

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

**November 14, 2019**

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 in the City Council Chambers at the Houston City Hall Annex, 900 Bagby Street, Houston, Texas, on Thursday, November 14, 2019 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         | Curtis Lampley     |
| Vincent Marqu ez      | Jesus DeAnda       |
| Mario Castillo        | David Collins      |
| Matt Zeis             | Pastor Steve Hall  |
| Ana Y a nez-Correa    | John David Vasquez |
| Courtney Johnson Rose | Carol Galloway     |

Board members absent were: Antoinette Jackson.

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 Houston Land Bank; Sam Dike, Vice President of Community and Partnerships for Houston Land Bank; Marye Barba, Inventory Manager and Office Administrator for Houston Land Bank; Gracie Saenz, outside legal counsel for the Board; Greg Erwin and Mark Glanowski (Paralegal) of Winstead PC, outside legal counsel to HLB; Anderson Stoute with the City of Houston New Home Development Program; Darice Harris, In-House Counsel and Compliance Officer for Houston Land Bank; John Johnson of EXP Realty, and Reginald Elberson, who spoke during public comments. There were others in attendance that did not speak in the public comments or do not have a contractual relationship with the organization.

**I. Call to Order and Roll Call**

Chairman Nicholas Hall called the meeting to order at 12:17 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 October 10, 2019**

Chairman Hall noted that the minutes for the Board of Directors regular meeting held on October 10, 2019 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 as written which motion was then duly seconded by Director Zeis and passed by the unanimous vote of the Board.

### **III. Chairman's Greeting – Nicholas Hall**

Chairman Hall stated that there was a groundbreaking with Mayor Turner for Towne Park Village on Tuesday, November 12, 2019 at 3:00 p.m. at 7778 Little York Road Houston, Texas 77016. This groundbreaking was for Burghli Homes, which is one of HLB's founding builders and he thanked them for being a valued partner over the years. The ground breaking ceremony for new single-family homes in Acres Homes was a success. The City's New Home Development Program goal is to build 20 affordable houses per month for low to moderate income families.

Mr. Hall also extended gratitude to Directors the for all that they do.

### **IV. President's Report – Anne Gatling Haynes**

Ms. Haynes stated that a tour is being organized for Friday, December 6, 2019 for the Board to examine the affordable homes recently constructed in the Complete Communities. She is looking for a new location for the offices of HLB because the current office space is no longer sufficient for the number of employees. The current office lease has been extended on a month-to-month basis through April 2020. Ms. Haynes mentioned that she visited Hope Farms which is a 7-acre urban farm located in the Sunnyside neighborhood which conducts educational programs for farming to promote new professional farmers. She mentioned that Hope Farms is seeking lots in the Sunnyside neighborhood which can be farmed by their “farmers in training.”

Ms. Haynes stated that she is in negotiations with the City Housing Department with regard to the Acquisition and Development Agreement to resolve operational challenges concerning responsibility for maintenance costs during hold periods, assessing the market value of land, and the costs to be reimbursed. A summary of the Amended Acquisition and Development Agreement is furnished to the Board in this month’s board packet in addition to an update from staff.

She then advised the Board that an RFQ for Financial Services Consulting was prepared and issued. To date, three (3) proposals to this RFQ have been received and are being reviewed by the Finance Committee. This RFQ was necessary because the finances, bookkeeping, and policies and procedures have become more complex pursuant to the new agreements with the City Housing Department and the New Home Development Program.

Ms. Haynes noted that HLB has started working with the Community Land Trust on a 3-year collaboration supported by the Center for Community Progress and financially supported by Wells Fargo Bank. The goal is to learn from housing projects in Atlanta and Portland and obtain support for long term housing affordability.

She mentioned that a draft of the 2019 Fiscal Year Audit will be discussed during this Board meeting. Many of the issues in the audit relate to valuation of the lots. The HLB will

need to access a proper valuation of the lot inventory to assist with the audit next year. In addition, HLB is near finalization of its benefit package with all employees of which there are now seven (7), and the policies and procedures for the employees.

Ms. Haynes stated that a draft of the Limited Waiver of Reverter has been examined by outside legal counsel and discussed with a construction lender for suitability. She is also working on drafts of the New Lot Acquisition Contracts along with guidance from the Builders/Programs Committee and outside counsel.

Next, she updated the Board with regard to the current status of the lot inventory and as of November 1, 2019 there were 544 lots in total, with 256 lots designated for the New Home Development Program, and 20 for the CHDO Program. The remaining 288 lots available for disposition remain under review by the Program Committee.

Ms. Haynes reported that there are 38 houses under construction with 62 homebuyer closings anticipated between January-December 2020. The Builder Committee has finalized the “Established Builder” qualifications and is working to create new guidelines for the HLB Builder Program to clarify policies, procedures, and goals.

As for lot and property maintenance the initial scope for new vendor contacts has been finalized and will be discussed with the Board during this meeting. This review for lot maintenance contracts became protracted to be able to obtain the most coverage from the four new vendor contracts.

Ms. Haynes reported that there were 9 houses sold under the New Home Development Program, six (6) of which were Community Land Trust sales. Staff is now conducting interviews with additional listing brokers for the Phase 3 and Phase 4 houses that will be transferred to HLB from the HCDD. Lastly, she discussed possible partnering opportunities with other land developers to build out the property acquisition pipeline.

## **V. Committee Reports**

- Finance Committee: Matt Zeis

Director Zeis informed the Board that the Finance Committee has examined the draft of the 2019 fiscal year audit report. The final audit report should be available in 2 weeks. He stated that the Houston Land Bank is in need of a professional financial consultant, and, as reported by Ms. Haynes, the Finance Committee prepared and issued an RFP for a financial consultant. Three proposals were received and interviews held with each consultant by the Finance Committee. The Finance Committee decided on one consultant to advance to the first stage, which is to review HLB's current operations and provide an estimate to essentially track the operations for the new home building program, including, but not limited to, expenses and revenues, and reimbursements.

- Partnership Committee: Courtney Johnson Rose, Chair

Director Rose did not provide a report.

- Oversight Committee: Mario Castillo, Chair

Director Castillo stated that the Oversight Committee met yesterday to examine the audit report, the request for financial consultant, and the draft Policies and Procedures Manual. Due to a lack of responses from the Board, the Oversight Committee decided to break up the draft policy into smaller sections for Board members to review and also requested certain committees to examine the pertinent portions to facilitate feed-back from the Board. Upon receipt of all comments, the Oversight Committee will compile such comments into one draft document to submit to the Board for examination. The City of Houston Housing Department provided guidance on the grant to HLB that lunches to Board members are not reimbursable.

- Marketing Committee: Vincent Marquéz, Chair

Director Marquéz stated that the Marketing Committee met last week and discussed the hiring of marketing consultants. He also stated that he was in favor of the possible new location for the HLB offices at Baker-Ripley.

- Program Committee: Curtis Lampley, Chair

Director Lampley stated that the Program Committee met on October 31 and again on November 7, 2019.

The Program Committee has continued to examine the remaining proposals received in connection with the homebuilder RFQ. The HLB staff and the Program Committee have proceeded with interviews of the new homebuilder companies to be selected and the start-up homebuilders. He noted that the Program Committee recommendations include offering the selected builders a two (2) year pre-qualified status with the HLB and conducting an annual RFQ for new homebuilders.

Director Lampley stated that the selected homebuilders being recommended for consideration at this time are as follows:

Fifth Ward Community Redevelopment Corporation  
Avenue CDC  
Bayou Banks Classic Homes  
Daniel Rodriguez Homes  
Burghli Homes  
Cole Klein Builders  
Generational Home Builders  
HAUCDC  
Houston Habitat for Humanities  
Ironclad Homes  
Mayberry Homes  
New Centuri Properties  
Silver Circle  
Tradewind

There are a few builders still under due diligence, and may be added in the next round of announcements.

**VI. Consideration and possible action regarding the proposed pool of 'Established Builders' for 2020-2021, eligible to purchase lots from the Houston Land Bank in its pilot and future phase lot dispositions**

Director Zeis made a motion to approve the pool of "Established Builders" as selected by the Program Committee for 2020-2021, which motion was duly seconded by Director Marquéz and passed by a majority vote of the Board.

**VII. Consideration and possible action regarding delegating authority to CEO/Staff to enter into negotiations for four new Lot Maintenance vendor contracts for a two-year contract with an opportunity for extension, and including a first-year scope of work, with total contracts value not to exceed our FY20 budget remaining of \$350,000. The four proposed contractors in alphabetical order are:**

- a) AD Construction & Development Inc. (current vendor)
- b) Evolution Alignment Inc.
- c) Smartscaping LLC
- d) Transteq Environmental Solutions Inc. (current vendor)

HLB staff conducted an extensive process to identify the four (4) service contractors to handle grass and weed cuttings and general lot maintenance. Two of the four vendors are currently under contract with HLB and have been conducting the lot maintenance services for several years. The other two (2) contractors are emerging small businesses that have been involved in community engagement and workforce training, which also support HLB's "Good Neighbor" values.

Director Galloway asked if any of the selected maintenance vendors were verified for MWBE certification. Ms. Haynes stated that while 2 or 3 of the vendors may qualify for MWBE, this has not been verified as yet. The contract negotiations will cover the types and cycles of the vegetation cuts required for the lots assigned during the growing season, priority cuts which carry a different rate, and the types of acceptable lot maintenance reporting. The FY20 budget has remaining \$559,000 for lot maintenance for the current fiscal year. Once the contracts have been completely negotiated, then they will be presented to the Board for approval.

Mr. Zeis made a motion for HLB's CEO and staff to engage in contract negotiations with each of the four (4) lot maintenance service vendors, which motion was duly seconded by Director Castillo and passed with the unanimous vote of the Board.

**VIII. Update on the amendments to the Acquisition and Development Agreement**

Mr. Dike announced that HLB is drafting an amendment to the Acquisition and Development Agreement with the City of Houston executed on August 31, 2018. This agreement outlines the relationship and responsibilities for activities concerning the New Home Development Program. The amendment will revise how the HLB recovers its costs for services, which currently occurs at closing when the house is purchased by a qualifying homebuyer. HLB

provides security, marketing, and maintenance services during the hold period, which are then recovered at the closing when the house is sold which creates a cash flow issue. The proposed amendment will provide HLB an opportunity to recover such costs on an "ongoing" basis, rather than at the closing. The other significant amendment concerns the valuation of the HLB lots, which is currently assessed as the cost at the time of the HLB acquisition. The amended agreement will change this to be the current "market value" of the lot.

**IX. Ratification of one Real Estate acquisition, as directed and approved by HCDD, under the auspices of the grant agreement 'Acquisition and Development Agreement' for the New Home Development Program, and approved by the Executive Committee on October 14, 2019**

- 0 Arabelle in the amount of \$250,000.00 -- 10 lots  
Lonnie Brown Jr, Seller

Director Lampley requested the appraisal report for this acquisition. Ms. Haynes stated that an appraisal has been ordered but has not been received as yet. She stated that the valuation of the lots for this acquisition was accomplished using market comparisons for this area. Director Correa asked how long it will be before an appraisal is completed.

Director Castillo made a motion to approve the ratification of one real estate acquisition with Lonnie Brown, Jr. for ten (10) lots, which motion was duly seconded by Director Zeis and passed with the unanimous vote of the Board.

**X. Public Comments**

John Johnson of EXP Realty addressed the Board to request the names of the four (4) homebuilders still being considered for the HLB program. Chairman Hall stated that the homebuilder review process remains a work in progress, however once completed he can have such names. Mr. Johnson then requested the time table for the next RFQ for prospective homebuilders. Chairman Hall requested that he contact HLB staff for such information.

Next, Reginald Elberson addressed the Board inquiring if an individual can purchase a lot on which to build a house using their own building plans. Director Lampley asked Mr. Elberson to contact one of the HLB qualified homebuilders to work with for such a proposal.

**XI. Board Member Comments**

Director Collins announced that Director Lampley recently retired from the Harris County Flood Control District after 25 years of service.

**XII. Adjournment**

Chairman Hall asked if there were any additional matters to be considered by the Board. Hearing none, the regular Board meeting adjourned at 1:15 p.m. upon the motion of Director Marquéz duly seconded by Director Lampley and passed by the unanimous vote of the Board.

Minutes Prepared By:

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

Signed on the \_\_\_\_ day of \_\_\_\_\_, 2020.

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Secretary