

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

May 14, 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 pandemic, in Houston, Texas, on Thursday, May 14, 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	Mario Castillo
David Collins	Curtis Lampley
Pastor Steve Hall	Courtney Johnson Rose
Vincent Marquéz	Matt Zeis
Carol Galloway	John David Vasquez
Jesus DeAnda	Toni Jackson

Board members absent were: Ana Yáñez-Correa.

Others in attendance included: Anne Haynes, the CEO/President for the Houston Land Bank; Jennifer Allison of the Houston Land Bank; Greg Erwin and Mark Glanowski (Paralegal) of Winstead PC, outside legal counsel for the HLB; Gracie Saenz, In-house counsel for HLB; Darice Harris, Compliance Officer for HLB; Christa Stoneham – Board Liaison Ex-Officio Board Member; Sharone Mayberry of Mayberry Homes, Inc.; and David Benson, the Director of Organizational Excellence of HLB and Gonzalo Gonzalez, the Director of Finance and Accounting of HLB.

I. Call to Order and Roll Call

Chairman Nicholas Hall called the meeting to order at 12:15 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. Public Speakers

Ms. Haynes then introduced Sharonne Mayberry of Mayberry Homes, Inc. who has constructed affordable houses for fifteen years under the City's LARA programs. Mr. Mayberry acknowledged that there was mistake in the way the numbers were laid out in the pro forma contract. The revised pro forma construction contract pricing now yields about 12.7% for the

Builder's Profit. He noted that the pro forma contract which has been used for the last 17 years while doing business with the Housing Community Development Department. Mr. Mayberry explained that the pro forma contract has always had a line item for "Overhead and Supervision," which was never used because that line item was built into the "Builder's Profit" line item of the contract, which is creating the confusion. He has now revised the pro forma contract to reduce the Builder's Profit line item and utilize the line item for Overhead and Supervision with 2.3%, which when combined with the Builder's Profit line item will yield the industry standard for builder profit at 15%. Mr. Mayberry requested that the Board review the revised pro forma contract submitted on behalf of Mayberry Homes, Inc.

Chairman Hall announced that he wishes to call Agenda Item IX.a out of order as Mr. Mayberry is present and discuss it in the open session of the meeting. He then requested a motion to call this agenda item out of order.

Director Collins made a motion to call Agenda Item IX.a out of order, which motion was duly seconded by Director Castillo and passed by unanimous vote of the Board.

Chairman Hall then recited Agenda Item IX.a before the Board. He then asked if there was a motion to approve the Sale Price Modifications submitted by Mayberry Homes, Inc. Director Collins made a motion to approve the Sale Price Modifications to Construction Contracts as submitted by Mayberry Homes, Inc., which motion was duly seconded by Director Rose and passed by the unanimous vote of the Board.

Chairman Hall then asked if there were any more members of the public who wished to address the Board at this time. Ms. Haynes informed Chairman Hall that there were no additional public speakers that registered to attend the meeting.

III. Adopt Minutes of April 9, 2020 Regular Meeting

Chairman Hall noted that the minutes for the Board of Directors regular meeting held on April 9, 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 April 9, 2020 as written, which motion was then duly seconded by Director Rose. Director Galloway then stated that she wishes to challenge the passage of Agenda Item XI with regard to acquisition from the City of Houston of the subdivision lot located at 1100 Frawley for \$120,000.00 because there was not a majority vote of the Board to pass such motion. She noted that the abstention by Director Collins in the voting on this agenda item does count and therefore there was not a majority to pass the motion to approve the acquisition of the subject real estate from the City of Houston.

Chairman Hall requested Ms. Saenz to conduct legal research concerning the rules regarding voting tabulation for public meetings and report the results of such research to the Board as soon as possible.

Director Collins then made an amendment to his motion to approve the minutes of the April 19, 2020 meeting subject to reconciliation of the vote on Agenda Item XI, which motion was duly seconded by Director Marqu ez and passed by the majority vote of the Board.

IV. 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 Rental Assistance Program to assist renters unable to pay their rent in March and April 2020.

Chairman Hall requested Pastor Hall to say a prayer for City of Houston Councilman Knox, whose son died on Sunday. Pastor Hall gave the following prayer:

Let us take a moment and ask the Lord's favor. Merciful Savior, as we plow on today, we approach you with this request as our hearts are saddened. We thank you for the leadership and the service of Councilman Knox. His family now has experienced a death. We pray for him, his family, as they experience this time of grief, but not only him. You understand dear Lord our concerns across the land. We have been concerned with the virus and all of its impacts upon us, and so we simply pause, and we're not ashamed to ask of your favor. You know best dear Lord, and so give us the peace that surpasses all understanding. Give us healing where it is warranted, and help us in such a time as this, and we'll be grateful to give your name the praise for it all, but it is in Christ we ask these things. A-men.

V. Committee Reports

a. Finance Committee: Matt Zeis, General Update

Director Zeis informed the Board that the Finance Committee met on Tuesday, May 12, 2020 and noted that the two grants were approved by city council last week which means the operational invoices for July-March can now be submitted for payment.

He stated that Ms. Haynes is preparing an outline for the budget for the next two fiscal years. The Finance Committee will review and then distribute the proposed budget on June 4, 2020 for review by the Board.

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 costs to maintain the housing 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 announced that the Program Committee has undergone an extensive process to list and review builders' applications for the first round of inventory lots for sale from the RFQ in the Sunnyside area. He noted that out of the builders approved, eight bid on 13 of the 26 properties that were listed in the sale inventory. Seven of the eight builders are being

recommended for at least one award today. The anticipated amount of revenue based on sales of those lots is \$311,002.00. He mentioned that staff is now working on the second round of lots to be sold in the Sunnyside area and possibly one other area.

Director Lampley then stated that the Program Committee has received updated information from non-compliance builder HBDI and recommends approval of a new agreement to amend the construction timeline to July 30, 2020 and approve updated plans, specifications and pricing. He noted that HBDI has submitted permitting status, photographs of lots and reasons for delays to support its request for a new agreement.

Additionally, the Program Committee has received multiple requests for right of first refusal lots previously held by individuals, churches and other organizations. Staff is working on a new program to accommodate any lots in the inventory which are not suitable for construction of affordable housing. Upon completion, the HLB staff will submit the new right of first refusal program to the Program Committee for review and approval.

Next, Director Lampley informed the Board that the Program Committee has extensively reviewed the proformas that builders use to project their costs for construction. At the last meeting, there were many suggestions made as to how to revise the proforma to be more detailed and accurate.

Finally, he reported that the Program Committee is following up with the non-compliance builders.

Director Collins asked how many houses HBDI has completed to date. Director Lampley stated that HBDI has not yet completed any of the houses on the five lots it purchased. Darice Harris mentioned that three of the houses are 75%-80% complete and the other two are 25%-35% complete.

c. Oversight Committee: Mario Castillo, General Update

Director Castillo announced that the Oversight Committee met on May 8, 2020 and spent considerable time reviewing the recommendations noted in the Financial Consultant Report, which included compliance with regard to donations of land in the future, shoring up meeting minutes, and developing a policy that is open, transparent and consistent, to create a framework for the committees moving forward.

The Oversight Committee had on its agenda to review policies and procedures, but were not able to address such matters because it focused solely on the Financial Consultant Report.

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

Ms. Haynes reported that the Operations Grant was approved by Houston City Council on April 1, 2020, has now been fully executed. This grant will provide administrative and program delivery funding for Fiscal Year 2020-2021. She mentioned that the HLB conducted a virtual ribbon cutting ceremony for the house at 3013 Bolt, which was attended by Councilmember Evans Shabazz. The homebuyer, Mr. Fikes, has now moved into the house.

Ms. Haynes informed the Board that Gonzalo Gonzalez has joined HLB as the new Director of Finance and Accounting. Mr. Gonzalez, along with Conchita _____, Jen Allison, and herself, are addressing the amount of invoicing activity and utilizing better accounting controls and processes which were recommended by Glass Ratner to process the invoices. She is also developing a budget for Fiscal Year 2021 and preparing for the Fiscal Year 2020 audit.

She mentioned that some of the HLB staff has been working remotely and are remaining productive during the COVID-19 pandemic stay at home order. The staff and officers meet daily via Microsoft Teams, with one to two people in the office daily to facilitate the necessary in-office tasks.

Next, Ms. Haynes reported that she was invited to a meeting of a group of land banks representing communities around the country to discuss responding to the COVID-19 pandemic. She indicated that the meeting was successful and provided helpful contacts with other land banks across the country.

Ms. Haynes mentioned that the Board met with Tom McCasland and Anderson Stoute with the Houston Community Development Department on April 15, 2020 to discuss the status of the New Home Development Program. The Board requested additional information on the business structure of the program. Messrs. McCasland and Stoute expressed their interest in improving the program.

Ms. Haynes next reported that the current inventory of HLB properties as of April 1, 2020 now totals 552 properties with 243 properties being held for the Houston Housing and Development Department, and 20 of those properties being held for the CHDO program. The remaining lots for disposition remain 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 13 to date in 2020. There are now 46 houses under development related to prior lot purchase contracts which were recently revised under reset agreements. 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 22 houses of the 35 made available to the New Home Development Program have been sold to date and 3 are under contract to sell this month. Currently, there are 11 houses listed for sale and 3 houses remaining to be transferred by HCDD.

Ms. Haynes informed the Board that Gonzalo Gonzalez has joined HLB as Director of Finance and Accounting and is currently assisting with invoice activity and setting up accounting controls recommended by the Financial Consultant, Glass Ratner and fine tuning them for HLB's day to day operations. She also mentioned that HLB has begun a conversation with the auditor concerning the Fiscal Year 2020 Audit which will be due in the next few months.

She then informed the Board that David Benson has joined HLB in the position of Director of Organizational Excellence. Mr. Benson will be working to finalize the policies and procedures for HLB.

Ms. Haynes then began a slide show of photographs of certain HLB lots where abandoned vehicles, boats, and tires have been placed over the years. The four lawn maintenance contractors employed by HLB have made their first cut beginning in February 2020. The lot with the abandoned boats received a notice from the Department of Neighborhoods and there is a 10 day and then a 30 day process to remove the boats from the lot. There is another lot with tree branches that overhang onto vehicles located on the adjacent lot. She stated that these are the types of day to day functions that are part of the property management process. The first few months have required many tire and debris removals from the lots in the HLB inventory. This was expected as a result of the first cut being completed by the lawn maintenance contractors. The four lawn maintenance contractors employed by HLB made their first cuts beginning in February 2020. HLB is increasing its coordination with the Department of Neighborhoods to reduce the number of notices it receives for lots which require attention due to City code violations.

Ms. Haynes reported that as part of the HLB Home Initiative, the staff and the Program Committee will examine the home builder purchase agreements and plans regarding the 14 lots bids were received for and review additional lots to be placed in line for a future sale. HLB staff will meet with the individual builders to highlight the guidelines approved by the Board and then organize a Lender's Forum and a Builder's Forum.

She then mentioned that HLB has a new property analysis tool named "Tolemi/Building Blocks" to provide more intelligence on real property adjacent to and near the current HLB lots. This tool will be useful for HLB's acquisition and disposition activities and research work to provide greater impact in the neighborhoods HLB is active in. This tool is currently in the pilot program stage to determine its effectiveness before requesting approval of the Board.

Ms. Haynes informed the Board that HLB is now under a purchase and sale agreement with Catholic Charities to repurchase 5 lots which Catholic Charities purchased from LARA but did not develop such lots with affordable houses as required under the LARA agreements. HLB will repurchase these 5 lots from Catholic Charities for the same amount that such lots were sold to Catholic Charities. She also stated that HLB staff is continuing to pursue home builders who are not in compliance with their contractual obligation to construct an affordable house pursuant to the agreed timelines.

VII. Consideration and Possible Action to Ratify Month-to-Month Lease Office Space Contract from BakerRipley for Houston Land Bank Operations at 4450 Harrisburg (Lease Effective Date May 18, 2020, \$4,875 monthly)

Chairman Hall asked the Board if there was a motion to ratify the lease for new office space at 4450 Harrisburg Boulevard. Director Zeis made a motion to approve the ratification of the lease contract with BakerRipley for new office space, which motion was duly seconded by Director Marquéz.

Ms. Haynes explained that the lease is on a month-to-month basis because a longer term was not available in the co-working space concept. The lease provides for a two-year consistency of rent amount. The space being leased is 1130 square feet and includes access to conference rooms and an outdoor terrace. She noted that the desks will be positioned 6 feet apart

to address the working distance standards required pursuant to the COVID-19 pandemic. One-half of the HLB staff is currently working remotely, while the others are working in the office.

Upon concluding the discussion of the office lease space highlights, the Board voted unanimously to approve the ratification of the lease contract with BakerRipley for office space at 4450 Harrisburg Boulevard, Houston, Texas, for the operations of HLB.

VIII. Consideration and Possible Action to Accept Program Committee Builder Selection Recommendations for Lot Sales for the HLB Housing Initiative

- a. **3910 Lowden - HCAD# 0641680160004 (Sales Price \$14,903)**
- b. **4433 Elmwood - HCAD# 0761950110131 (\$17,695)**
- c. **7822 Jester - HCAD# 0511540460009 (\$16,247)**
- d. **4323 Rosemont - HCAD# 0641550000024 (\$20,170)**
- e. **8610 Amadwe - HCAD# 0470580000044 (\$13,907)**
- f. **4334 Brinkley - HCAD# 0690150090005 (\$21,129)**
- g. **1221 Vera Lou - HCAD# 0650100130009 (\$37,929)**
- h. **3000 Galesburg - HCAD# 0641680290019 (\$19,225)**
- i. **4353 Knoxville - HCAD# 0761950030017 (\$16,074)**
- j. **4350 Knoxville - HCAD# 0761950040019 (\$23,936)**
- k. **4354 Knoxville - HCAD# 0761950040020 (\$15,110)**
- l. **0 Bowen - HCAD# 0511630000003 (\$20,169)**
- m. **4401 Sterling - HCAD# 0761950140161 (\$10,673)**
- n. **8610 Lee Otis - HCAD# 0470580000024 (\$14,990)**

Chairman Hall announced that Agenda item VIII is being pulled from the Agenda for this meeting because, for transparency concerns, the names of the builders need to be listed on the Agenda. Director Lampley stated that he has the builder names of the sales price for each house to be constructed. He asked if the Board would consider reading the documentation and allow staff the opportunity to proceed with negotiating the contracts. Director Collins requested to see all of the documents before voting on this Agenda item but did not object to HLB staff continuing to negotiate the contracts with the builders.

IX. Executive Session: (All Actions to Be Taken in Public Session)

a. Consideration and Possible Action for Sales Price Modifications for contracts with Mayberry Homes

1. 9 Hoffman Street: Contract # 071317-04;
0 Hoffman - HCAD# 0660250080805,
0 Hoffman - 0660250080810,
0 Hoffman - 0660250080811,
0 Hoffman - 0660250080813,
7135 Hoffman - 0660250080812,
0 Hoffman - 0660250080814,
0 Hoffman - 0660250080817,
0 Hoffman - 0660250080821,
0 Hoffman - 0660250090934

2. 2208 Sam Wilson: Contract # 092716-01;
HCAD# 0092410000006

3. Salina & 0 Amboy Street: Contract # 100917-09;
HCAD#s 0040360000004 and 0393430000009

Chairman Hall announced to the Board that this agenda item will be taken out of order and discussed in open session.

Director Collins made a motion to approve discussing this agenda item out of order, which motion was duly seconded by Director Castillo and passed by the unanimous vote of the Board.

b. Executive Session: Consideration and Possible Action Regarding Program Committee Recommendation of New Agreement Regarding Reverted Lots for Houston Business Development, Inc., Including Updated Timeline, Plans and Specifications, and Pricing [HBDI Contract Number - 102417-01 (0 Dewalt - HCAD# 0710900190026, 6718 Carver - 0162720030001, 7700 Dyer - 0162530010001, 7900 Dyer - 0162610190006, 7900 Tower - 0162560080016)]

Chairman Hall announced that this agenda item will be discussed in the open session.

Director Collins made a motion to approve the Program Committee recommendations for new agreements regarding reverted lots of Houston Business Development, Inc., which motion was duly seconded by Director Castillo and passed by the unanimous vote of the Board.

X. Board Member Comments

Director Galloway requested that the package of documents for the Board meetings be sent at least five business days prior to the date of the Board meeting to allow time to review the documents.

Director Rose requested that a happy hour be organized once the COVID-19 pandemic is over in honor of the service of the staff and committees of the organization. Chairman Hall concurred that this recommendation would be a well-deserved happy hour.

Pastor Hall thanked Chairman Hall and Ms. Haynes for their leadership in continuing the mission of HLB during this pandemic.

Director Lampley requested that the tour of the houses under construction which had been scheduled for late last year be placed back on the Agenda. He stated that this will give the Board of Directors, especially the new Directors, an opportunity to see the product the homebuilders are putting on the ground. Ms. Allison stated that with prior notice she can meet with any of the Directors who wish to tour any of the houses under construction in the Acres Homes neighborhood. Ms. Haynes stated that she will organize a virtual tour of the houses under construction with attendees remaining in their vehicles to maintain social distancing.

Director Castillo stated that he was excited about the new office space being located in the BakerRipley headquarters because he has often worked with this organization. He noted that BakerRipley does great work across the City and having office space in the BakerRipley building will provide the HLB potential for synergy for new partnerships and relationships.

XI. 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 1:10 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