different than physical occupancy, that it was not going to work, that a regular developer would have bought it for \$50, \$55 or \$60 million, that nobody would deny that, maybe \$65 million, that they would have put 20% in, then they would have had the money available to fund the deficits, that these people were going to have \$93 million in it, no liability, no money in the deal and they would have \$40

million debt. Mayor Brown, Council Members Wiseman, Ellis, Vasquez, Alvarado, Parker and Robinson absent. Mayor Pro Tem Quan presiding. (NO QUORUM PRESENT)

Mayor Pro Tem Quan stated that he wanted to thank Mr. Colangelo and he appreciated the hard work he had done, that they had gotten repeated faxes from him and emails with information, that he knew he had revised his twenty points not to approve it and he had been reading the materials and thanked him for his analysis. Mayor Brown, Council Members Wiseman, Ellis, Vasquez, Alvarado, Parker and Robinson absent. Mayor Pro Tem Quan presiding. (NO QUORUM PRESENT)

Mr. Robert Dawson, 2100 Tanglewilde, Houston, Texas 77063 (713-974-6278) appeared and stated that he was an advocate of affordable housing, that he had been in affordable housing since the 1970's when he was making mortgage loans and selling them to Houston Housing Finance Corporation, and Harris County Housing Finance Corporation as a mortgage banker, that he had more recently been a director of Harris County Housing Finance Corporation for 14 years, that they too had their procedures to complete, a due diligence, and they had done so, and had issued bonds up to \$30 million on such projects, that he was very alarmed and took exception to what Mr. Palmer said about the due diligence, that he thought that it was very important that this had not been completed in a form that's satisfactory to HHFC, that the reason why he would not approve the loan was because of the very low expenses on the project, less than \$3,000 unit, including taxes, which were going to be waived if they approved it, that the other issue was the reserve for replacements, the capital repairs, of only \$200 per unit, that these were grossly inadequate for the properties for a 40 year loan on 25 year old properties, that he would be happy to meet with Mr. Palmer and the developers to analyze whether or not the basis for repairs that they had estimated at \$16 million or less than \$7,000 a unit were nearly adequate, that he was not certain as to the HVAC which they were replacing in a number of units, represented a chilled water system or central air, that he wondered if they were going to remain master metered air conditioning on these projects which was highly inefficient. Mayor Brown, Council Members Wiseman, Ellis, Vasquez, Alvarado, Parker, Berry and Robinson absent. Mayor Pro Tem Quan presiding. (NO QUORUM PRESENT)

Upon questions by Council Member Sekula-Rodriguez, Mr. Dawson stated that he thought that his 35 years as a mortgage banker making loans, including affordable housing loans in Houston and selling to the agencies, gave him an experience of what the loans represented providing housing to low to moderate income people, that he had been serving on the board and thought his direct hands-on experience in directing them and encouraging them for affordable housing which they just allocated \$600,000 be given to lot purchases for house construction in areas that were needy, plus providing closing costs to buyers that could not afford it, down payment assistance, all of those were factors of Harris County Housing Finance Corporation, a similar institution to Houston Housing Finance Corporation on that level. Mayor Brown, Council Members Wiseman, Ellis, Vasquez, Alvarado, Parker, Berry and Robinson absent. Mayor Pro Tem Quan presiding. (NO QUORUM PRESENT)

Mr. Paul Buchanan, 11490 Westheimer, Ste. 550, Houston, Texas 77077 (713-783-1000) appeared and stated that he was a principal with Coach Realty Services, that he too was a former board member of HHFC, that in fact he was on the board when Mr. Lusk joined the board, that he asked Mr. Lusk to be on one of his committees, the Affordable Housing Committee, and worked with Charlie on a lot of complicated financings like the Gulfgate Mall, that he vehemently disagreed with Mr. Lusk that this violated the policies of HHFC, and that the Pleasant Hill transaction had not been underwritten in accordance with their policies and deviated from previously underwritten transactions, that in fact, this transaction was the most underwritten transaction he had ever experienced in his years as a board member of HHFC, that he thought that what they had to do was look at the opposition, that they had to understand what their

motives were, that the opposition was for profit, wealthy developers, that they lived in big houses, flew around on private jets, went up to Colorado skiing to their private houses, that they had made millions of dollars taking apartments just like these, renovating them and raising the rents, that they could care less about affordable housing, they could care less about providing units to people making less than \$18,000 a year, that they knew there were millions of dollars to be made in this and that was exactly what they wanted to do, that they wanted to kill the transaction so they could go out and do it themselves, make millions of dollars, and the poor residents of the City of Houston were the ones that were going to suffer, and tomorrow it was going to be in the Council's hands and tomorrow they were going to have to make that decision, was it the wealthy, for profit developers or was it the poor residents of the City of Houston. Mayor Brown, Council Members Tatro, Wiseman, Ellis, Vasquez, Alvarado, Parker, Berry and Robinson absent. Mayor Pro Tem Quan presiding. (NO QUORUM PRESENT)

Upon questions by Council Member Sekula-Rodriguez, Mr. Buchanan stated that there were two issues, deferred maintenance and renovation, and there had been a lot of misdirection on the appraisals, that what the appraisals stated, and he too, like Mr. Lusk had read every single appraisal, in some of the projects there did not appear to be deferred maintenance and that meant that windows were not broken and doors were not falling off the hinges, that was deferred maintenance, and the appraisals stated that in three of the projects there were deferred maintenance, so they seized upon that and said they did not need renovating, that the appraisals never stated that they did not need renovating, and the renovation cost of \$7,000 per unit was ample enough to do everything that needed to be done, and this is not coming from Paul Buchanan as Coach Realty Services, it was coming from an independent architect that was hired, that was certified by HUD, who inspected every single unit, not every project, he was saying that he physically walked all 2,455 units and came up with a scope of work, that they did not know what the math was going to be, that it turned out to be the \$16 million or \$7,000 per unit, that it came from an independent inspector that was HUD certified, that the \$250 per unit that Mr. Colangelo was referring to was what was in the budgets on an ongoing basis year after year. Mayor Brown, Council Members Tatro, Wiseman, Ellis, Vasquez, Alvarado, Parker, Berry and Robinson absent. Mayor Pro Tem Quan presiding. (NO QUORUM PRESENT)

Council Member Edwards stated that there had been several implied or allegations that the deal, if it was done by the for profit developers in the City, the rich and powerful, that it would have gone through with no problem and that there were deals that went through like this that did not go through City Council, through the State and federal, and did not go under this kind of scrutiny, and asked when he was looking at the deal just straight up, if it was not Pastor Harvey Clemons, if it was one of the rich, did he think, in his official opinion, that the deal would have gone through any of the agencies, and Mr. Buchanan stated that yes, in his opinion he thought it would, and Council Member Edwards asked why, in his professional opinion, did he think it was having so much scrutiny, and Ms. Buchanan stated that he thought it was a very powerful group of private developers who had put their force behind it, and they were seeing the ramifications of that, that the City Council had approved deals like this before, that it was not the first one that had come through, and they had not seen that same source of scrutiny. Mayor Brown, Council Members Tatro, Wiseman, Ellis, Vasquez, Alvarado, Parker, Berry and Robinson absent. Mayor Pro Tem Quan presiding. (NO QUORUM PRESENT)

Mr. Harvey Clemons, Jr., 1510 Pannell Street, Houston, Texas 77020 (713-224-0052) appeared and stated that if the Council Members honestly wanted to know the facts so they could make their decision, he and his team would come and spend an hour or as long as they needed, but if their mind was already made up they would not waste their time, but if they really wanted to know they would come and share with them and would answer their questions, that he was who he was and they had done what they had done, and their record spoke for itself. Mayor Brown, Council Members Tatro, Wiseman, Ellis, Vasquez, Alvarado, Parker, Berry and

Robinson absent. Mayor Pro Tem Quan presiding. (NO QUORUM PRESENT)

Mayor Pro Tem Quan asked Pastor Clemons if the representation that was presented to him by Mr. Lusk, he knew it was surprise, and the representation stated, "I hereby certify the finances in place related to the projects currently owned by Pleasant Hill and had been paid as agreed and were not considered in default", after he had a chance to look at it, was he comfortable with it, what were his feelings toward that representation, that Mr. Lusk claimed that if he would have signed it, he would have advocated for him and would have been all behind the project, and Pastor Clemons stated that there were several problems, if his idea and moral standard was based on the fact that this was a bad deal, signing some representation of credit would not change the characteristics of the deal, so he did not understand how he flip flopped, that more importantly here was the real question, he did not apply to Mr. Lusk for approval, applied to the Houston Housing Finance Corporation, that he failed to see how one person on the board could make a letter somewhere in his mind, present it on behalf of the board and expect that he would sign something that an individual, rather than a committee and a board, that was typical of the kind of behavior that Mr. Lusk and that group had been presenting, and that was out of the clear blue sky they came up with some new rule or regulation and they present it, that he, unlike Mr. Lusk, understood that he, Harvey Clemons, was not Pleasant Hill board by himself, that Mr. Lusk presenting him something at the last hour and he signing that without the approval of his board or the Pleasant Hill Community Redevelopment, would have been a lack of fiduciary responsibility on his part, opposite of what they accused him of doing. and so he just did not understand how they got to that, that it did not pass a committee, it did not pass board approval, that out of the clear blue sky he jumped up and presented something for him to sign, that he did not think it was prudent on Mr. Lusk's part, and then more importantly, he wanted to address the \$300,000 about his flipping, and that came to him, that was their money, that was the \$300,000 that they borrowed from the City to do the deal that Council was very much aware of, coming down the pipe, and Mayor Pro Tem Quan asked if it was Crescent Park that Council had previously approved before and gave him the interim loan on it, and asked if they were paying him twice for the project, that was what some people had been led to believe and Pastor Clemons stated that was the problem, that those 40 year experienced persons and people who had done all of the work and had all of the background and resumes so impressive, but yet they could not even figure out simple things and they came and confused Council, that how would they pay twice \$300,000 and at the closing table that \$300,000 plus the \$1.8 million and the interest of that amount came automatically back to the City at the closing of the bond transaction, that it was not twice in there. Mayor Brown, Council Members Tatro, Wiseman, Ellis, Vasquez, Alvarado, Parker, Berry and Robinson absent. Mayor Pro Tem Quan presiding. (NO QUORUM PRESENT)

Council Member Edwards stated that she would like for Pastor Clemons to address the issue of the position that there was some unethical or criminal activity on his part that was pushing the particular deal, that she would like for him to respond and what were his feelings on it and did he think that the attack on him personally was really to speak to his character or to block the deal, and Pastor Clemons stated that he thought when they looked at the overall deal sometimes they could determine more by what was not said, than by what was said, that they should notice what was not said, notice that there was no accusation that they stole any money in any project that they had done, notice what was not said, that they had done their due diligence and that they took money out of those projects and they went and had a project that had failed, that in other words the City gave them money, they started off building a multi-family project or a single-family project and somehow did not do it, that with all of where they had been looking and all of what they had been trying to find, if they could have found that, it would have been said, that the only reason why it had not been said was because they could not find it, that the other thing was to notice how they carefully worded their phrases, to walk right up to the line of making it appear that it was something, but yet safeguard themselves so that they did not get

into a lawsuit situation, so they had calculated as to what they were saying to paint an image, just so that it would give those members on City Council some cover to vote no, but what it really was about as long as they were building houses in Fifth Ward and taking F class multi-family stuff and tearing it down and renovating it, it was all well, good and fine, but when they stepped outside of the boundaries of Fifth Ward, and went into somewhere else and started buying some multi-family that they might be taking something off their territory, well then they had gotten to big, they had gotten beyond their scope, so if they really wanted to know what it was about, he did not even think it was a black white thing, he thought it was a green thing, he thought that when they started to operate outside of their domain, and taking food off their table, at whatever level he needed to go to cut it off, even if it meant personal attack, they would do it and would take somebody like Joe Colangelo to come up and distort the facts, that they were completely clueless, if they had all that experience and all of that why had they not built affordable housing, why was it that the trend was going down rather than at least being up or stabilizing if they' had 40 years of experience, why had they not done it, that the affordable housing that Harry Reed did, even that he had something to do with it, because Harry Reed came to the Texas Department of Housing and Community Affairs to ask for and to do low income housing tax credits and the few apartment complexes that he had built in the affordable, he did it and they had something to do with it, that if they talked about affordable housing in the City, they did not talk about it without Harvey Clemmons, that they would not talk about it without Pleasant Hill, and so even those fellows who came and say that they did, they had something to do with it, directly or indirectly they had something to do with it. Mayor Brown, Council Members Wiseman, Ellis, Vasquez, Alvarado, Parker, Berry and Robinson absent. Mayor Pro Tem Quan presiding. (NO QUORUM PRESENT)

Upon questions by Council Member Sekula-Rodriguez, Pastor Clemons stated that his attorney presented them with an interpretation of the finances as it related to their financial predicament, that no, they were not going under, they had not filed Chapter 13 and they had no intention of filing Chapter 13, that they were not bankrupt and had no intentions of being bankrupt. Mayor Brown, Council Members Wiseman, Ellis, Vasquez, Alvarado, Parker, Berry and Robinson absent. Mayor Pro Tem Quan presiding. (NO QUORUM PRESENT)

Upon questions by Council Member Galloway, Pastor Clemons stated that he was appointed by Governor Ann Richards to sit on the Texas Department of Housing Community Affairs Board, that he served as Vice Chair of the Texas Department of Housing Community Affairs Board, that he also served as President of the National Council of State Housing Boards, that he served as Chairman of the Habitat for Humanity Cooperation, that he currently served as Chairman of the Habitat Endowment Fund and various other assignments on other boards, that they just hosted this past weekend 52 people from Dallas and Palestine, Texas that came to Houston to see what it was they had done and what they were doing and on any given month they were entertaining people from across the City and the Country who tried to understand what they had done, that the Pleasant Hill Community Development Corporation had done no single-family homes, but he was Chairman of the Fifth Ward Development and to date they had built over 250 single family homes, that the Pleasant Hill Community Development Corporation currently owned right at 1,000 multi family units, 165 units of elderly housing called Pleasant Hill Village, the 314 units they had were a joint partnership, that was the Park Village Project and Britain's place which was 48 units, and Crescent Park which was 440 units. Mayor Brown, Council Members Wiseman, Ellis, Vasquez, Alvarado, Parker, Berry and Robinson absent. Mayor Pro Tem Quan presiding. (NO QUORUM PRESENT)

Council Member Tatro stated that his question was specifically what Mr. Lusk asked, that they had two or three or four weeks since then with a lot of questions and asked if he would sign the representation today, that since that time, obviously, he had time to consider it and asked if he would sign it before the deal closed tomorrow at Council, and Pastor Clemons stated that he



could understand why Council Member Tatro was voting along with them, because his mindset was like theirs, that what caused him concern was when they set a policy and a rule and they adhered to the rules and policies that were set, they did everything that the standards were and then they changed the rules, that his position was that they applied for under a set of rules and regulations based on the State, applied under rules laid out by the Houston Housing Finance Corporation, and if they vote it up or down they were going to vote it up or down based on their applying for the application as it was presented, that was his position, that he did not apply to Mr. Lusk. Mayor Brown, Council Members Galloway, Wiseman, Ellis, Vasquez, Alvarado, Parker and Berry absent. Mayor Pro Tem Quan presiding. (NO QUORUM PRESENT)

Mr. Tom Scott, 5305 Fieldwood, Houston, Texas 77056 (713-953-3344) had reserved time to speak, but was not present when his name was called. Mayor Brown, Council Members Wiseman, Ellis, Vasquez, Alvarado, Parker, Berry and Robinson absent. Mayor Pro Tem Quan presiding. (NO QUORUM PRESENT)

Ms. Lolita Chandler, 8503 Berndale, Houston, Texas 77029 (713-675-7627) appeared and stated that she lived in the Pleasantville Subdivision, that they were still having a problem with the resins plant called Millennium Polymers, that it was continuing to release chemicals into the air, those chemicals were very strong and concentrated, that they permeated the community and they had a release last night, that they infiltrated their home, that they had this problem before, that they tried to work with Air Quality Control and other agencies to get some kind of relief or to find out exactly what was happening at the plant because they were actually not being told the truth, that they ended up breathing these fumes all night long in their homes and they seldom used the outdoors of their homes or cooked outdoors because of the fumes that they were smelling, that she brought some fruit from her orange tree to show; that she was afraid to eat it, but they looked beautiful, that she cut the oranges off of her tree this morning, that she wanted to eat her fruit and she went through the same thing last year, that she was afraid that there were a lot of chemicals in them because oranges were porous, that she might leave them with the Council so that they might have them examined, that way she would know if she could eat her fruit, that the Millennium plant was within two blocks of their homes, and was totally in violation of federal law because it was causing an adverse effect in their low income, minority community and was a problem also because it was within two blocks of their area, that she like to ask the new Council Members to read the Executive Order 12.8.98 passed into law by the President in 1994 and also to take a look at the Civil Rights Restoration Act of 1987 signed by Congress because it just looked like as much trouble as they had with the plant for three years, the city could follow the federal laws and do something about this and try to get this plant out of the area, that it just seemed that someone down there was deliberately interpreting those federal laws to benefit the businesses, that she understood that Pleasantville had been chosen to become a super neighborhood, and until this long term problem with the chemical plant was solved, the effects of their efforts would be equivalent to the cow that gave a good bucket of milk and then turned around and turned it over. Mayor Brown, Council Members Wiseman, Ellis, Vasquez, Alvarado, Parker, Berry and Robinson absent. Mayor Pro Tem Quan presiding. (NO QUORUM PRESENT)

Mayor Pro Tem Quan stated that he wanted to thank Ms. Chandler for being present, that he knew that the Pleasantville Community was a very important community to the city, that he was not aware of all the problems going on there, that they did have representatives from the Health Department present who would be glad to meet with her after she finished. Mayor Brown, Council Members Tatro, Wiseman, Ellis, Vasquez, Alvarado, Parker, Berry and Robinson absent. Mayor Pro Tem Quan presiding. (NO QUORUM PRESENT)

Upon questions from Council Member Galloway, Ms. Chandler stated that what happened was that this past Thursday evening, about 4:30 p.m., there was a release and by the time air

quality control made it to them it had dissipated, but the odor lingered in their homes from the plant and they had to breathe it all night long, that later that night they started releasing again, then the next day, which was Friday, they started the releases again, that they had called air quality control out and for those two days they received about nine or ten calls, that last night they had a big blast, and the fumes went all the way to the elementary school and the middle school all the way to the turning basin, that it was reported and they came out and she believed they found a leak and she believed that a citation might be written on this occasion. Mayor Brown, Council Members Tatro, Wiseman, Ellis, Vasquez, Alvarado, Parker, Berry and Robinson absent. Mayor Pro Tem Quan presiding. (NO QUORUM PRESENT)

Council Member Galloway stated that this has been an ongoing problem for quite some time, and her patience was beginning to run short on this issue, that these residents had been suffering, and she would like the Health Department to get with the other State and federal agencies and get this problem resolved because the community did not need a plant like this right in their back door, and she did not know if there was any way to test those fruits to see if any of those chemicals had been spilled over and they were no good for anybody to eat, that she did not know if the Health Department could get those oranges and the plants out there and the shrubs out there in that community where they were dying, that something had to be wrong out there, and asked Ms. Chandler approximately how many years had it been going on, and Ms. Chandler stated that she had been fighting it for about three years. Mayor Brown, Council Members Tatro, Wiseman, Ellis, Vasquez, Alvarado, Parker, Berry and Robinson absent. Mayor Pro Tem Quan presiding. (NO QUORUM PRESENT)

Mayor Pro Tem Quan stated that he agreed and wanted the Health Department to take action on it, that he could not imagine living in a community where they smelled this air constantly and did know what in the world there was in it and were always in fear that cancers of different types were being developed. Mayor Brown, Council Members Tatro, Wiseman, Ellis, Vasquez, Alvarado, Parker, Berry and Robinson absent. Mayor Pro Tem Quan presiding. (NO QUORUM PRESENT)

Mayor Pro Tem Quan stated that he was reminded that it was past 5:00 p.m. and in order for council to stay in session they would need a motion. Mayor Brown, Council Members Tatro, Wiseman, Ellis, Vasquez, Alvarado, Parker, Berry and Robinson absent. Mayor Pro Tem Quan presiding. (NO QUORUM PRESENT)

Council Member Sekula-Rodriguez moved to stay in session past 5:00 p.m. to continue hearing the list of speakers, seconded by Council Member Galloway. All voting aye. Nays none. Council Member Goldberg out of the city on city business. Mayor Brown, Council Members Tatro, Wiseman, Ellis, Vasquez, Alvarado, Parker, Berry and Robinson absent. Mayor Pro Tem Quan presiding. (NO QUORUM PRESENT) (Note: No vote recorded as no quorum present)

Council Member Sekula-Rodriguez moved to suspend the rules to hear from Ms. Gloria Moreno, Health Department. Mayor Brown, Council Members Tatro, Wiseman, Ellis, Vasquez, Alvarado, Parker, Berry and Robinson absent. Mayor Pro Tem Quan presiding. (NO QUORUM PRESENT)

Mayor Pro Tem Quan stated that he did not know if we can suspend the rules because they did not have a quorum and would turn the meeting over the Vice Mayor Pro Tem Keller at this time. Mayor Brown, Council Members Tatro, Wiseman, Ellis, Vasquez, Alvarado, Parker, Berry and Robinson absent. Mayor Pro Tem Quan presiding. (NO QUORUM PRESENT)

Vice Mayor Pro Tem Keller stated that Ms. Moreno would report her findings to Council Member Sekula-Rodriguez. Mayor Brown, Mayor Pro Tem Quan, Council Members Tatro,

Wiseman, Ellis, Vasquez, Alvarado, Parker, Berry and Robinson absent. Vice Mayor Pro Tem Keller presiding. (NO QUORUM PRESENT)

Upon questions by Council Member Sekula-Rodriguez, Ms. Chandler stated that the chemicals that were being released were Styrene, that when they had the fire in 1995 she got one of the emergency response guides to read up on the chemicals, that she did know some of the things that were in the plant that were a faxed to her in October 1999 through some other agencies that worked with environmental problems, that what was happening with them, and she did not know if it was the Styrene, but what was happening was that their eyes burned, that they ended up with nose bleeds and their eyeballs started feeling like rocks in the sockets of their head, that they got dizzy, nauseous and she had lost her taste buds for 30 hours, that all of this was happening when they were indoors because those odors were coming in their home and they were breathing them, that TNRCC found some violations in the year 2000 around January or March, that they did a joint investigation with the City of Houston and now they seemed to have had a bad leak last night. so they might get another visit, that she thought with the number of complaints a citation by the TNRCC might be on hand to be done. Mayor Brown, Mayor Pro Tem Quan, Council Members Tatro, Wiseman, Ellis, Vasquez, Alvarado, Parker, Berry and Robinson absent. Vice Mayor Pro Tem Keller presiding. (NO QUORUM PRESENT)

Council Member Sekula-Rodriguez stated that she would do her best to get an update of the complaint record at the TNRCC and the Health Department had and would certainly follow up with Ms. Chandler on this, that this was very serious obviously, not just for Ms. Chandler but the children and the people who already may have respiratory compromise who lived in her neighborhood and asked Ms. Chandler if she had filed any written personal complaints to Millennium Polymers, and Ms. Chandler stated that no, they were not the kind of people you could actually talk to, and Council Member Sekula-Rodriguez stated that maybe they should, that they insulted the Mayor on July 7th, 2000, and he was just doing a tour of Council Member Galloway's district. Mayor Brown, Mayor Pro Tem Quan, Council Members Tatro, Wiseman, Ellis, Vasquez, Alvarado, Parker, Berry and Robinson absent. Vice Mayor Pro Tem Keller presiding. (NO QUORUM PRESENT)

Council Member Galloway stated that the Mayor had been out there as well so he is quite aware of what was going on, that the Health Department was aware and the TNRCC, that they had been having some ongoing dialogue and monitoring of the quality of air out there as well, and Council Member Sekula-Rodriguez stated that she had a paper that talked about complaints to the City of Houston and on February 21st there was six complaints, that on February 22nd, three complaints and on the 25th, seven complaints, that it did not go back farther than that, but by Ms. Chandler's history, it had been an ongoing problem for many years, and Council Member Galloway stated that when the company had one name and then the same owner bought themselves out or something to that affect and they just changed names because they had quite a few complaints and they changed names, so it has been an ongoing saga for at least six years, and Council Member Sekula-Rodriguez stated that according to Dr. Kendrick a violation referral was being prepared and forwarded to the TNRCC, that this violation was the third odor violation in three years, that three violations were the minimum requirement to start enforcement action, that she would do her best to follow up because this was very important, and Ms. Chandler stated that was good news for them and hoped they could do something a little more forceful to save people's lives in the community. Mayor Brown, Mayor Pro Tem Quan, Council Members Tatro, Wiseman, Ellis, Vasquez, Alvarado, Parker, Berry and Robinson absent. Vice Mayor Pro Tem Keller presiding. (NO QUORUM PRESENT)

Council Member Edwards asked if it would be appropriate for this issue to be referred to the Quality of Life Committee, because she did not think they could deal with it here, that she wanted to suggest that Ms. Chandler and her issues be referred to the Quality of Life Committee.

Mayor Brown, Mayor Pro Tem Quan, Council Members Tatro, Wiseman, Ellis, Vasquez, Alvarado, Parker, Berry and Robinson absent. Vice Mayor Pro Tem Keller presiding. (NO QUORUM PRESENT)

Vice Mayor Pro Tem Keller stated they would request Council Member Parker to put that on their next agenda, and Council Member Edwards asked Ms. Chandler if she could make her presentation so they could have a fuller scope and a defined definition of the problem, and Vice Mayor Pro Tem Keller stated that he thought it was good timing, that also in light of the fact that this was their third odor violation which would begin the enforcement, so it would be a good time to involve them. Mayor Brown, Mayor Pro Tem Quan, Council Members Tatro, Wiseman, Ellis, Vasquez, Alvarado, Parker, Berry and Robinson absent. Vice Mayor Pro Tem Keller presiding. (NO QUORUM PRESENT)

Council Member Galloway stated that they did have other residents that she would like to recognize from the Pleasantville Community as well so they could all be afforded the information as to when they would have the meeting and that was the Vice-President of the Pleasantville Civic League and others who were present from the Pleasantville Community as well, so she really hoped they could get something done and close the company down. Mayor Brown, Mayor Pro Tem Quan, Council Members Tatro, Wiseman, Ellis, Vasquez, Alvarado, Parker, Berry and Robinson absent. Vice Mayor Pro Tem Keller presiding. (NO QUORUM PRESENT)

Ms. Evalyn Krudy, 2038 Milford, Houston, Texas 77098 (713-523-1314) had reserved time to speak, but was not present when her name was called. Mayor Brown, Mayor Pro Tem Quan, Council Members Tatro, Wiseman, Ellis, Vasquez, Alvarado, Parker, Berry and Robinson absent. Vice Mayor Pro Tem Keller presiding. (NO QUORUM PRESENT)

Ms. Jonel Curl, 1824 Bolsover, Houston, Texas 77005 (713-522-8320) had reserved time to speak, but was not present when her name was called. Mayor Brown, Mayor Pro Tem Quan, Council Members Tatro, Wiseman, Ellis, Vasquez, Alvarado, Parker, Berry and Robinson absent. Vice Mayor Pro Tem Keller presiding. (NO QUORUM PRESENT)

Mr. Ed Follis, 2027 McClendon, Houston, Texas 77030 (713-245-1134) appeared and stated that he was present to address the plan that they had put in place to allow Agenda Item No. 5 and state his very strong support for it, that it involved residential permit parking applications, that especially for the 2000 block of McClendon, that he thought there were nine separate blocks that were in the Agenda Item 5 and also from the super neighborhood, that he was in favor of all of them, but received some input from the Planning Department that he might need to especially come down and talk to Council about, that there were several other folks that set up to join him but they had left earlier in the day, that essentially the 2000 block of McClendon was taken away from them due to their proximity to the Texas Medical Center and they had people, both patients and staff, looking for a free parking, that they had not legally been allowed to park in front of their own houses for over ten years, that they wanted their street back, that while they were only able to gather approval signatures on the petition for 48% of the 32 residents, 18 or 55% of those residents were multiple family units, that out of the 15 single-family homes, 12 or 80% signed in favor of their petition while two were renters who refused to participate, that the single-family homes made up 70% of the block's length, that despite of their repeated attempts to contact the residents of the multi-family dwellings, and only 1 out of 12 of the fourplex residents participated in their application, and only three out of six of the duplex residents participated in their application, that those of them who were homeowners and residents overwhelmingly wanted their street back and those of them who were transient renters did not care and did not participate because they would not be there long enough and did not accept social responsibility for being a good neighbor and a responsible citizen, please do not punish their entire block because of the socially irresponsible, please give them their street back, that he

would like to thank City Council for putting the ordinance in effect that allowed them to apply for it and the City employees for the application process. Mayor Brown, Mayor Pro Tem Quan, Council Members Tatro, Wiseman, Ellis, Vasquez, Alvarado, Parker, Berry and Robinson absent. Vice Mayor Pro Tem Keller presiding. (NO QUORUM PRESENT)

Council Member Edwards stated that she thought he was in her district and asked that he call her office and talk to Bridgett Jensen so they could help him move on it, that Ms. Jensen was the Community Liaison for that particular area of their district, that he could contact their office at 247-2001. Mayor Brown, Mayor Pro Tem Quan, Council Members Tatro, Wiseman, Ellis, Vasquez, Alvarado, Parker, Berry and Robinson absent. Vice Mayor Pro Tem Keller presiding. (NO QUORUM PRESENT)

Ms. Anne Faust, 1916 Bolsover, Houston, Texas 77005 (713-942-9618) had reserved time to speak, but was not present when her name was called. Mayor Brown, Mayor Pro Tem Quan, Council Members Tatro, Wiseman, Ellis, Vasquez, Alvarado, Parker, Berry and Robinson absent. Vice Mayor Pro Tem Keller presiding. (NO QUORUM PRESENT)

Mr. Alvin Freeman, 5011 Andrea, Houston, Texas 77021 (713-748-4487) appeared and stated that he wanted to thank those Council Members who were patient enough to wait, that he wanted to thank them for remaining, that he may have a small resolution to some of the City's problems, that in 1989 he bought a house from the Veterans Administration and did some renovation, that he borrowed money from his credit union and put the house on Section 8, that Ms. Camillia Chavez lived there for the next seven or eight years, that she moved and he rented it to one of the local Baptist churches and they made like a halfway house out of it, that Reverend Harris wanted to buy that house last year and they entered into a contract and then found that the City had a lien on the property, that it seemed that in 1988, ten months before he bought the house, the City had put a lien on it and said it was a dangerous building, that he bought it from the VA., that the city took the position that the VA never owned it, that he had a deed and a contract where he bought it from the VA, that he now had another potential buyer for a senior citizens home, that it was large enough for ten people, but Neighborhood Protection had their foot on him and he could not get them to remove the lien, that he was present before Council today to ask that they please help, that he wanted them to tell him what to do in order to get the lien removed, that it was not a dangerous building, that Section 8 rented it and it was inspected every year, that Reverend Harris had it like a halfway house, that with the exception of one house in the neighborhood, it was the best house in the neighborhood, that there was some kind of mix up because if they checked the volume and the legal description there were two legal descriptions for the same address, that in 1995 they gave him a lien for weeds that were six feet tall and people were living in the house, that they changed their mind, that they said they made a mistake, that it was next door, that he was confused, that they told him if he gave them \$300 they would remove the lien, that he gave them the \$300 and they still had not removed it, that the inspector said to him that he may never pass this house, why, that he did not know, that he would like for them to look at the house and if anybody on Council said the house was dangerous, he would start tearing it down tomorrow. Mayor Brown, Mayor Pro Tem Quan, Council Members Tatro, Galloway, Wiseman, Ellis, Vasquez, Alvarado, Parker, Sekula-Rodriguez, Berry and Robinson absent. Vice Mayor Pro Tem Keller presiding. (NO QUORUM PRESENT)

Council Member Edwards stated that she knew of Mr. Freeman's work with the City over the years, that she believed zip code 77021 was in District D and because of the late hour she asked that Mr. Freeman contract her office tomorrow morning so they could get somebody to help walk them through and find out what the problem was, that if he waited after they adjourned they could set it up. Mayor Brown, Mayor Pro Tem Quan, Council Members Tatro, Galloway, Wiseman, Ellis, Vasquez, Alvarado, Parker, Sekula-Rodriguez, Berry and Robinson absent.

Vice Mayor Pro Tem Keller presiding. (NO QUORUM PRESENT)

Vice Mayor Pro Tem Keller stated that he would give some information to Council Member Edwards, that he was not in Neighborhood Protection at this point, that to get a Certificate of Compliance he was in Code Enforcement now, that they put a lot of pressure on Code Enforcement to be very strict about the codes they had and they tried to enforce uniformly across the board in the City because of the amount of the growth they had, and Vice Mayor Pro Tem Keller asked that Mr. Freeman Mr. Tony Belay, who was the Division Manager of Occupancy Inspections, that he had satisfied a number of requirements to meet compliance, but there seemed to be several remaining items that were outstanding for the residents to meet compliance, that he would inform Council Member Edwards of what those requirements were, that he guaranteed him that Council Member Edwards would not pass the buck on him. Mayor Brown, Mayor Pro Tem Quan, Council Members Tatro, Galloway, Wiseman, Ellis, Vasquez, Alvarado, Parker, Sekula-Rodriguez, Berry and Robinson absent. Vice Mayor Pro Tem Keller presiding. (NO QUORUM PRESENT)

Mr./Coach Bobby Taylor, 2107 Sumpter, Houston, Texas 77026 (202-FA3-4511) had reserved time to speak, but was not present when his name was called. Mayor Brown, Mayor Pro Tem Quan, Council Members Tatro, Galloway, Wiseman, Ellis, Vasquez, Alvarado, Parker, Sekula-Rodriguez, Berry and Robinson absent. Vice Mayor Pro Tem Keller presiding. (NO QUORUM PRESENT)

Ms. Rebecca Wheatley, 8701 S. Gessner, Houston, Texas 77074 (713-721-7070) had reserved time to speak, but was not present when her name was called. Mayor Brown, Mayor Pro Tem Quan, Council Members Tatro, Galloway, Wiseman, Ellis, Vasquez, Alvarado, Parker, Sekula-Rodriguez, Berry and Robinson absent. Vice Mayor Pro Tem Keller presiding. (NO QUORUM PRESENT)

Ms. Judy Johnson, 7426 Fisher Lane, Humble, Texas 77426 (281-852-6958) had reserved time to speak, but was not present when her name was called. Mayor Brown, Mayor Pro Tem Quan, Council Members Tatro, Galloway, Wiseman, Ellis, Vasquez, Alvarado, Parker, Sekula-Rodriguez, Berry and Robinson absent. Vice Mayor Pro Tem Keller presiding. (NO QUORUM PRESENT)

Mr. Elwyn Shaw, 2206 Hermann Dr., Houston, Texas 77004 (713-526-2908) had reserved time to speak, but was not present when his name was called. Mayor Brown, Mayor Pro Tem Quan, Council Members Tatro, Galloway, Wiseman, Ellis, Vasquez, Alvarado, Parker, Sekula-Rodriguez, Berry and Robinson absent. Vice Mayor Pro Tem Keller presiding. (NO QUORUM PRESENT)

Mr. Frank Black, 5112 Clay, Houston, Texas 77023 (713-921-5890) had reserved time to speak, but was not present when his name was called. Mayor Brown, Mayor Pro Tem Quan, Council Members Tatro, Galloway, Wiseman, Ellis, Vasquez, Alvarado, Parker, Sekula-Rodriguez, Berry and Robinson absent. Vice Mayor Pro Tem Keller presiding. (NO QUORUM PRESENT)

Mr. W. Dell York, Jr., 8855 Gulf Freeway, Houston, Texas 77017 (713-408-8181) appeared and stated that he was present to talk about two items actually and the one he called on was the sewage treatment plant, that he just found out, after a lot of searching, that one of the treatment plants at 69th Street was spending \$6 million per year for natural gas to fast dry the sludge, that they had two plants doing this, that he wanted to make a proposal to the city that they compost that sludge which would also keep it a Class A instead of a Class B, that they were getting ready to approve a contract, that he did not know who was low bid on it, to haul Class B sludge, that if

they did not know Class B meant that it still had all the bugs and the germs in it, that when they compost sludge they kill all that and it becomes Class A, that they could do it for a lot less than \$6 million per year just for gas, that there were a lot of other costs at that plant also, that his proposal was that, TNRCC was going to give him permission to do a test load, that he would like to have the Council Members come out and smell it, that Ms. Theresa Battenfield was real concerned about odor, that they could compost sludge with absolutely no odor if they did it right, that right now they had 20,000 cubic yards a day of wood waste going into the landfills in Harris County. not just Houston, it was his understanding, that if the Council would pass an ordinance stopping wood waste from going into landfills, in at least the City of Houston proper, that all could be used then to compost the sludge and that made a lot better product, they did not have weed seeds and everything else with it; that he had 19 acres on the Gulf Freeway and his plans were to build an apartment for poor people there and there would be no charge at all, and then they would train those people on how to get productive and do useful skills like operate heavy equipment and that was one of the reasons he wanted the composting job from the City was to have something to do that they get paid for. Mayor Brown, Mayor Pro Tem Quan, Council Members Tatro, Galloway, Edwards, Wiseman, Ellis, Vasquez, Alvarado, Parker, Sekula-Rodriguez, Berry and Robinson absent. Vice Mayor Pro Tem Keller presiding. (NO QUORUM PRESENT)

Upon questions by Vice Mayor Pro Tem Keller, Mr. York stated that all he was asking was for the City to let him compost just one load of sludge on his property and then he could prove to the City that they could do it with no odor, and Vice Mayor Pro Tem Keller stated that Mr. Gary Norman would assist him with it, that he had been told that they had an RFP currently for managing the sludge from their waste treatment plant. Mayor Brown, Mayor Pro Tem Quan, Council Members Tatro, Galloway, Wiseman, Ellis, Vasquez, Alvarado, Parker, Sekula-Rodriguez, Berry and Robinson absent. Vice Mayor Pro Tem Keller presiding. (NO QUORUM PRESENT)

Mr. Jay Schafts, 6218 Abington Way, Houston, Texas 77008 (713-862-5262) appeared and stated that he was present to speak on flooding, that in the most recent flood event there were more than 17 deaths by drowning in floodwaters, a figure that did not represent the true numbers of lives lost or the amount of human suffering that the citizens of Houston had endured, \$5 billion in property damage, a figure that may seem small when taking into account a damage that a major hurricane could do to their city, that land adjacent to the City's bayous was the only place floodwaters could go without causing deaths, suffering and property damage, that he did not buy a home in the flood plain, it was literally delivered to his front door by development directly adjacent to White Oak Bayou, that by allowing massive projects to be built on frequently flooded property directly adjacent to the bayou, they must understand they were not only generating fast runoff, but were also blocking the path of runoff generated up stream, that in the 1994 event the water level measured 51 feet, in the 2001 event, the level was 52.8 feet and only one and a half miles away was 54 inches, that it was certainly clear to him that recent development had created a bottleneck that impeded the downstream flow of floodwater, that the result was death, suffering and property damage, that there were many projects in that area required to have flood mitigation plans, was his area currently at risk of losing FEMA flood insurance certification due to a few developers noncompliance, that currently they seemed to be in a race to develop every piece of land adjacent to the bayou not already developed, that as the developers bring these sites up to acceptable levels large amounts of dirt were being moved, that as the undeveloped land was filled in the water was displaced and obstructed from its downstream flow, that now their homes had become the low ground, hence they had a new flood plain and what they needed is a new flood plan, not reckless and irresponsible development driving floodwater out of the current flood plain, that he had six projects that were in question that were just north of his home, that all of these projects were directly adjacent to the bayou and large amounts of fill were being brought onto them to raise them above the flood plain, that the citizens along White Oak Bayou deserved

answers and action, that he wanted them to please respond to them and he would like to mention the first name on the list, Stone Wood Apartments, that the Retreat at City Park also related to Stone Wood Apartments, the Stanley Park Development, once the retention pond for the Stone Wood Apartments, was a 140 home development, the Gables Apartments, another major apartment complex directly adjacent to T. C Jester and the Enclave on T. C. Jester and 2225 North Loop West. Mayor Brown, Mayor Pro Tem Quan, Council Members Tatro, Galloway, Edwards, Wiseman, Ellis, Vasquez, Alvarado, Parker, Berry and Robinson absent. Vice Mayor Pro Tem Keller presiding. (NO QUORUM PRESENT)

Council Member Keller stated that he thought getting with Mr. Gary Norman would be helpful, that they had put that development on hold until it had satisfied their storm drainage requirements, but his was a little more macro than what they had available to address to him today, that he was going to ask him to also contact his district Council Member's office, Council Member Tatro, that Earl in his office was extremely quick in responding to any constituent needs and was very technically sound as far as engineering and understanding drainage, that if he did not to please contact his office because he spent a lot of time on water, drainage and the movement of such, and Mr. Shafts stated that as to the Stone Wood Apartments, they filed an address of 600 1/2 T.C. Jester as their address and there was no construction on the other side of the street, in the 700 block on the odd side of the street, that appeared they had done whatever kind of play to go around the City's hold on the project, that he did not honestly understand the discretion between whether or not someone was sleeping in an office building, whether or not there is an occupancy or not, it just did not jibe with him, and Vice Mayor Pro Tem Keller stated that he understood the confusion, and where the problem really lay in this instance was the building permits and certificate of occupancy and that came in at the platting stage or where people went without the platting and went straight to getting their construction documents and getting a permit for that, that they were protected, the project was on hold and they could not move forward without the certificate of occupancy, that trumped the building permit and Mr. Schafts stated that a certificate of occupancy has been given to the Stone Wood Apartments, at 701 T. C. Jester, that this was an address across the street, an erroneous address, that it had been used to circumvent the City's hold on a Certificate of Occupancy on the project, and Vice Mayor Pro Tem Keller stated that they were looking into that right away because it was their understanding and intent to not allow that so if that was the case they would take action immediately, and stated that they would get a copy of his remarks in the proper hands at Public Works. Mayor Brown, Mayor Pro Tem Quan, Council Members Tatro, Galloway, Edwards, Wiseman, Ellis, Vasquez, Alvarado, Parker, Berry and Robinson absent. Vice Mayor Pro Tem Keller presiding. (NO QUORUM PRESENT)

Mr. Marty Yaklin, P. O. Box 66076, Houston, Texas (281-235-6235) appeared and stated that he was a property owner in the Montrose and Midtown area, that he was present to address the problem of graffiti in their neighborhood, that he had a list of 104 different properties or items that had graffiti on them that he had come up with and turned into the Anti-Gang Task Force Office, that the list was not all of the graffiti that was there, it was a small portion of the graffiti that was in the Midtown neighborhood and it gave a good example of what was going on in the area, that nothing was being done about it, that he had contacted the Anti-Gang Office and they were doing a little bit to get some of the neighborhood cleaned up, that the amount of graffiti that was forming and being repainted on the buildings was happening much faster than the cleanup could possibly be done, that of the first original list of 37 items there had been about 12 or 15 of those items cleaned up in the last two months when the first of the list was given back on January 3rd, but as they could see, he had added another list of 67 items to that original list of 37 items, that barely touched the tip of the iceberg just in the Midtown neighborhood, that they were trying to revitalize the neighborhood, that they had an apartment complex coming in and they could not even get the property built and there was graffiti all over it, how were they going to get development into the neighborhood when they could not develop it because of the graffiti going



on, and Mr. Yaklin displayed several pictures of other graffiti and stated that the State of Texas refused to clean up the graffiti. Mayor Brown, Mayor Pro Tem Quan, Council Members Tatro, Galloway, Wiseman, Ellis, Vasquez, Alvarado, Parker, Berry and Robinson absent. Vice Mayor Pro Tem Keller presiding. (NO QUORUM PRESENT)

Council Member Edwards stated that it might sound like old news to Mr. Yaklin, but they were trying to work with various members in the Midtown area and the Midtown Association, that they had talked to Mr. Garcia in the Anti-Gang Office and were working with people in the community, and other folks, that they had a person in their office that was assigned to it, Ms. Bridget Jensen, that that there were some initiatives that were in place now in draft position to try to move this forward on a faster theme, that all she could do was to say that they were working on it in the office, that she asked Mr. Garcia how did some of the graffiti get on, especially on the over hangs and overpasses and he said that the kids hung on and held onto each other by their feet over these places, that not only was it aesthetically intolerable, but was dangerous, that they needed to get on top of it as soon as possible and asked if Mr. Yaklin would join them in the effort, that Ms. Jensen would contact him, that they appreciated his being a part of it with them. Mayor Brown, Mayor Pro Tem Quan, Council Members Tatro, Galloway, Wiseman, Ellis, Vasquez, Alvarado, Parker, Berry and Robinson absent. Vice Mayor Pro Tem Keller presiding. (NO QUORUM PRESENT)

Council Member Sekula-Rodriguez thanked Mr. Yaklin for bringing it to their attention, that it was obvious and they saw it too, and did not like it, but it was always good to have a person take the photographs and record the locations because that was what it really took to bring this cleaning action that they needed; that for years she had been part of a program called DTAG, where physicians volunteered to take tattoos off of gang members under the age of 19 and in return for that medical service, the gang members were required to do six hours of community service for each treatment and since the treatments were often numerous, these people owed quite a lot of time to the Parks Department and that was where they were supposed to give their service, that it was possible that they could, in non-dangerous situations, serve their six hours of community service. Mayor Brown, Mayor Pro Tem Quan, Council Members Tatro, Galloway, Wiseman, Ellis, Vasquez, Alvarado, Parker, Berry and Robinson absent. Vice Mayor Pro Tem Keller presiding. (NO QUORUM PRESENT)

Ms. Janie Montoya, 8306 Gibbons, Houston, Texas 77012 (713-923-6955) had reserved time to speak, but was not present when her name was called. Mayor Brown, Mayor Pro Tem Quan, Council Members Tatro, Galloway, Wiseman, Ellis, Vasquez, Alvarado, Parker, Berry and Robinson absent. Vice Mayor Pro Tem Keller presiding. (NO QUORUM PRESENT)

Mr. Trent Winters, 7967 W. Airport Blvd., Houston, Texas 77071 (713-729-1153) had reserved time to speak, but was not present when his name was called. Mayor Brown, Mayor Pro Tem Quan, Council Members Tatro, Galloway, Wiseman, Ellis, Vasquez, Alvarado, Parker, Berry and Robinson absent. Vice Mayor Pro Tem Keller presiding. (NO QUORUM PRESENT)

Mr. William Beal, 4718 Boicewood, Houston, Texas 77016 (713-633-0126). Had reserved time to speak, but was not present when his name was called. Mayor Brown, Mayor Pro Tem Quan, Council Members Tatro, Galloway, Wiseman, Ellis, Vasquez, Alvarado, Parker, Berry and Robinson absent. Vice Mayor Pro Tem Keller presiding. (NO QUORUM PRESENT)

Mr. Ray Owens, 603 South Houston Avenue, Humble, Texas 77038 appeared and stated that he was present to talk about raises for electricians and traffic management, that they were probably tired or annoyed of hearing about the subject, but he was tired of waiting for a raise, the he would like for them to please review Policy 3-27 from the Public Works and Engineering Department Policies and Procedure manual, that the purpose of this policy was to compensate

its employees fairly and equitably to attract, promote and retain competent employees by the Compensation Program comparably competitive to other area employees in the City, that this was the responsibility of the Personnel Department to keep City Council abreast of this, that they had a number of electricians, 68 in this division and they had electricians leave the city for higher paying jobs and they were talking about electricians who were knowledgeable about traffic signal controls, that they had six unfilled electrician positions at this time and they had a few unfilled management positions at this time, that they had several people that were retiring in the near future, that they had electricians who were actively searching for extra jobs or other employment at other places, that it sounded like to him that the Policy 3-27 was not working, that it was a shame when employees had to acquire outside employment or work overtime for any extras or to save for their children's educations, that he knew the City had a wonderful retirement plan, and was one of the reasons people applied, but the unattractive thing was that they were living now, why could they not receive the wage rate they were due and a cost of living raise every year thereafter so they could live more comfortable and not have to struggle with every paycheck, that every man wanted to provide for his family, every want, but that was not the point, that the point was that everything, all the things they needed, not wanted, went up every year, if it kept up, what were they going to do, make extra work or maybe another job. Mayor Brown, Mayor Pro Tem Quan, Council Members Tatro, Galloway, Wiseman, Ellis, Vasquez, Alvarado, Parker, Berry and Robinson absent. Vice Mayor Pro Tem Keller presiding. (NO QUORUM PRESENT)

Dr. Motapa, 5922 Martin Luther King Boulevard, Houston, Texas 77021 (713-645-9598) had reserved time to speak, but was not present when his name was called. Mayor Brown, Mayor Pro Tem Quan, Council Members Tatro, Galloway, Wiseman, Ellis, Vasquez, Alvarado, Parker, Berry and Robinson absent. Vice Mayor Pro Tem Keller presiding. (NO QUORUM PRESENT)

Mr. Barry Cohen, 18 Petal Cup, The Woodland, Texas 77381 (713-805-4466) appeared and stated that he had a project he would like to talk to them about, that he thought it would help the City, that he had been in banking for about 20 years in Houston, that he was also the past president of the Turn Around Management Association in Houston, that he started it ten years ago, that he lived in the Woodlands and commuted downtown every day, that he was tired of seeing the homeless lay around the streets in downtown Houston, so he came up with a little idea and wanted to let them know what he had taken on, that it was a totally pro bono situation, that he went to a church called Love Joy Ministries at 2711 Harrisburg, and they had a kitchen there, that he went out and basically asked Sister Mary Nance and the pastor if they could turn their kitchen into a soup kitchen, to make a long story short, when he was a kid growing up, his grandfather used to tell him that during the depression there were soup kitchens, and they were lined up for soup, and they would pay for it, that he had a little twist to it, that he brought in the culinary institutes, two of them, to train the homeless downtown at the church how to make soup every day, that he went to the Astros and spoke with Mr. Drayton McLain's people about a little assistance, that he up some of his own money, that they got contributors right now from Target, the Culinary Institute, Brothers Produce who were donating all the vegetables for this and a company that made French bread, that every day what the homeless were doing, the residents there at the church, were dressing up in chef's uniforms and were being trained by the Culinary Institute every month and were making soups and they were going to be selling soup to the white collar workers who worked downtown, that everybody had to go eat lunch every day, that what this did was they may not want to give money to a panhandler on the street, but if they knew they could go somewhere, have a big bowl of soup, a piece of French bread and 100 percent of all of this was going to the homeless at that church, that was what this was all about, that it was job training for the homeless and thought that everyone he had spoken to had said that it would be something that they would come to and what he was looking for was how the City could help them do it. Mayor Brown, Mayor Pro Tem Quan, Council Members Tatro, Galloway, Wiseman, Ellis, Vasquez, Alvarado, Parker, Berry and Robinson absent. Vice Mayor Pro Tem Keller presiding. (NO QUORUM PRESENT)

Upon questions by Council Member Sekula-Rodriguez, Mr. Cohen stated that the church was called Love Joy Church at 2711 Harrisburg, that the church was not supporting it, that they were making soup everyday and invited everybody in the Council Chambers tomorrow between 11:30 a.m. and 1:30 p.m. and next Wednesday between 11:30 a.m. and 1:30 p.m. for free soup for everybody in the house, that his project was called Just Soup, and he distributed a handout on the project, that it was an original, that he had seen a lot of these kitchens where they fed the homeless and after their bellies were full they were out on the street laying around again, that what this did was empathized responsibility and accountability, that if they came into the church under the program they were required to work, that what it did was give the homeless restaurant experience so that within a six month period they graduate and had job experience to go an work in any restaurant in Houston, that he was not looking for City funds, that he was looking to see if it was possible that there might be a trolley to pickup white collar people every day for lunch, that they could go to McDonald's and spend \$5 or they could go to the soup kitchen and know exactly where the money was going, that they could see them being trained. Mayor Brown, Mayor Pro Tem Quan, Council Members Tatro, Galloway, Wiseman, Ellis, Vasquez, Alvarado, Parker, Berry and Robinson absent. Vice Mayor Pro Tem Keller presiding. (NO QUORUM PRESENT)

Council Member Edwards stated that she wanted to applaud Mr. Cohen for taking the initiative to address it, that she wanted to talk to him further and he could contact her office to see how they could assist him in helping him, and Mr. Cohen stated that it was a community thing, that the homeless participating in the program get trained and a salary, that Sister Mary Nance puts it into an account for them and once they got out of the training program she gives them the lump sum amount to help them get back on their feet. Mayor Brown, Mayor Pro Tem Quan, Council Members Tatro, Galloway, Wiseman, Ellis, Vasquez, Alvarado, Parker, Berry and Robinson absent. Vice Mayor Pro Tem Keller presiding. (NO QUORUM PRESENT)

Mr. James Partsch-Galvan, 1611 Holman, Houston, Texas 77004 (713-528-2607) had reserved time to speak, but was not present when his name was called. Mayor Brown, Mayor Pro Tem Quan, Council Members Tatro, Galloway, Wiseman, Ellis, Vasquez, Alvarado, Parker, Berry and Robinson absent. Vice Mayor Pro Tem Keller presiding. (NO QUORUM PRESENT)

Mr. Albert Coleman, 4707 Curly Oaks, Houston, Texas 77053 (713-430-0020) had reserved time to speak, but was not present when his name was called. Mayor Brown, Mayor Pro Tem Quan, Council Members Tatro, Galloway, Wiseman, Ellis, Vasquez, Alvarado, Parker, Berry and Robinson absent. Vice Mayor Pro Tem Keller presiding. (NO QUORUM PRESENT)

Mr. Lee Mercer, 4928 Winnetka, Houston, Texas 77021 (713-741-9656) appeared and stated that he had a handout for the Mayor and Council Members and would like for them to read it so they could help him, and continued to voice his personal opinions until his time expired. Mayor Brown, Mayor Pro Tem Quan, Council Members Tatro, Galloway, Wiseman, Ellis, Vasquez, Alvarado, Parker, Berry and Robinson absent. Vice Mayor Pro Tem Keller presiding. (NO QUORUM PRESENT)

Mr. Joseph Charles, 8034 Antoine, No. 107, Houston, Texas 77088 (713-878-2355) had reserved time to speak, but was not present when his name was called. Mayor Brown, Mayor Pro Tem Quan, Council Members Tatro, Galloway, Wiseman, Ellis, Vasquez, Alvarado, Parker, Berry and Robinson absent. Vice Mayor Pro Tem Keller presiding. (NO QUORUM PRESENT)

At 6:02 p.m. upon motion by Council Member Sekula-Rodriguez and seconded by Council Member Edwards, City Council recessed until 9:00 a.m., Wednesday, February 27, 2002. Mayor Brown, Mayor Pro Tem Quan, Council Members Tatro, Galloway, Wiseman, Ellis, Vasquez, Alvarado, Parker, Berry and Robinson absent. Vice Mayor Pro Tem Keller presiding. (NO

QUORUM PRESENT)

City Council Chamber, City Hall, Wednesday, February 27, 2002

City Council reconvened in the City Council Chamber at 9:00 a.m. Wednesday, February 27, 2002, with Mayor Lee P. Brown presiding and with Council Members Bruce Tatro, Carol M. Galloway, Mark Goldberg, Ada Edwards, Addie Wiseman, Mark Ellis, Bert Keller, Gabriel Vasquez, Carol Alvarado, Annise Parker, Gordon Quan, Shelly Sekula-Rodriguez, M.D., Michael Berry and Carroll Robinson; Mr. Al Haines, Chief Administrative Officer, Mayor's Office; Mr. Anthony Hall, City Attorney; Ms. Martha Stein, Agenda Director present.

At 8:28 a.m. the City Secretary read the descriptions or captions of items on the Agenda.

At 9:25 Mayor Brown reconvened the meeting of the City Council.

## **MAYOR'S REPORT**

### **CONSENT AGENDA NUMBERS 1 through 30**

#### **MISCELLANEOUS** - NUMBERS 1 through 6A

1. CONFIRMATION of the reappointment of the following to the **BOARD OF REINVESTMENT ZONE NUMBER ONE (ST. GEORGE PLACE) AUTHORITY** with terms to expire December 31, 2003:  
Position 6 - **MR. STUART KENSINGER**  
Position 8 - **MR. ANDREW CHOY**  
Position 9 - **MR. STEVE ROCHELLE**  
Had been pulled from the Agenda by the Administration and was not considered.

3. REQUEST from Mayor for confirmation of the reappointment of the following to the **MIDTOWN REDEVELOPMENT AUTHORITY BOARD OF DIRECTORS**:  
**MR. ROBERT D. SELLINGSLOH**, to serve as Chair, for a term to expire 12/31/02  
Position Six - **MR. ALFRED FLORES**, to complete an unexpired term ending 12/31/03  
Position Seven - **MR. DAVID L. EDWARDS**, to complete an unexpired term ending 12/31/03  
Position Nine - **MS. MICHELLE CLAYTON**, reappointment, representing Harris County, to complete an unexpired term ending 12/31/02

- was presented, moved by Council Member Sekula-Rodriguez, seconded by Council Member Quan. All voting aye. Nays none. MOTION 2002-0221 ADOPTED.

The City Secretary stated that since their pull list had been distributed Item Numbers 7, 22 and 23 had been squared for separate consideration.

#### **PROPERTY** - NUMBERS 8 through 14A

9. ORDINANCE appropriating \$36,000.00 out of Water & Sewer System Consolidated Construction Fund Number 755 to pay the amount of the Award of Special Commissioners and all costs of court in connection with the eminent domain proceeding styled City of Houston v. the Estate of Doris J. Neely, Deceased, et al, to acquire Parcel Number C99-3 for the **TELEPHONE ROAD LIFT STATION PROJECT**, GFS/CIP R-0267-00-1 -

**DISTRICT I - ALVARADO** - was presented. All voting aye. Nays none. ORDINANCE 2002-0132 ADOPTED.

- 9a. RECOMMENDATION from City Attorney to deposit the amount of the Award of Special Commissioners into the Registry of the Court, pay all costs of Court and not file any objections to the Award in connection with eminent domain proceedings styled City of Houston v. the Estate of Doris J. Neely, Deceased, et al, Cause Number 758,178, for acquisition of Parcel C99-3 for the **TELEPHONE ROAD LIFT STATION PROJECT**, GFS/CIP R-0267-00-1 - **DISTRICT I - ALVARADO** - was presented, moved by Council Member Quan, seconded by Council Member Vasquez. All voting aye. Nays none. MOTION 2002-0222 ADOPTED.
10. ORDINANCE appropriating \$26,785.00 out of Street & Bridge Consolidated Construction Fund Number 437 to pay the amount of the Award of Special Commissioners and all costs of court in connection with the eminent domain proceeding styled City of Houston v. Thuc Thi Nguyen, et al, to acquire Parcel Number AYO-70 for the **TELEPHONE ROAD RECONSTRUCTION PROJECT (Lawndale - Gulf Freeway)**; GFS/CIP N-0611-40-1 - **DISTRICT I - ALVARADO** - was presented. All voting aye. Nays none. ORDINANCE 2002-0133 ADOPTED.
- 10a. RECOMMENDATION from City Attorney to deposit the amount of the Award of Special Commissioners into the Registry of the Court, pay all costs of Court and not file any objections to the Award in connection with eminent domain proceedings styled City of Houston v. Thuc Thi Nguyen, et al, Cause Number 757,570, for acquisition of Parcel AYO-70 for the **TELEPHONE ROAD RECONSTRUCTION PROJECT (Lawndale - Gulf Freeway)**, CIP/GFS N-0611A-40-1 **DISTRICT I - ALVARADO** - was presented, moved by Council Member Quan, seconded by Council Member Vasquez. All voting aye. Nays none. MOTION 2002-0223 ADOPTED.
11. RECOMMENDATION from City Attorney to deposit the amount of the Award of Special Commissioners into the Registry of the Court, pay all costs of Court and not file any objections to the Award in connection with eminent domain proceedings styled City of Houston v. Willie E. Fields, et al, Cause Number 748,656, for acquisition of Parcel C99-9 for the **BEAVER DRIVE LIFT STATION PROJECT**, GFS/CIP R-0267-05-1 - \$9,000.00 - **DISTRICT B - GALLOWAY** - was presented, moved by Council Member Quan, seconded by Council Member Vasquez. All voting aye. Nays none. MOTION 2002-0224 ADOPTED.
13. RECOMMENDATION from City Attorney to deposit the amount of the Award of Special Commissioners into the Registry of the Court, pay all costs of Court and not file any objections to the Award in connection with eminent domain proceedings styled City of Houston v. Shelby R. Johnson, Jr., et al, Cause Number 757,569, for acquisition of Parcel A97-338 for the **LEY ROAD PAVING PROJECT (Homestead - N. Wayside)**, CIP/GFS N-0587A-00-1 - \$2,000.00 **DISTRICT B - GALLOWAY** - was presented, moved by Council Member Quan, seconded by Council Member Vasquez. All voting aye. Nays none. MOTION 2002-0225 ADOPTED.

**PURCHASING AND TABULATION OF BIDS** - NUMBERS 15 through 19

15. **HOUSTON FREIGHTLINER, INC** for One 75-Foot Vertical-Lift Aerial Manlift Truck for Parks & Recreation Department - \$119,990.00 - Equipment Acquisition Consolidated Fund - was presented, moved by Council Member Quan, seconded by Council Member Vasquez. All voting aye. Nays none. MOTION 2002-0226 ADOPTED.

16. **AMEND MOTION #99-480, 3/24/99, TO EXTEND** expiration date for 2 months from March 25, 2002 to May 25, 2002, for Lumber for Various Departments, awarded to **BIG Z LUMBER COMPANY, CMC CONCRETE, INC d/b/a SHEPLER'S, HARDWOOD LUMBER COMPANY** and **SAM BASSETT LUMBER COMPANY** - was presented, moved by Council Member Quan, seconded by Council Member Vasquez. All voting aye. Nays none. MOTION 2002-0227 ADOPTED.
17. **BRIGGS EQUIPMENT TRUST, d.b.a BRIGGS EQUIPMENT** - \$39,955.00 and **INDUSTRIAL AIR TOOL** - \$34,600.00 for Material Handling Equipment for Various Departments - Enterprise and Disaster Recovery Funds - was presented, moved by Council Member Quan, seconded by Council Member Vasquez. All voting aye. Nays none. MOTION 2002-0228 ADOPTED.
18. **BRIGGS EQUIPMENT TRUST, d.b.a BRIGGS EQUIPMENT** - \$26,100.00 and **CONROE GOLF CARS** - \$35,430.00 for Utility Vehicles for Various Departments - Enterprise and Equipment Acquisition Consolidated Funds - was presented, moved by Council Member Quan, seconded by Council Member Vasquez. All voting aye. Nays none. MOTION 2002-0229 ADOPTED.
19. **R. B. EVERETT & COMPANY** for Earthmoving Equipment for Various Departments \$134,640.00 - Enterprise Fund - was presented, moved by Council Member Quan, seconded by Council Member Vasquez. All voting aye. Nays none. MOTION 2002-0230 ADOPTED.

**RESOLUTIONS AND ORDINANCES** - NUMBERS 27 and 30

27. ORDINANCE approving and authorizing first amendment to professional architectural services contract between the City and **RAY BAILEY ARCHITECTS, INC** for Design of Stella Link Branch Library, CIP E-0022-01-2, (passed by Ordinance 2001-874) - **DISTRICT C - GOLDBERG** - was presented. All voting aye. Nays none. ORDINANCE 2002-0134 ADOPTED.
30. ORDINANCE No. 2002-92, passed second reading February 20, 2002  
ORDINANCE granting authority to **BROADWING COMMUNICATIONS SERVICES, INC, a Delaware Corporation**, to encroach upon and use the public way of the City of Houston, Texas, pursuant to Article XIV, Chapter 40, Code of Ordinances, Houston, Texas, for the purpose of laying, constructing, leasing, maintaining, repairing, replacing, removing, using, and operating therein, telecommunications facilities for providing authorized telecommunications services; providing for related terms and conditions - **THIRD AND FINAL READING** – was presented. All voting aye. Nays none. ORDINANCE 2002-0092 ADOPTED THIRD AND FINAL READING.

**MATTERS REMOVED FROM THE CONSENT AGENDA WERE CONSIDERED AS FOLLOWS:**

**MISCELLANEOUS**

2. REQUEST from Mayor for confirmation of the reappointment of the following to the **REINVESTMENT ZONE NUMBER TWO BOARD OF DIRECTORS, also known as MIDTOWN ZONE:**

**MR. ROBERT D. SELLINGSLOH**, to serve as Chair, for a term to expire December 31, 2002

Position Six - **MR. ALFRED FLORES**, for a term to expire December 31, 2003

Position Seven - **MR. DAVID L. EDWARDS**, for a term to expire  
December 31, 2003

- was presented, moved by Council Member Quan, seconded by Council Member Vasquez. All voting aye. Nays none. MOTION 2002-0231 ADOPTED.

Council Member Galloway moved to suspend the rules to take Item Numbers 35, 28 and 38 out of order, seconded by Council Member Tatro. All voting aye. Nays none. Council Member Ellis absent. MOTION 2002-0232 ADOPTED.

35. RESOLUTION approving the issuance and sale by Houston Housing Finance Corporation of Multifamily Housing Revenue Bonds, Series 2002 (GNMA Collateralized Mortgage Loans Pleasant Hill Apartments Projects) and Taxable Multifamily Housing Revenue Bonds, Series 2002-T (GNMA Collateralized Mortgage Loans - Pleasant Hill Apartments Projects) and approving the Preliminary Official Statement with respect to such bonds - **DISTRICTS A - TATRO; B - GALLOWAY; F - ELLIS; G - KELLER and I - ALVARADO** – **(This was Item 11 on Agenda of February, 20, 2002, TAGGED BY COUNCIL MEMBERS WISEMAN, EDWARDS, TATRO, ALVARADO and GALLOWAY)** – was presented.

Council Member Quan moved to suspend the rules to hear from Ms. Margie Bingham, Director, Housing and Community Development, seconded by Council Member Parker. All voting aye. Nays none. Council Member Ellis absent. MOTION 2002-0233 ADOPTED.

Upon questions by Council Member Quan, Ms. Bingham stated that as far as she could determine from the information presented to HFC at its board meeting as well as information that was in their book, the purchase price did not exceed the appraisal of the properties, that the purchase price was less than the appraised value, that as to the status of Pleasant Hill CDC, ever since she had been the Director of Housing and Community Development it had been the policy of the City Council to promote community based non profit organizations to help them to provide affordable housing in the City, that Pleasant Hill Community Development Corporation was one of the most successful CDC's in the City, that they received a tax credit from the State of Texas to do 165 units, elderly multi family housing transaction in the City, that it was the pride of the CDC community and was a little over a \$10 million transaction of which over \$5 million was bank financing, that over \$4 million were tax credits from the State of Texas and less than \$1 million from the City of Houston, that development was up and running and was the pride of the community and the City's loan was structured as a cash flow mortgage, that Pleasant Hill owned that property through a limited liability corporation of which Pleasant Hill CDC was the sole general partner, that they looked to the income from the LLC for that transaction, that it was fully viable and was serving the low income citizens that it was intended to serve, that no, there was no favoritism granted to Pleasant Hill, that in her opinion Pleasant Hill received more scrutiny than she had ever seen a development receive since she had been on the board of HFC in almost 10 years, that early last year the HFC Board approved another transaction called Residential Reality Group, which was a non profit organization, for over \$36 million for 957 units in the City of Houston, that First Southwest was the financial advisor for that transaction, the same financial advisor, that Vinson and Elkins was the bond counsel for that transaction, that HUD was the guarantee of that transaction, that it was approved by the HFC Board unanimously, that the price per unit was \$37,500, which was more than the per unit cost of the present transaction, that it was approved by the board unanimously and also approved by City Council, that it had the same kind of firm commitment from HUD that the Pleasant Hill transaction had and it closed, that she read the editorial in the Chronicle which said that Pleasant Hill was

delinquent on \$300,000, that the City of Houston City Council voted to give the Pleasant Hill CDC soft money to go after the transaction and it was anticipated that they pay the \$300,000 back when they closed the bond transaction, if they stopped the bond transaction then they could potentially lose the \$300,000, but the Department of Housing and Community Development took an extra step because they did not want to say that since they spent the \$300,000 they did not have a choice in whether to vote on the bond transaction, that they reviewed the Pleasant Hill Development Corporation and looked at receivables from development fees from other transactions and they used those to secure the \$300,000. Council Member Ellis absent.

Upon questions by Mayor Brown, Ms. Bingham stated that the HFC bylaws stated that, unlike many cities, the City Council would ultimately approve the bond transaction, that the HHFC was not the lender in this transaction, it was a conduit for the financing and City Council was the same thing, that was why they had a resolution instead of an ordinance, that the HHFC did a transaction similar to the one that was being proposed, they did the Residential Realty Group one which was a non profit, that the City Council approved it on January 31, 2001, that it was for \$36 million for 957 units and which was about \$37,500 per unit, that HFC approved, the same bond attorneys reviewed it, the same financial advisors reviewed it and the same type of books were prepared and HUD was also the guarantor and HUD eventually closed the transaction, that HUD guaranteed the financing identical to the Pleasant Hill financing, that the same reviewer, which was First Southwest Financial Advisor, who was the financial advisor that had been hired by the Houston Housing Finance Corporation, that the three reviewers, Newman and Associates, the investment banker, Davis Penn Mortgage, who was the HUD underwriter and First Southwest had all made positive recommendations to the Houston Housing Finance Corporation, that the HHFC had never requested a credit check on the Chairman of the Board of a non profit organization, that in the Residential Realty Group situation there was no credit check by HFC of the Chairman of the Board of the non profit or of the non profit entity itself, that this was the first she had ever seen HFC scrutinize a board member of a non profit corporation, even when the HFC was the lender and not the conduit of the financing, and Mayor Brown asked if on the other deal that was approved by HHFC did the HHFC rely on the analysis conducted by their financial advisors, First Southwest and also the underwriting of the HUD approved mortgage lender, and Ms. Bingham stated yes they did and yes they received tax exemptions, that they did not volunteer to do a pilot, payment in lieu of taxes program, they got full exemption, that it was a unanimous vote of the board on that transaction, that it was her assessment that they had two projects that were very similar in nature and were treated very differently by HHFC. Council Members Ellis and Alvarado absent.

Mayor Brown stated that he would hope that Members of Council would pay very close attention to the fact that they had two similar propositions to HHFC and they were receiving totally different responses from that board, that Pleasant Hill entered into the process under the rules that existed and he thought it was very inappropriate for Council to change the rules when they had applied by the rules and invested their resources and time and similar deals went through without a squeak from HHFC or the Council. Council Members Ellis and Alvarado absent.

Council Member Sekula-Rodriguez stated that she would like to ask Ms. Bingham to look very closely at other CDC's who were petitioning her for support that would be building new affordable housing, that if they could not support this CDC because it was not a clean request, she would plead with her to work extremely hard to bring to City Council something new that would be bringing new housing units on the ground for homeowners who were in desperate need of affordable housing and she would support those, but it was a shaky financial plan and moved too much tax to the existing homeowners and did not give them the return for their investment in that and it also looked like the company might default and as a City Council Member she could not vote for something that looked like it might go into arrears in a very short period of time, and



Ms. Bingham stated that the tax exemption that Council Member Sekula-Rodriguez alluded to was done by State law and the CDC present today made an application under the rules of HHFC and under the rules and State law they did not write the exemptions the State Legislatures wrote it, that as the Director of Housing and Community Development she perceived her job to promote affordable housing and had always believed that they use every tool, law and every resource available to them to provide affordable housing which was the mission of the department, and Council Member Sekula-Rodriguez stated that if they approved or disapproved it was very meaningful because it indicated their support for something, that they could not just say that they sent it out of committee again without a recommendation which was what the Housing Committee did, that they did not endorse it because it was not a clean initiative. Council Members Ellis and Alvarado absent.

Council Member Robinson moved to suspend the rules to hear from Mr. Hank Coleman, Vinson and Elkins, seconded by Council Member Vasquez. All voting aye. Nays none. Council Members Ellis and Alvarado absent. MOTION 2002-0234 ADOPTED.

Council Member Robinson stated that the newspaper that morning and a number of people at the table had bandied about the issue of due diligence and First Southwest was the financial advisor and they had been treated to arguments that they may be financially or legally exposed and asked from Vinson and Elkins and First Southwest if he voted for the item he wanted them to know he was going to sue them if there was any legal liability because they did not engage in their due diligence and asked if the appropriate due diligence was engaged in. Council Members Ellis and Alvarado absent.

Mr. Coleman stated that Ms. Elizabeth Ripley from their firm was also present with him, that with regard to HUD, as they knew in America virtually anyone could sue anyone, that they were not aware of any time when an action by a governing body approving a bond issue by a conduit, which itself says all over the documents it had no liability other than the security that was being provided by the developer and the guarantor, they were not aware of any precedent that had led to liability on the part of the governing body that sponsors the conduit, and Council Member Robinson stated that he thought there was some new Miami case and he went back and looked at the documentation and the article that was being flashed around from the bond buyer was a situation that happened about two years ago and what happened was the City of Miami was being sued because the City's bond rating had been downgraded and they did not disclose that their bond rating had been downgraded and it had nothing to do with a their party conduit action and asked Mr. Coleman if he was misreading the Miami situation and Mr. Coleman stated that he thought his analysis was correct, that they had wondered about the same thing. Council Members Ellis and Alvarado absent.

Council Member Robinson stated that he wanted to know from his colleagues at the table and all the people who were present with papers what was the appropriate purchase price, was it HCAD appraisal or was it some derivative above or below, did they have to buy at less than HCAD or was it 10%, 15% or 5% above and what was the role of independent appraiser in the deal, that if independent appraisers had no impact then going forward he did not know why the City spent money on independent appraisers, they could just look at the HCAD roll and then negotiate their deal with people who wanted to buy property from them, that he wanted them to stop wasting the taxpayers money and having District Council Members getting to name two appraisers on every appraisal deal, that if that was the logic on one end it had to be the logic in all the other situations or it made no sense, that he was having some real difficulty with the inconsistency of people's arguments on the deal, that he would like to know, when this was all said and done, if they could just get some clarity from everybody around the Council table in some kind of submissions to Council Member Quan so they could develop some guidelines and they would not have shifting targets because he was not sure what rules or standards they were

asking the deals to be judged by. Council Members Ellis and Alvarado.

Mayor Brown stated that Council Member Quan, who chaired the Housing Committee, was doing exactly that but the issue was however that Pleasant Hill's proposal was put forth under existing rules and they had not changed the rules and that was the point he wanted to continue to stress, that they should not change the rules in the middle of a proposal that was being approved by HFC and asked Mr. Coleman if from his perspective was there anything wrong with what was being proposed by Pleasant Hill, and Mr. Coleman stated that there was nothing legally wrong with what was being proposed, but he thought that the Council Member had correctly raised a number of policy issues that were not legal issues, that he thought that Ms. Bingham had correctly stated that there were those tools and were available, that tax exempt multi family housing had proven over many decades to be a remarkably resilient program that had been sponsored by the Federal Government because it was a federally tax exempt financing program and they had federal guarantees and he had watched over the years as administrations had come in and out of Washington and yet the consistent support of multi family housing for low and moderate income persons had been consistently supported over the years, that they were satisfied that legally the rules as they were had been satisfied.

After further discussion by Council Members a roll call vote was called on Item No. 35.

ROLL CALL VOTE:

Mayor Brown voting aye	Council Member Vasquez voting no
Council Member Tatro voting no	Council Member Alvarado voting aye
Council Member Galloway voting aye	Council Member Parker voting no
Council Member Goldberg voting no	Council Member Quan voting aye
Council Member Edwards voting aye	Council Member Sekula-Rodriguez voting no
Council Member Wiseman voting no	Council Member Berry voting no
Council Member Ellis voting absent	Council Member Robinson voting no
Council Member Keller voting no	RESOLUTION 2002-0006 FAILED

28. ORDINANCE appropriating \$298,241.00 out of Public Library Consolidated Construction Fund and approving and authorizing professional services contract between the City of Houston and **ASHKAR ENGINEERING CORPORATION** for Design of the **W.L.D. JOHNSON BRANCH PUBLIC LIBRARY**, CIP E-0113-02-2; providing funding for the Civic Art Program and contingencies relating to construction of facilities financed by the Public Library Consolidated Construction Fund - **DISTRICT D - EDWARDS** - was presented. All voting aye. Nays none. ORDINANCE 2002-0136 ADOPTED.
38. ORDINANCE authorizing first amendment to professional services contract between the City and **LAY-SU & ASSOCIATES, INC** and amending Ordinance No. 2000-265 to increase the maximum contract amount by \$500,000.00 - Initial Allocation \$386,920.00 CDBG Funds – **(This was Item 34 on Agenda of February 20, 2002, POSTPONED BY MOTION #2002-219)** – was presented, and tagged by Council Member Vasquez.
4. REQUEST from Mayor for confirmation of the appointment or reappointment of the following to the **HOUSTON LIBRARY BOARD**, to complete unexpired terms ending March 12, 2003:
- Position 1 - **MR. MIGUEL ESPINOSA**, reappointment
  - Position 3 - **MS. PATRICIA LASHER**, reappointment
  - Position 5 - **MR. JACK BLANTON, JR.**, reappointment
  - Position 7 - **MS. ZARINE BOYCE**, reappointment
  - Position 9 - **MS. SAUNDRIA CHASE GRAY**, reappointment
  - Position 11 - **MR. JOHN FONTENO, JR.**, reappointment
  - Position 13 - **MS. LILLIE ROBERTSON**, appointment
- was presented, moved by Council Member Quan, seconded by Council Member Parker. All voting aye. Nays none. MOTION 2002-0235 ADOPTED.
- 4-1. REQUEST from Mayor for confirmation of the appointment or reappointment of the following to the **BUILDING AND STANDARDS COMMISSION**:
- Panel 1:
- Position One - **MS. GLORIA HOBBS**, reappointment, to complete an unexpired term ending December 31, 2002
  - Position Two - **MR. WARD ARNDT**, reappointment, for a term to expire December 31, 2003
  - Position Three - **MS. TERRI SALUMUNEK**, appointment, to complete an unexpired term ending December 31, 2002
  - Position Four - **MR. EARL HARRIS**, appointment, from Alternate Position One, for a term to expire December 31, 2003
  - Position Five - **MR. KEITH JORDAN**, reappointment, to complete an unexpired term ending December 31, 2002

- Alternate Position One - **MR. EDWARD GONZALES**, appointment, to complete an unexpired term ending December 31, 2002
- Alternate Position Two - **MR. JULIAN B. COSKEY**, appointment, for a term to expire December 31, 2003
- Alternate Position Three - **MR. EURAL JOHNSON**, appointment, to complete an unexpired term ending December 31, 2002
- Alternate Position Four - **MR. HAROLD MARTIN**, appointment, for a term to expire December 31, 2003

Panel 2:

- Position One - **MR. JACKSON CHANG**, reappointment, to complete an unexpired term ending December 31, 2002
- Position Two - **MS. JESSICA HULSEY**, reappointment to, for a term to expire December 31, 2003
- Position Three - **MR. LARRY LEE**, reappointment to, to complete a unexpired term ending December 31, 2002
- Position Four - **MR. KEN OKORIE**, reappointment, for a term to expire December 31, 2003
- Position Five - **MR. STEVE H. WHITFIELD**, reappointment, to complete an unexpired term ending December 31, 2002
- Alternate Position One - **MR. KURT NONDORF**, appointment, to complete an unexpired term ending December 31, 2002
- Alternate Position Two - **MR. JAMES HARRISON**, appointment, for a term to expire December 31, 2003
- Alternate Position Three - **MS. MARY VARGO**, appointment, to complete an unexpired term ending December 31, 2002
- Alternate Position Four - **MS. ANNABELL LOPEZ**, appointment, for a term to expire December 31, 2003

Panel 3:

- Position One - **MS. EILEEN SUBINSKY**, reappointment, to complete an unexpired term ending December 31, 2002
- Position Two - **MS. RUBY MOSLEY**, reappointment, for a term to expire December 31, 2003
- Position Three - **MR. ALPHONSO DELANEY**, reappointment, to complete an unexpired term ending December 31, 2002
- Position Four - **MR. MICHAEL CRAMER**, reappointment, for a term to expire December 31, 2003
- Position Five - **MR. MICHAEL CATRETT**, appointment, to complete an unexpired term ending December 31, 2002
- Alternate Position One - **MR. WARD GRAY**, appointment, to complete an unexpired term ending December 31, 2002
- Alternate Position Two - **MR. LOUIS CARRANZA**, appointment, for a term to expire December 31, 2003
- Alternate Position Three - **MS. VIRGINIA L. DUKE**, appointment, to complete an unexpired term ending December 31, 2002
- Alternate Position Four - **MR. R. C. JONES**, appointment, for a term to expire December 31, 2003

Panel 4:

- Position One - **MR. TALMADGE SHARP**, appointment, from Alternate

- Position One, to complete an unexpired term ending December 31, 2002
- Position Two - **MS. CANDELARIA PEREZ**, appointment, for a term to expire December 31, 2003
- Position Three - **MR. MICHAEL O'BRIEN**, reappointment, to complete an unexpired term ending December 31, 2002
- Position Four - **MS. RUTH HURST**, appointment, from Alternate Four, Panel One, for a term ending December 31, 2003
- Position Five - **MR. ROBERT L. GRAY**, reappointment, to complete an unexpired term ending December 31, 2002
- Alternate Position One - **MR. ED RYLAND**, appointment, to complete an unexpired term ending December 31, 2002
- Alternate Position Two - **MR. FRED SIMPSON**, appointment, for a term to expire December 31, 2003
- Alternate Position Three - **MS. MARCIA PERRY**, appointment, to complete an unexpired term ending December 31, 2002
- Alternate Position Four - **MR. DERRICK MITCHELL**, appointment, for a term to expire December 31, 2003

- was presented.

Council Member Galloway moved to postpone Item No. 4-1 for one week, seconded by Council Member Tatro. All voting aye. Nays none. MOTION 2002-0236 ADOPTED.

5. RECOMMENDATION from Director Department of Planning & Development for the designation of nine residential parking permit areas and related parking regulations in the University Place Super Neighborhood - **DISTRICT C - GOLDBERG** - was presented, moved by Council Member Quan, seconded by Council Member Vasquez. All voting aye. Nays none. MOTION 2002-0237 ADOPTED.
6. ORDINANCE appropriating \$3,130,455.00 out of Houston Airport System Consolidated 2001 Non-AMT Construction Fund, as an additional appropriation for Harris County Landfill #2 Removal at George Bush Intercontinental Airport/Houston, Project No. 522C, CIP A-0444, under contract with **WRS INFRASTRUCTURE & ENVIRONMENTAL, INC.**, approved by Ordinance No. 2000-959 - **DISTRICT B - GALLOWAY** - was presented. All voting aye. Nays none. ORDINANCE 2002-0137 ADOPTED.
- 6a. RECOMMENDATION from Director Department of Aviation for approval of Change Order No. 2 in the amount of \$4,020,773.61 on contract with **WRS INFRASTRUCTURE & ENVIRONMENTAL** for Harris County Landfill #2 Removal at George Bush Intercontinental Airport/Houston (IAH), Project No. 522C, CIP 0444.02 - **DISTRICT B - GALLOWAY** - was presented, moved by Council Member Quan, seconded by Council Member Tatro. All voting aye. Nays none. MOTION 2002-0238 ADOPTED.

#### **ACCEPT WORK**

7. RECOMMENDATION from Director Department of Public Works & Engineering for approval of final contract amount of \$1,886,252.03 and acceptance of work on contract with **AUSTIN FILTER SYSTEMS, INC** for Halls Bayou Bank Protection at FWSD No. 23 WWTP, GFS R-0265-05-3 (4429-2) - 02.20% over the original contract amount -

**DISTRICT B – GALLOWAY** – was presented, and tagged by Council Member Tatro.

**PROPERTY**

8. RECOMMENDATION from Director Department of Public Works & Engineering, reviewed and approved by the Joint Referral Committee, on request from Frances Willison, Director of District Right of Way, Houston District, State of Texas, Department of Transportation, declaring that the City of Houston does not object to the State of Texas, Department of Transportation's abandoning and selling to Nick Hiran, John Rinando, and Vincent Rinando a 995-square foot tract of land, located on the west side of Hamilton Street, between Texas Avenue and Capitol Avenue, being part of Lot 3, Block 161, South Side Buffalo Bayou - **DISTRICT I - ALVARADO** - was presented, moved by Council Member Quan, seconded by Council Member Tatro. All voting aye. Nays none. MOTION 2002-0239 ADOPTED.
12. RECOMMENDATION from City Attorney to deposit the amount of the Award of Special Commissioners into the Registry of the Court, pay all costs of Court and not file any objections to the Award in connection with eminent domain proceedings styled City of Houston v. Pesai N. V., a Netherlands Antilles Corporation, et al, Cause Number 740,529, for acquisition of Parcel A95-85 for the **KIRKWOOD ROAD PAVING PROJECT (Bissonnet to Alief-Clodine)**, CIP/GFS N-0575-00-1 - \$20,000.00 - **DISTRICT F - ELLIS** - was presented, moved by Council Member Tatro, seconded by Council Member Quan. All voting aye. Nays none. MOTION 2002-0240 ADOPTED.
14. ORDINANCE appropriating \$61,171.00 out of Street & Bridge Consolidated Construction Fund Number 437 to pay the amount of the Agreed Final Judgment and appraisal expenses rendered in connection with the settlement of the eminent domain proceeding styled City of Houston v. the Burlington Northern & Santa Fe Railway Company, et al., to acquire Parcel Numbers A97-191B, A97-191E & A97-191F, for the West White Oak Bayou Hike & Bike Trail Project (14th Street at White Oak Bayou - Crystell Street); GFS/CIP N-0420-09-1 - **DISTRICT A – TATRO** – was presented, and tagged by Council Member Tatro.
- 14a. RECOMMENDATION from City Attorney to settle a lawsuit styled City of Houston v. the Burlington Northern & Santa Fe Railway Company, et al., in connection with eminent domain proceeding for acquisition of Parcel Numbers A97-191B, A97-191E & A97-191F and payment of appraisal invoice for **WEST WHITE OAK BAYOU HIKE & BIKE TRAIL PROJECT (14th Street at White Oak Bayou - Crystell Street)**, GFS/CIP N-0420-09-1 - **DISTRICT A – TATRO** – was presented, moved by Council Member Tatro, seconded by Council Member Vasquez, and tagged by Council Member Tatro.

Council Member Tatro stated that he would like to have someone visit with him on the bike trails that pertained specifically to White Oak Bayou, that he had discussions with Harris County Flood Control about the train trestles with the railroad and wanted to get an update on what the plans were, and Mayor Brown stated they would have the appropriate person visit with him on that.

**RESOLUTIONS AND ORDINANCES**

20. RESOLUTION of the City Council of the City of Houston, Texas giving permission to **CITY OF PANORAMA VILLAGE, TEXAS, HEALTH FACILITIES DEVELOPMENT CORPORATION** for the Financing of Health Facilities within the City of Houston, Texas for the Texas Heart Institute **DISTRICT D - EDWARDS** - was presented. All voting aye.

Nays none. RESOLUTION 2002-0007 ADOPTED.

21. ORDINANCE approving and authorizing first amendment to the Tax Abatement agreement between the City of Houston and **DREYER'S GRAND ICE CREAM, INC** for certain property located within the Dreyer's Grand Ice Cream Reinvestment Zone - **DISTRICT A – TATRO** – was presented, and tagged by Council Members Edwards, Tatro, Ellis and Sekula-Rodriguez
22. ORDINANCE appropriating \$384,238.00 out of Street & Bridge Consolidated Construction Fund as an additional appropriation for reimbursement of the City's Share of cost for acquisition of rights-of-way in connection with the reconstruction of US90A from Glencove to the City limits under an interlocal agreement with the **TEXAS DEPARTMENT OF TRANSPORTATION (TXDOT)** (approved by Ordinance No. 95-718, GFS N-NA-0001-1 (N-0611-02) - **DISTRICTS C- GOLDBERG and D - EDWARDS** - was presented. All voting aye. Nays none. ORDINANCE 2002-0137 ADOPTED.
23. ORDINANCE appropriating \$381,844.00 out of Street & Bridge Consolidated Construction Fund and \$332,016.00 out of Water & Sewer System Consolidated Construction Fund as an additional appropriation for cost reimbursement in connection with the reconstruction of South Shepherd Drive from U.S. 59 to South Rice Boulevard under an interlocal agreement with the **TEXAS DEPARTMENT OF TRANSPORTATION (TXDOT)** (approved by Ordinance No. 2000-254, CIP N-1307-01-3 (SB9018) - **DISTRICT C - GOLDBERG** - was presented. All voting aye. Nays none. ORDINANCE 2002-0138 ADOPTED.
24. ORDINANCE appropriating \$235,000.00 out of Water & Sewer Consolidated Construction Fund and approving and authorizing contract between the City and **COASTAL SECURITIES** for Financial Advisory Services; appropriating \$100,000.00 out of Street & Bridge Consolidated Construction Fund and approving a second amendment to contract with **FIRST SOUTHWEST COMPANY** for Financial Advisory Services - \$225,000.00 - Enterprise Fund – was presented, and tagged by Council Members Wiseman, Robinson, Keller and Sekula-Rodriguez. (Note: Council Members removed their tags later in the meeting.)

Council Member Robinson asked that someone from First Southwest come visit with him, and Mayor Brown stated that they would ask him to do that.
25. ORDINANCE appropriating \$11,218,000.00 out of Houston Airport System Subordinate Lien Revenue Bonds, Series 2000B (NON-AMT) Construction Fund, CIP A-0390 and \$182,000.00 out of Airports Improvement Fund, CIP A-0422; awarding construction contract to **STEWART-MATL, LTD.**, and approving and authorizing professional services contract for engineering testing services with **GEOTECH ENGINEERING & TESTING** for the HAS Administration Building Renovation & Expansion at George Bush Intercontinental Airport/Houston (IAH) Project 562B; providing funding for the Civic Art Program financed by Airports Improvement Fund - **DISTRICT B – GALLOWAY** – was presented, and tagged by Council Member Goldberg.
26. ORDINANCE appropriating \$709,782.00 out of Public Library Consolidated Construction Fund, awarding construction contract to **FROST CONSTRUCTORS, INC** and approving and authorizing professional services contract for engineering testing services with **GEOTEST ENGINEERING, INC** for Heights Branch Library Rehabilitation, GFS E-0023-01-3; providing funding for Civic Art Program and contingencies relating to construction of facilities financed by the Public Library Consolidated Construction Fund - \$278,400.00

CDBG Grant Fund - **DISTRICT H - VASQUEZ** - was presented. All voting aye. Nays none. ORDINANCE 2002-0139 ADOPTED.

29. ORDINANCE appropriating \$400,000.00 out of General Improvements Consolidated Construction Fund for Labor Costs and other expenses related to In-House Capital Improvement Projects for Buildings operated and maintained by the Building Services Department ("Department"), CIP D-0106-01-3; declaring the Department's intent to reimburse the General Fund for Expenditures related to construction of facilities financed by the General Improvement Consolidated Construction Fund - **DISTRICT I - ALVARADO** - was presented, and tagged by Council Member Weisman and Tatro.

**NON CONSENT AGENDA** - NUMBERS 31 through 34

**PROPERTY**

32. RECOMMENDATION from Director Department of Public Works & Engineering, reviewed and approved by the Joint Referral Committee, on request from Ronald J. Nielsen, P. E., R. G. Miller Engineers, Inc., on behalf of Ironwood Homes (Robert Silvers, president), for abandonment and sale of a portion of a 10-foot wide easement and two 5-foot wide aerial easements, between Lots 13 through 16 and Lots 17 through 21, in exchange for the conveyance to the City of a 10-foot-wide utility easement along the west property line of Lot 21 and connection to McCulloch Circle, all located within Block 7, Lamar Terrace Subdivision, Parcels SY2-019A through C and VY2-007 - **APPRAISERS - DISTRICT C - GOLDBERG** - was presented.

Council Member Goldberg moved to postpone Item No. 32 for one week, seconded by Council Member Tatro. All voting aye. Nays none. MOTION 2002-0241 ADOPTED.

33. RECOMMENDATION from Director Department of Public Works & Engineering, reviewed and approved by the Joint Referral Committee, on request from Ron Nielsen of R. G. Miller Engineers, Inc., on behalf of Memorial Hermann Healthcare System (Dan S. Wilford, president), and LTC Partners VII, L.P., dba Lexington Place Health Care Center [LTCGP IV, Inc. (Christopher Ishikawa, senior vice president), general partner] for abandonment and sale of two sanitary sewer easements, from Ella Boulevard to Ohsfeldt Street, located within the W. P. Morton Survey, Abstract 539, Parcels SY2-006 and SY2-031 - **APPRAISERS - DISTRICT H - VASQUEZ**

Council Member Vasquez named Mr. William Kavinta and Mr. James Rohde as the appraisers and moved approval of the recommendation, seconded by Council Member Quan. All voting aye. Nays none. MOTION 2002-0242 ADOPTED.

Council Member Robinson stated that just for purposes of information he would like to see what HCAD appraisal on the properties were and then what the independent appraisers came back with to see if the City was paying more than the HCAD appraised value on them, and Mayor Brown stated they would have someone get that information for him.

34. RECOMMENDATION from Director Department of Public Works & Engineering, reviewed and approved by the Joint Referral Committee, on request from Jon Myers and Bruce Bacon, on behalf of the abutting property owners, for abandonment and sale of the alley, from Live Oak Drive to the State Highway 288 Service Road, in exchange for the conveyance to the City of a utility easement, located in Block 31, Riverside Terrace, Fourth Section, Parcels SY2-024 and VY2-012 - **APPRAISERS - DISTRICT D - EDWARDS** - was presented.



Council Member Edwards named Mr. George Wyche and Mr. John Chambless as the appraisers and moved approval of the recommendation, seconded by Council Member Robinson. All voting aye. Nays none. MOTION 2002-0243 ADOPTED.

**MATTERS HELD** - NUMBERS 36 and 37

36. ORDINANCE approving and authorizing contract between the City of Houston and **BLACK & VEATCH CORPORATION** for Water and Sewer Rate Study - \$169,130.00 - Enterprise Fund – **(This was Item 22 on Agenda of February 20, 2002, TAGGED BY COUNCIL MEMBERS WISEMAN, TATRO, KELLER and SEKULA-RODRIGUEZ)** - was presented. All voting aye. Nays none. ORDINANCE 2002-0140 ADOPTED.
37. ORDINANCE appropriating \$55,000.00 out of Storm Sewer Consolidated Construction Fund as an additional appropriation under professional engineering services contract with **SES HORIZON CONSULTING ENGINEERS, INC** (Approved by Ordinance No. 98-1127), CIP M-0126-31-2 (M-0126-31); providing funding for contingencies relating to construction of facilities financed by the Storm Sewer Consolidated Construction Fund – **(This was Item 25 on Agenda of February 20, 2002, TAGGED BY COUNCIL MEMBER KELLER)** - was presented. All voting aye. Nays none. ORDINANCE 2002-0141 ADOPTED.

RESOLUTION 2002-0008 – Recognizing Mr. Francis Page Sr. for his contributions and achievements and honoring his memory, and was signed by the Mayor and Council Members.

RESOLUTION 2002-0009 – Listen to the Cries of the Children National Campaign 2002, recognizing Hear O'Israel International, Inc. for its efforts to improve and enhance the quality of life for children, and was signed by Mayor and Council Members.

**MATTERS TO BE PRESENTED BY COUNCIL MEMBERS**

Council Member Sekula-Rodriguez stated that she wanted to compliment the ambulance service that they had in the City, that they had done a superb job on improving the response time and on improving the recovery for people who had essentially died and lost their heart rate, that those were cardiac arrests, that there was an article relating to that improvement in the Chronicle, dated February 19, 2002, that they had gone to a squad system over a pure ambulance system, that a squad was essentially a suburban where an ambulance was a full transport vehicle, that a squad was manned by two paramedics, whereas an ambulance was staffed by an EMT and a paramedic, that they needed to keep their highly trained paramedics free to go to the next site and that was what the squad facility did, that she did not like the idea initially but after reviewing it with Dr. Persee and understanding it a little better and seeing the statistics she understood now that it was working out well for the people in Houston, that the number of patients who had been resuscitated after a collapse by paramedics had risen from 65% in 2000, before the squad care were introduced, to 79% in the first quarter of 2001, that in the situations were the person was truly dead, they had no electrical activity in their body the resuscitation rate had climbed from 19% before the squad cars were implemented to 27%, that it really rated very highly compared to other cities.

Council Member Quan stated that they had a meeting with the Greater Houston Partnership this week and that was one of the concerns of the partnership as far as addressing health care in Harris County in general with their cooperation and the County's as well as private interest.

Council Member Quan stated that he had been advised that Item No. 24 could not be tagged and Mayor Brown stated that they would go back to the item.

24. ORDINANCE appropriating \$235,000.00 out of Water & Sewer Consolidated Construction Fund and approving and authorizing contract between the City and **COASTAL SECURITIES** for Financial Advisory Services; appropriating \$100,000.00 out of Street & Bridge Consolidated Construction Fund and approving a second amendment to contract with **FIRST SOUTHWEST COMPANY** for Financial Advisory Services - \$225,000.00 - Enterprise Fund – was again presented.

Council Member Robinson stated that he would like to lift his tag but would ask that they divide the question.

Mayor Brown stated that Council Member Robinson lifted his tag on Item No. 24 and wanted to divide the question, and asked about the other Council Members who tagged the item.

Council Member Sekula-Rodriguez stated that she would be willing to remove her tag, that she just wanted some education clarification on why this was happening and the background on it.

Council Members Keller and Wiseman stated that they removed their tag on Item No. 24.

Mayor Brown stated that all Council Members had removed their tags, Council Members Robinson, Keller, Sekula-Rodriguez and Wiseman.

Mayor Brown asked Council Member Robinson what he wanted to do and Council Member Robinson stated that he wanted to divide the question to take two separate votes, one on Coastal Securities and one on First Southwest and Mayor Brown asked Council Member Robinson to make his motion.

Council Member Robinson moved to divide the question on Item No. 24 to vote on Coastal Securities first, seconded by Council Member Vasquez. All voting aye. Nays none. Council Members Tatro, Edwards, Alvarado and Berry absent. MOTION 2002-0244 ADOPTED.

Council Member Quan asked if both contracts were expired or was just one contract expired, and Ms. Stein stated just the first one.

A vote was called on the portion of Item 24 relating to Coastal Securities first, seconded by Council Member Quan. All voting aye. Nays none. ORDINANCE 2002-0124 ADOPTED.

Council Member Robinson stated that he wanted to record his no vote on First Southwest since there had been serious allegations of professional misconduct against them raised by Charles Lusk, that he wanted to cast a no vote on the item.

Mayor Brown stated that they had to bring that in form of a motion, and Council Member Robinson moved to call the vote on First Southwest Company, seconded by Council Member Quan. Council Member Robinson no, balance voting aye. MOTION 2002-0245 ADOPTED.

Council Member Robinson stated that he just wanted to be on the record, in case they had to sue them for lack of due diligence, that he voted no on the item.

A vote was called on that portion of Item No. 24 related to First Southwest Company, with Council Member Robinson voting no, balance voting aye. Council Members Edwards and Berry

absent. ORDINANCE 2002-0142 ADOPTED.

Mayor Brown stated that Coastal Securities passed unanimously.

Council Member Parker stated that she wanted to note the passing of a Houston resident who had a significant impact on gay rights in the Country and also happened to be a very active volunteer in the Mayor's campaign, that his name was William "Bill" Augusto, that he was hit by a car, unfortunately, Monday night. Council Members Galloway, Edwards, Wiseman and Robinson absent.

Council Member Alvarado stated that as she mentioned last week today was the weigh out, that the Mayor had lost 14 pounds, that they had the scales and would encourage all of her colleagues to participate in the weigh out, that they had from Health-O-Meter and Sunbeam donated scales to keep track of their weight and measured body fat and would encourage them to donate the scales to perhaps a Park and Recreation Center in their districts or in the City so they could share them with the community. Council Members Galloway, Edwards and Robinson absent.

Council Member Goldberg stated that he wanted to thank Neighborhood Protection, that they followed through in condemning the Woodland Forest Apartment project, that they had a hearing and the new buyer came in and drained the pool and demolished the burned portion of the apartment complex and taken care of it, that it was a formerly Antonini owned property, and they new owners were to be congratulated for buying the property and taking care of it, that there was a tenant who had lived there 21 years and left the apartment in good shape and wanted her deposit back and he had to thank his chief of staff, Ms. Glanz who got the lady's deposit back. Council Members Galloway, Edwards, Wiseman and Robinson absent. Council Members Galloway, Edwards and Robinson absent.

Council Member Weisman stated that she wanted to congratulate the Kingwood Mustangs for winning the Class 5A State Swimming and Diving Championship on Saturday, February 23, 2002. Council Members Galloway, Parker and Robinson absent.

Council Member Weisman stated that she thought it was important to mention that this week was National Eating Disorder Awareness Week, that it was estimated that close to 8 million Americans suffered from eating disorders, primarily teenagers between the ages of 14 and 18, that on Friday, the Baylor College of Medicine would offer free screenings from 9:00 a.m. to 12:00 p.m. and on Saturday, the Healthy Way, located at 3701 West Alabama would also offer free screenings from 10:00 a.m. to 2:00 p.m. Council Members Galloway and Robinson absent.

Council Member Weisman stated that she wanted to congratulate Mr. Doug McWhorter a carpenter with the Building Services Department who was spotlighted this week for his general donation of blood to the Houston Blood Bank, that he had gone twice a week for almost 10 years and had made more than 500 donations which added up to almost 70 gallons of blood. Council Members Galloway and Robinson absent.

Council Member Tatro stated that his chief of staff, Nancy Brewer, from his office, gave birth to her first child on Saturday morning, daughter, Susanna Lee Flores, 6 pounds and 8 ounces and 19 inches long. Council Members Galloway and Robinson absent.

There being no further business before Council, the City Council adjourned at 10:27 a.m. upon MOTION by Council Member Quan, seconded by Council Member Tatro. Council Members Ellis and Vasquez out of the city on personal business. Council Members Galloway and Robinson absent.

DETAILED INFORMATION ON FILE IN THE OFFICE OF THE CITY SECRETARY.

MINUTES READ AND APPROVED

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Anna Russell, City Secretary