

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

April 9, 2020

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 by videoconference due to City of Houston Stay Home Work Safe Order, and Governor Abbott's Executive Order regarding Public Meetings during the time of COVID 19, in Houston, Texas, on Thursday, April 9, 2020 at 12:15 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:

Nicholas Hall	Antoinette Jackson
David Collins	Mario Castillo
Ana Yáñez-Correa	Curtis Lampley
Vincent Marquéz	Courtney Johnson Rose
Carol Galloway	Matt Zeis

Board members absent were: Pastor Steve Hall, John Vasquez and Jesus DeAnda.

Others in attendance included: Anne Haynes, the CEO/President for the Houston Land Bank; Jennifer Allison of the Houston Land Bank; Ivan Zapata, Real Estate Manager of HLB; Marye Barba, Administrative Assistant for HLB; Greg Erwin and Mark Glanowski (Paralegal) of Winstead PC, outside legal counsel for the HLB; Sam Dike, Vice President of Community and Partnerships for HLB; Gracie Saenz, In-house counsel for HLB; Darice Harris, Compliance Officer for HLB; Christa Stoneham – Mayor's Appointment for Board Liaison Ex-Officio Board Member; Sharone Mayberry and Stacie Flores of Mayberry Homes, Inc.; Barbara Bushong of Sterling Nonprofits; and Sharhonda Spates with Astute Realty.

I. Call to Order and Roll Call

Chairman Nicholas Hall called the meeting to order at 12:20 p.m. A roll call of the Board members in attendance immediately followed. Chairman Hall noted that a quorum of the Board was present.

II. Adopt Minutes of Regular Meeting on February 13, 2020

Chairman Hall noted that the minutes for the Board of Directors regular meeting held on February 13, 2020 were previously circulated for review and comment. He asked if there were any discussion and/or comments to the minutes from the Board members in attendance. Hearing none, he then requested a motion to approve the subject minutes. Director Castillo made a

motion to approve the minutes of the Board meeting held on February 13, 2020 as written, which motion was then duly seconded by Director Zeis and passed by the unanimous vote of the Board.

III. Swearing in of Christa Stoneham, Mayor's Appointment for Board Liaison Ex-Officio Board Member, by Director Courtney Johnson Rose. Ms. Stoneham is the Division Director of the City of Houston's Complete Communities.

Chairman Hall introduced Christa Stoneham to the Board who is the Division Director of the City of Houston's Complete Communities. Director Rose mentioned that Ms. Stoneham has three degrees from Prairie View A&M University being a Masters in Architecture, a Bachelor of Science in Architecture, and a Masters in Community Development. Director Rose also mentioned that she was one of Ms. Stoneham's professors at Prairie View A&M University and is pleased to conduct the swearing in ceremony for her appointment to the Houston Land Bank.

Director Rose then conducted the swearing in ceremony for Ms. Stoneham as required by law for her appointment as Board Liaison Ex-Officio Board Member to the Houston Land Bank.

IV. Public Speakers

Ms. Haynes then introduced Sharonne Mayberry of Mayberry Homes, Inc. to the Board which has constructed affordable housing for fifteen years under the City's LARA programs. Mr. Mayberry also prepared a letter which had been previously circulated with regard to eleven lots in the Fifth Ward and Trinity Gardens neighborhoods. Mayberry Homes, Inc. has held on to these 11 lots for several years but has not completed construction of the affordable houses due to bank partners' reluctance to finance construction due to the reverter rights in favor of HLB in the closing documents. Mr. Mayberry stated his bank partners are not willing to finance construction unless the reverter rights are waived by HLB. He mentioned that HLB does not provide any financing which is something that could be discussed at another meeting since it is not on the agenda for this meeting. Mr. Mayberry stated that without the requested waivers his lenders will not provide the necessary funds for construction of the affordable houses.

Mr. Mayberry informed the Board that the last round of construction funding received from the Neighborhood Stabilization Program was used to complete the last four houses. This funding was obtained with the assistance of HCDD. Mayberry Homes, Inc. will be providing the financing to close the lots in question and therefore taking all the risk. Four of the houses are already under contract and construction plans have been submitted to the City of Houston Permit Department for the others.

V. Chairman's Greeting—Nicholas Hall, Chair

Chairman Hall thanked Ms. Haynes and the HLB staff for setting up today's videoconference of the regular meeting of the Board of Directors. He then thanked the mayor and city council for approving the two new grants funding the operation costs of the HLB.

VI. Committee Reports

a. Finance Committee: Matt Zeis, General Update

Director Zeis stated that the Finance Committee met on Tuesday, April 7, 2020 and noted that the grants were approved by city council last week which means the operational invoices for July-March can now be submitted. This will provide a little over \$700,000.00 back to HLB. He did not have an updated financial position for March 2020 but when received he will distribute it to the Board.

Next he mentioned that Glass Ratner, the Financial Consultant, conducted a comprehensive examination of HLB's financial and accounting practices and recommended employing a full time finance and accounting individual, provide for a permanent backup for the financial books and supporting documentation, and re-configure the asset inventory management program.

He stated that Ms. Haynes has prepared an outline for the budget for the next two fiscal years. The Finance Committee will meet in May to gather input from the various HLB programs and committees before presenting the final budget to the Board for approval in June 2020.

Lastly, Director Zeis reported that he has been working with HLB staff to produce invoices with the information and in the format required by the Houston Housing Department to obtain reimbursement of the cost to maintain properties sooner which will eliminate cash flow issues in the future.

b. Program Committee: Curtis Lampley, General Update and Program Recommendation Regarding Agenda Items X, XII

Director Lampley stated that the Program Committee met on March 26, 2020 and reviewed an update from HLB staff on the status of the administrative review of the builder proposals from the newly selected builders in the latest RFQ. The next round of reviews by the Program Committee will be to determine the final selection of builders and final contracts to be approved by the Board.

The Program Committee and HLB staff reviewed three requests for contract modifications from Mayberry Homes, Inc. with regard to pricing and changes to plans and specifications of the houses to be constructed. The Program Committee reviewed the information submitted by HLB on these three contracts and determined it would be necessary to conduct a telephone conference with Mayberry Homes, Inc. to discuss the requested changes. The telephone conferences were conducted on April 2, 2020 to discuss the significant changes to the builder contracts regarding pricing and construction specifications. The Program Committee decided to move the builder requests forward to the Board for its review and approval.

Director Lampley then stated that the Program Committee discussed the request of Mayberry Homes, Inc. for a waiver of HLB's reverter rights because its lenders will not accept the closing documents with the reverter rights. He noted that HLB staff has prepared a pilot amendment for the waiver of reverter rights which the Program Committee has approved. The

Program Committee recommended that the Board approve the pilot amendment to waive the reverter rights for this builder only.

Director Lampley also noted that the Program Committee reviewed two (2) encroachment issues affecting a lot on Brinkley in Sunnyside and one at 2208 Sam Wilson in Trinity Gardens. Director Lampley stated that both encroachment issues have been addressed and worked out with the builder. He thanked Mayberry Homes, Inc. for its work to address the encroachment affecting the lot at 2208 Sam Wilson and making it ready for construction. The encroachment caused an impact to the lot size and therefore the builder has requested amendments to the contract which will be addressed by the Board later in this meeting.

c. Partnership Committee: Courtney Johnson Rose, General Update

Director Rose reported that the Partnership Committee met and discussed updates to the HLB website and announced that she is pleased with how that is coming along. Director Rose then mentioned that the Program Committee had an introductory telephone conference with Lisa Love of the Houston Independent School District. Director Rose informed her of the activities of the HLB to familiarize Ms. Love with the mission of the HLB. Director Rose believes there may be opportunities for potential partnerships in the future for affordable housing with properties HISD has in its inventory.

Director Marquéz announced that he also participated in the conference call with the Partnership Committee and was interested in the properties HISD may have within the Complete Communities. He also noted that HLB was excited about the 3013 Bolt virtual ribbon cutting ceremony proposed. He recommended creating a garden from which a welcome basket of fruits and vegetables could be presented to the new home buyers.

d. Marketing Committee: Vincent Marquéz, General Update

Director Marquéz informed the Board that the Marketing Committee joined with the Partnership Committee to discuss partnership opportunities with the Houston Independent School District with regard to properties in the Complete Communities which could be developed for affordable homes.

e. Oversight Committee: Mario Castillo, General Update

Director Castillo reported that the Oversight Committee met on March 10, 2020 to discuss the new Lot Acquisition Contract template. The Committee proposed to review how the changes to the Lot Acquisition Contract are performing in 6 months to determine if any adjustments are needed. The Committee also reviewed the outstanding lot summary for contract compliance and will continue to examine it on a monthly basis moving forward.

Director Castillo noted that the Oversight Committee also discussed the Policies and Procedures document to determine how to provide input to the Ad Hoc Committee to complete the document. HLB staff will set up telephone conferences with regard to key sections of the document that need to be reviewed and then move forward with finalizing the Policies and Procedures document.

Director Castillo stated that the Oversight Committee also met on April 3, 2020 to discuss the requests from Mayberry Homes, Inc. for waiver of the HLB reverter rights and modifications to three of its construction contracts which items are also on the agenda for today's meeting.

VII. President's Report: Anne Gatling Haynes, CEO/President

Ms. Haynes announced that she and a few others had a great conversation with Councilmember Thomas who is the head of the Housing Committee a couple of weeks ago which was very productive. Regular updates of the HLB construction and sales status reports will be made available to the Housing Committee as requested by Councilmember Thomas.

She then reported that the house at 3013 Bolt has been completed and the Certificate of Occupancy has been received from the City of Houston. The closing of the sale of this house will be conducted with the homebuyer in the next few weeks. She will then schedule a virtual ribbon cutting ceremony for this house later this month.

Next, Ms. Haynes stated that HLB is working with HCDD to address the contract terms with regard to the 20 lots reserved for the CHDO program.

Ms. Haynes next reported that the current inventory of HLB properties as of April 1, 2020 now totals 557 properties with 245 properties being held for the Houston Housing and Development Department, and 20 of those properties being held for the CHDO program. The remaining properties for disposition are still under review by the Program Committee which are primarily located in the Sunnyside, Trinity Gardens, and Settegast neighborhoods.

She then reported that 59 affordable houses were sold in 2019 and 11 to date in 2020. There are now 43 houses under development related to prior lot purchase contracts which were recently revised under reset agreements including 2 contracts to be discussed at today's meeting. The Lot Maintenance Manager is visiting the properties to verify the status of construction of the affordable houses under the lot acquisition contracts.

She then informed the Board that 18 houses of the 35 made available to the New Home Development Program have been sold to date and 6 are under contract to sell this month. Currently, there are 11 houses listed for sale and 4 houses remaining to be transferred by HCDD. Ms. Haynes then reported that the applications for purchase of lots in the New HLB Home Initiative was closed to the builders on March 4, 2020 and staff is now reviewing the applications submitted by 8 builders for about one-half of the lots HLB listed for sale.

VIII. Presentation - Recommendations for Financial System Improvements for the Houston Land Bank by Susan Smith, Glass Ratner, Financial Consultants.

Chairman Hall announced that this item has been pulled from the Agenda for today's meeting.

IX. Consideration and Possible Action for Lot Disposition Contract Template-New HLB Housing Initiative

Mr. Dike then addressed the Board to discuss the New HLB Housing Initiative which launched in mid-February and closed acceptance of applications on March 4, 2020. This pilot initiative was formed to sell 26 lots in the Sunnyside subdivision to the approved builders in the HLB program. The initiative was also formed to intensify affordable pricing with through managed competition. It will also be an opportunity to test new program guidelines that reflect HLB's values and contracts that insure builder compliance. Mr. Dike noted that to date HLB Housing Initiative has received 8 applications on 14 of the 26 lots. The applications are now in an extensive review period which will be followed by recommendations to the Program Committee for its review.

Mr. Dike then requested Ms. Harris to report on the Form Lot Purchase and Development Contract revisions. Ms. Harris stated that the LARA program had two contract lot disposition contracts over the many years of the program. Although they were updated every few years, over time, these contracts reflected the prior LARA programs (the Standard Purchase and the Dollar Lot Programs). All lot sales in the past two years of the organization were limited to Board approved contracts that occurred prior to August 2018, and followed the prior programs under which the lots were approved. These contracts were edited over the years by Winstead PC, and issued by Winstead PC on behalf of LARA for each lot sale.

In the past few months, the Program Committee has worked closely with the staff to update the core template of the lot purchase contract to reflect the guidelines and values of the new HLB lot disposition program, as well as reflect all the compliance issues staff has observed on all contracts to date. The improvements have been made to assure a better contract vehicle under which builders will be responsible to the ultimate goals of the program.

This lot purchase contract will be used for each individual lot sale, and will be introduced to the builder in an in-person meeting, and a term sheet signed. Additionally, there will be staff oversight (through monthly reporting and site visits), and penalties assigned for any out-of-compliance issues. The key to a successful program requires both a solid contract, clear terms and communication with the builder, and staff oversight.

The key changes to the previous form – Lot Purchase and Development Contract – and the rationale behind their proposed implementation are as follows:

1. **Closing** – Builders will no longer be able to select lots to hold and pay later. All lot purchases must be made at the time of closing.
2. **Deed of Trust** – This instrument will be used to secure the performance of the builder pursuant to the program guidelines and contract. It will be recorded at the time of closing with the builder in favor of HLB, and released upon a satisfactory builder closing to the homebuyer.
3. **Monetary Damages** – Damages will be assessed against builders who do not abide by the contract terms and program guidelines.
4. **Earnest Money** – This tool would be utilized to ensure that the builder is serious about the purchase of the lot and will encourage them to do due diligence before purchasing.

5. **Administrative Fee** – This fee, which will apply to each additional house being built per lot, would be instituted to cover the extra staff work hours that it takes to facilitate the construction/administrative process to closing. This is not anticipated on all or numerous lots, just some of the larger lots.
6. **Program Guidelines** – Vice President Dike has drafted a comprehensive set of guidelines that were developed to problem-solve some of the key compliance issues such as property taxes, qualified homebuyer certification, and mowing/maintaining lots after closing. These guidelines should provide the builders with more detailed information about the entire lot disposition process and requirements from purchase to sale.
7. **Residence Definition/Minimum Residential Construction Standards** – Staff wishes to implement minimum construction standards to ensure that the houses being sold through the program meet a certain quality and prevent homebuyer complaints.
8. **Schedule 1** – The standard timelines need to be changed to encompass a seven month period, from beginning to the end. This will include two months for permitting (commencement of construction), and five months for construction (completion of construction). If a property has additional work (infrastructure or replating required), this will be taken into consideration.
9. **Term Sheet** – This document will memorialize the key terms of the contract and will be reviewed with the builder before execution of the contract.

Ms. Harris stated that the Program Committee recommends the approval of the Lot Disposition Contract Template. Director Lampley made a motion to approve the Lot Disposition Contract Template, which motion was duly seconded by Director Zeis and passed by the unanimous vote of the Board.

X. Consideration and Possible Action for Revised Pilot Waiver of Reverter Rights for Mayberry Homes, Inc. on lots:

a. 9 Hoffman Street Lots (Prior Approved Contracts)

1. Contract # 071317-04
HCAD #'s 0660250080805; 0660250080810; 0660250080811;
0660250080813; 0660250080812; 0660250080814; 0660250080817;
0660250080821; 0660250090934

b. 0 Amboy Street - 2 lots

1. Contract # 100917-09
HCAD # 0393430000009

Ms. Haynes stated that in addition to these lots, Mayberry Homes, Inc. has also requested that the lots at 0 Brewster, Tracts 8 and 9, Block 8, and 3120 Collinsworth Trail, Tract 10, Block 8 be included in its request for the waiver of reverter rights.

Chairman Hall asked if there was a motion for Revised Waiver of Reverter Rights. Director Galloway made a motion to approve the Revised Pilot Waiver of Reverter Rights for the lots requested by Mayberry Homes, Inc. which motion was duly seconded and passed by the unanimous vote of the Board.

XI. Executive Session:

a. Consideration and Possible Action for Acquisition of Real Property from City of Houston for the New Home Development Program.

1. HCAD # 031 117 000 0005
1100 Frawley St, "Lindale Lift Station"

Chairman Hall announced at 1:05 p.m. that the Board will now meet in a closed Executive Session and requested members of the public audience to transfer to the virtual waiting room until the meeting resumes in the Open Session. Ms. Haynes noted that Directors Jackson and Rose disconnected from the virtual meeting at 1:00 p.m.

At 1:40 p.m. Chairman Hall announced that the Executive Session ended and the Board meeting resumed in Open Session. Chairman Hall then noted that Director Castillo disconnected from the virtual conference meeting after voting on agenda items XI and XII in the Executive Session.

Ms. Saenz noted that the Board must vote on this agenda item in the Open Session. Chairman Hall then called Director Castillo to rejoin the virtual conference meeting to vote on this agenda item. Director Lampley asked if calling Director Castillo back into the meeting to vote in the Open Session is acceptable. Ms. Saenz responded that the only question in this type of meeting format is verifying the person rejoining the meeting is the person who they say they are.

Director Marquéz made a motion to approve the acquisition of the lot at 1100 Frawley Street from the City of Houston for \$120,000.00 which motion was duly seconded by Director Zeis and passed by a vote of 4-3-1 by the Board. With Directors Hall, Zeis, Castillo and Marquéz voting in favor of passing this motion, while Directors Lampley, Galloway and Yáñez-Correa voted in opposition of the motion, with Director Collins abstaining from voting on this motion.

XII. Executive Session:

Consideration and Possible Action for Construction Plan and Sales Price Modifications for contracts with Mayberry Homes, Inc.

Chairman Hall stated that the Executive Session will continue now to address the requests of Mayberry Homes, Inc. for modifications to three of its construction contracts.

a. 9 Hoffman Street Lots (Prior Approved Contracts)

1. Contract # 071317-04
HCAD #'s 0660250080805; 0660250080810; 0660250080811;
0660250080813; 0660250080812; 0660250080814; 0660250080817;
0660250080821; 0660250090934

b. 2208 Sam Wilson - 2 lots with one HCAD (Hold /New Contract)

1. Contract # 092716-01 (previous contract number)
HCAD # 0092410000006

c. 0 Salina & 0 Amboy Street - 4 lots with two HCADs

1. Contract # 100917-09
HCAD #'s 0040360000004; 0393430000009

Chairman Hall then announced at 1:40 p.m. that the Board meeting is now in Open Session and welcomed the members of the public to return to the meeting.

He then asked for a motion on agenda item numbered XII. Director Castillo made a motion to approve the Construction Plan and Sales Price Modification for contracts with Mayberry Homes, Inc. which motion was duly seconded by Director Galloway. Director Lampley then made a motion to amend the motion on the floor to include that HLB staff review the builder's profit from the accounting line item to verify that the calculation was derived on 15% of the total bid price and including the builder's profit as part of that bid price, and therefore adjust the bid price accordingly so not to exceed 15% profit on the costs excluding profit and commissions, which amended motion was duly then seconded by Director Marquéz and unanimously passed by the vote of the Board.

XIII. Board Member Comments

Director Collins welcomed Ms. Stoneham to the Houston Land Bank.

XIV. Adjournment

Chairman Nicholas Hall asked if there were any additional matters to be considered by the Board. Hearing none, the regular Board meeting adjourned at 1:47 p.m. upon the motion of Director Collins and duly seconded by Director Lampley.

Minutes Prepared By:

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

Signed on the ____ day of _____, 2020.

President