

**HOUSTON LAND BANK
MINUTES OF THE BOARD OF DIRECTORS REGULAR MEETING
HOUSTON, TEXAS**

February 10, 2022

A regular meeting of the Board of Directors ("Board") of the Houston Land Bank ("HLB"), a Texas non-profit corporation created and organized by the City of Houston as a local government corporation pursuant to the Texas Transportation Code Annotated, Section 431.101, *et seq.*, and the Texas Local Government Code Annotated, Section 394.001 *et seq.*, was held at the Baker Ripley Building, 4450 Harrisburg Boulevard, 2nd Floor, Houston, Texas, on Thursday, February 10, 2022 at 12:00 p.m. Written notice of the regular meeting, which included the date, hour, place and agenda for the regular meeting, was posted in accordance with the Texas Open Meetings Act.

Board members in attendance were:

Matt Zeis	Courtney Johnson Rose
Tonzaino Bailey	Victor A. Mondragón
David Collins	Jesus DeAnda
Carol Galloway	Pastor Steve Hall
Juan Cardoza-Oquendo	

Board directors absent were: John David Vasquez, Laurie Vignaud, Janae Ladet and Antoinette Jackson. Others in attendance included: Christa Stoneham, Chief Executive Officer/President of the HLB; Jennifer Allison, Vice President of Operations and Programs for HLB; David Benson, Director of Organizational Excellence for HLB; Ivan Zapata, Manager of Real Estate and Acquisitions for HLB; and Greg Erwin, and Mark Glanowski (Paralegal) of Winstead PC, outside legal counsel for the HLB; Graciela Saenz, outside legal counsel for the HLB; Gonzalo Gonzalez, Vice President of Finance and Accounting for HLB; Ron Butler, Manager – Property Maintenance for HLB; Kellen Zale of the HLB Advisory Board; Elijah Williams of the HLB Advisory Board; Lawrence Kirby; and Shannon Teasley-Nichols.

I. Call to Order and Roll Call

Chairman Zeis called this regular meeting to order at 12:03 p.m. A roll call of the Board members in attendance immediately followed. Chairman Zeis announced that a quorum of the Board was present.

II. Public Speakers

No public speakers registered to address the Board.

III. Consideration and Adoption of Meeting Minutes

a. December 9, 2021 Board Meeting

Chairman Zeis noted that the minutes for the December 9, 2021 regular meeting of the Board of Directors were previously circulated for review and comment. He asked if there were any comments for discussion to such minutes. Hearing none, he requested a motion to approve and adopt such minutes as written.

Director Galloway made a motion to adopt the minutes of the December 9, 2021 Board Meeting as written, which motion was then duly seconded by Director Hall and passed with the unanimous vote of the Board.

IV. Chairman's Greeting: Matt Zeis

Chairman Zeis thanked the Board members in attendance for volunteering and being available for this first regular meeting of 2022. He then stated that the Board had a good strategy session in January with the new CEO/President Christa Stoneham which replaced the regular Board meeting.

V. Committee Reports:

a. Executive Committee: Matt Zeis, Chair

Chairman Zeis then announced that the Executive Committee met last week to discuss the items on today's meeting agenda, homebuilder contract issues, the sales price cap for 2022 on its affordable houses, and the 501(c)3 creation application. Also, the Committee received an update on the Settegast planning project and on the budget with the Houston Housing Department.

b. Finance Committee: Laurie Vignaud, Chair

Chairman Zeis stated that the Finance Committee did not meet this week and noted that the financial report is included in the meeting packet distributed to the Board.

1. Monthly Financial Report

Nothing to report.

c. Partnership and Program Development Committee: Courtney Johnson Rose, Chair

Director Johnson Rose stated that the Partnership and Program Development Committee meet to discuss informational activities with Ms. Stoneham which included preparing an acquisition strategy to acquire lots, developing larger tracts into lots to provide more affordable housing, and attending more local community engagements with regard to affordable housing development needs. The Committee also discussed future participation in the Houston 2036 Task Force in preparation for the bicentennial of Houston, and involvement with the City of Houston Department of Neighborhoods.

d. Real Estate Acquisition and Disposition Committee: Victor Mondragón, Chair

Director Mondragón reported that the READ Committee met on January 26, 2022 to discuss how to establish precedence for construction permits for unique lot situations, and establishing procedures to keep the construction of houses progressing. The Committee also discussed navigating the increasing inflation costs on building materials, the Round 6 Lot sales, and a strategy to acquire additional real estate including lots which already have houses on them, and several requests from homebuilders for sales price increases on their contracts.

Director Collins noted that several builders are not in compliance with the terms of their contracts and asked if this is being addressed. Ms. Stoneham responded that HLB staff has been discussing these homebuilder contracts with Winstead PC to prepare a memorandum identifying contractual obligations for compliance, however this has not yet been completed. Once completed a formal notification will be sent to the homebuilders who are not in compliance with the terms of their contracts. She mentioned that the discussions also included a re-purchase contract as an option and that the contracts with the new home builders will be adjusted to include new provisions for non-compliance of construction deadlines. Director Mondragón stated that non-compliance matters can be discussed within the READ Committee and invited Director Collins to join the READ Committee.

e. Procurement and Oversight Committee: Jesus DeAnda, Chair

1. Procurements Overview

Director DeAnda reported that the Procurement and Oversight Committee met briefly last week to discuss development related procurements including land surveyor qualifications, acquisition services from real estate brokers, construction inspection services, and title company services. He stated that only one response was received for title company services which was approved by HLB staff and will proceed to next steps at the March meeting for approval by the Board. He mentioned that HLB staff selected Landtech, Inc. as the best surveying company to prepare the drawings needed for the 30 lots without right-of-way access.

Director DeAnda stated that the Committee also examined the six responses to the 2021 RFQ for environmental services which were reviewed and approved by HLB staff. The results of this RFQ will now move forward for consideration by the Board. He then noted that the lot maintenance agreements will expire this year, and that an RFP will need to be prepared for annual audit services.

2. Annual Policy Review Update and Discussion

Director DeAnda reported that the Committee has conducted its annual review of Board policies and the recommended changes received from HLB staff have been incorporated into the revised policy. He noted that one change is to rename the position of President to Chief Executive Officer.

VI. President's Report: Christa Stoneham CEO/President

a. January 2022 Progress Report

Ms. Stoneham stated that during her first 30 days in office as President she has been learning the HLB core processes, projects, programs and systems. She has prepared a new presentation to summarize the current status of the development of 100 lots for affordable houses. Ms. Stoneham reported that she spoke at a meeting of the Houston AIA which included architects from the Houston area with regard to the needs of the providers of affordable houses. She then announced that HLB will hold its first builders forum in March to introduce HLB to new builders.

Ms. Stoneham then reported that HLB staff will begin tracking the subsidies to the homebuilders to facilitate development in the City, and that she met with Dr. Holloway to discuss an alignment of Harris County's housing goals with those of HLB. They also discussed the number of vacant properties owned by governmental entities which may be potential opportunities for development of affordable housing.

Ms. Stoneham then reported the HLB staff has finalized the suggested amendments to the Board policy as presented to Procurement and Oversight Committee Chair Jesus DeAnda and other Board members who volunteered to attend several review sessions. The proposed policy revisions are on today's Agenda for approval by the Board. Clean and redline versions of the proposed policies are attached to the Board packet, along with a table highlighting key proposed amendments in each section.

Chairman Zeis requested a list of the lots currently under development, the stage of construction for each house, and the age of the houses which have been already been completed and are available for sale.

b. Presentation and Discussion Regarding Possible Adjustments to Traditional Homebuyer Program Guidelines and Maximum Homes Sales Prices

Ivan Zapata addressed the Board to discuss a PowerPoint presentation with regard to additional affordability options for the Traditional Home Program Builder's Guideline and Framework. He noted that this would be a two-step process.

Mr. Zapata noted that the current minimum construction standards for houses with the maximum sales price of \$212,000 include 1,100 square feet of living space, a minimum of three bedrooms and two bathrooms, a one-car garage, 16 SEER HVAC system, and a one-year warranty. The proposal includes three tiers for homebuilders one being a smaller house with 750 square feet – 1100 square feet of living space having less than three bedrooms/two bathrooms and no garage, but may include a carport. The second tier would cover the medium price range houses which would be approximately 1101 square feet - 1500 square feet of living space and include more amenities. The third tier would cover houses in the maximum sales price range being from \$180,000 to \$212,000 and include a minimum of three bedrooms/two bathrooms, a two-car garage, and 1501 square feet - 1900 square feet of living space.

Mr. Zapata stated that these tiers will provide the builders more flexibility rather than the current required minimum features for each tier level subject to specific design requirements for certain neighborhoods.

Chairman Zeis stated that he has concerns with reducing the construction standards for any of the HLB houses, and emphasized that construction standards should be equal across all three tiers. Mr. Zapata noted that the differences in construction standards would include lesser SEER ratings for the energy efficient HVAC systems, windows, insulation, appliances, and the warranties provided.

Director Mondragón suggested changes in cabinet and door hardware to create price reductions if purchased at scale for example rather than less efficient HVAC units.

VII. Board Action Items

a. Consideration and Possible Action to Approve Proposed Amendments to Houston Land Bank Board Policies as a Result of Required Annual Review

The proposed policy changes were reviewed and discussed at multiple meetings with the Procurement and Oversight Committee and other interested directors who participated from time to time.

The HLB Board policies provide guidance for HLB directors and staff in carrying out the organization's operations. The policies include a requirement for an annual review; which was initiated in the Fall of 2021. HLB Staff proposed a series of adjustments, most of which are "housekeeping" edits that are not substantive.

The primary and most substantial proposed change is to adjust language in the land acquisition and disposition sections regarding the Board of Directors' decision-making authority and responsibility. The current version of the policies includes a process by which committees approve actions and the Board then ratifies such approvals at its next meeting. This creates potential challenges with state open meetings law, including posting of committee meetings; in response, staff has proposed language that makes clear that committees are responsible for recommending Board actions, and the Board of Directors is responsible for considering (approving or denying) property acquisitions and dispositions at its regular scheduled meetings.

Director DeAnda made a motion to approve the proposed amendments to the Board policies pursuant to the annual review and including the specific requests of Directors Galloway and Jackson, which motion was then duly seconded by Director Galloway and passed with the unanimous vote of the Board.

b. Consideration and Possible Action to Approve Creation of a 501(c)(3) Non-Profit Corporation to Support Houston Land Bank Activities

Christa Stoneham stated that it is difficult for HLB to receive donations and gifts without a 501(c)(3) creation. She noted that there will be several additional steps after this with the consensus of the Board to create the non-profit entity.

Director Hall made a motion to approve the creation of a 501(c)(3) non-profit corporation to support Houston Land Bank activities, which motion was duly seconded by Director Collins and passed by the unanimous vote of the Board.

c. **Consideration and Possible Action to Amend a Contract with APD Urban Planning and Management by Increasing the Contract Amount from \$83,918 to \$101,000 for Planning and Design Work Related to Proposed Development in the Settegast Area**

Chairman Zeis reported that the increase in the final contract price is due to attending community meetings and meetings with the City of Houston to confirm its proposals are viable with the City's development plans. These meetings were outside the original scope of the contract for determining infrastructure and funding options. The planning report will then be delivered to HLB within two weeks. Director Bailey asked if this increase is for work to be done or for work which has already been completed. Chairman Zeis stated that this is for the final contract price and delivery of the final report to HLB within 2-weeks.

Director Hall made a motion to amend the Contract with APD Urban Planning to increase the price from \$83,918 to \$101,000, which motion was duly seconded by Director Marquéz and passed by the unanimous vote of the Board. Directors Collins and Galloway abstained from voting on this motion.

d. **Consideration and Possible Action to Ratify the Houston Land Bank's Application for a \$600,000 Brownfields Assessment Grant from the U.S. Environmental Protection Agency's National Brownfields Grant Program and to Accept the Resulting Award of \$600,000 for Program Activities**

Ms. Stoneham reported that HLB is creating an implementation plan which will be launched publicly in April 2022 with regard to the three-year grant for \$600,000 to address environmental justice issues, which is an underlying factor in most of the communities HLB serves. The plan will include Phase I studies which include land title research and Phase II to take and analyze samples of the property for asbestos, lead and other hazardous substances. She noted that this grant is not for environmental mitigation clean-up costs but rather for the identification of sites which require mitigation of hazardous substances.

Ms. Stoneham stated that initially there will be four target areas which include Magnolia Park, Second Ward and Cashmere Gardens in the East End, Fifth Ward, Gulfton, and the Near Northside. Director Galloway stated that it is not Cashmere Gardens but rather Liberty Gardens which is located adjacent to Cashmere Gardens which needs an environmental assessment. Ms. Galloway is also working to correct this inaccuracy with the local news media which has recently telecast stories on environmental problems in the neighborhoods near railroad yard facilities.

Lastly, Ms. Stoneham mentioned that a Brownfield Activization Committee will be formed and that an environmental consultant will be working with the to-be-formed committee.

Director Mondragón suggested that the Board consider the addition of an individual to the Board who is qualified in environmental mitigation matters.

Director Hall then made a motion to ratify the Application for the \$600,000 Brownfields Assessment Grant, which motion was duly seconded by Director Galloway and passed by the unanimous vote of the Board.

VIII. Executive Session

Nothing to report.

IX. Board Member Comments

Director Galloway wished everyone a happy Valentine's Day.

X. Adjournment

Chairman Zeis asked if there were any additional matters to be considered by the Board. Hearing none, the regular Board meeting adjourned at 1:05 p.m. upon the motion of Director Hall, which was duly seconded by Director Bailey and passed with the unanimous vote of the Board.

Minutes Prepared By:

Mark Glanowski (Paralegal) of Winstead PC and
Graciela Saenz of Law Offices of Graciela Saenz, PLLC

Signed on the 12 day of March, 2022.

Jesus DeAnda

Secretary

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