

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

January 29, 2020

A special 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 of Houston Permit Building, 1002 Washington Street, Room 2D, Houston, Texas, on Wednesday, January 29, 2020 at 12:00 p.m. Written notice of the special meeting, which included the date, hour, place and agenda for the special meeting, was posted in accordance with the Texas Open Meetings Act.

Board members in attendance were:

Nicholas Hall	Carol Galloway
David Collins	Mario Castillo
Ana Yáñez-Correa	Curtis Lampley
Vincent Marquéz	Jesus DeAnda

Board members absent were: Pastor Steve Hall, John David Vasquez, Courtney Johnson Rose, Matt Zeis, and 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 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; and Darice Harris, In House Legal Counsel Compliance Officer for HLB.

I. Call to Order and Roll Call

Chairman Nicholas Hall called the meeting to order at 12:00 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 Comments

Nothing to report.

III. Chairman's Greeting—Nicholas Hall, Chair

Chairman Hall thanked the Board members in attendance for being available for this special meeting.

IV. Update on Pilot Lot Disposition Program Guidelines, based on Board Approved Guidelines from January 9, 2020.

Mr. Dike updated the Board with regard to the Pilot Lot Disposition Guidelines approved at the regular Board meeting held on January 9, 2020. He stated that the forum with the builders was successful and confirmed that HLB's systems are ready for disposition of the lots for the pilot program. He also noted that there will be an emphasis on affordability evaluated on price per square foot which was a revision of the guideline per input from the Builders. All proposals for disposition lot contracts must meet the minimum standards as set forth in the Builder Guidelines. During the second round of the process the bids for the lowest prices (per square foot) will move to the final stage where the top three lowest bids will be reviewed for compliance.

Mr. Dike stated that the first lots will be released on February 12, 2020. The lots to be sold will be aligned to the HCAD prices which is below the market price. Approximately twenty-six (26) lots will be sold to home builders selected for the pilot program.

Mr. Dike then mentioned that HLB will conduct a Kick-Off Event for the lot selection program. Director Marquéz recommended issuing a press release and then schedule the Kick-Off Event. .

V. Consideration and possible action to award four (4) new maintenance contracts for a one-year term, not to exceed the FY20 Budget, with opportunities to extend up to an additional three (3) one-year terms.

Ms. Haynes stated that the revised lot maintenance contracts are structured as 1-year agreements with two automatic one-year extensions unless HLB exercises its option not to extend. The projected budget in the memo has been revised since the Board last discussed this on 1.9.20, and it has been reduced based on a four-week cycle of routine cuts, per direction of the Executive Committee and other Board Members. These budgets are for the remainder of FY20 and the Board would review monthly costs, and at the end of the fiscal year for potentially rebidding the contracts.

The four recommended lot maintenance contractors and the contract prices are:

- (a) AD Construction & Development Inc. (\$167,541.37)
- (b) Evolution Alignment Inc. (\$118,523.18)
- (c) Smartsaping LLC (\$77,237.11)
- (d) Transteq Environmental Solutions Inc. (\$115,271.61)

The Board was informed that numerous HLB lots have been identified by the City's Department of Neighborhoods as being in violation of City codes for the presence of high weeds, brush, rubbish, and unsightly conditions. The lots which received notification for being out of compliance were the result of complaints from neighbors or from a Council Member's Office rather than by City inspectors.

Director Castillo asked how many complaints were on lots responsible to AD Construction & Development and how many were on lots responsible to Transteq

Environmental. Ms. Haynes responded that HLB did not have a breakdown of such information as it would take some time to go back through prior records and reconcile with how lots had been cut and assigned in the past.

The proposed contracts anticipate routine maintenance of approximately 2.6 million square feet, or a little more than 60 acres. The proposed contracts will assign specific properties to each of the four contractors. The contractors will be responsible for maintaining the assigned lots every 4 weeks from February through November which includes regular mowing and removal of debris. The HLB lots with houses for sale through the City's New Home Development Program will be scheduled to be mowed once per month in January and December, and twice monthly from February through November.

The proposed lot maintenance contracts are identical in terms and conditions. The lots will be allocated to each company based on their proximity to one another in addition to the respective company's geographical location and knowledge of the neighborhood.

The proposed contracts are also contingent on the allocation of funds to the HLB in subsequent fiscal years.

Director Lampley made a motion to approve the lot maintenance contracts subject to scheduling a review in 6 months to re-evaluate for enhance the price structure and re-bid the contracts if necessary, which motion was duly seconded by Director Yanez-Correa and passed by the majority vote of the Board. Director Collins abstained from voting on this agenda matter.

VI. [Executive Session: Per Texas Government Code Section 551.072 regarding Real Estate matters, the session may be closed to the public.] Consideration and possible action to approve changes to contracts 072015-02 (Board Approved 6/24/2016), and 070716-01 (Board Approved 7/22/2016). After the Executive Session, recommendations will be made public and a final vote will be taken in open session.

At 12:33pm Chairman Hall notified all in attendance that the Board would now be meeting in Executive Session. The Board was then informed that during the recent lot contract audit the Programs Committee determined that HAUCDC and JG Hollins made significant changes to the original contracts with regard to their respective lots. Although the lots are well out of compliance on the original contract timelines, due to the fact that they are Standard Purchase Contracts, the only right to repurchase available to HLB is limited to a right of first refusal.

The Programs Committee recommends consideration and possible approval of the following changes to such contracts:

- The Program Committee recommends that the requests for replatting are approved pursuant to a minimum lot size of 2,500 square feet.
- All changes will need to be documented in a 'Reset Agreement' to reset the timelines based on modified plans and specifications, and approval is based on the agreement to sign the Reset Agreement.

- The builder must comply with all other contract terms including regular construction updates and submit information regarding the qualified/certified low-income homebuyer for the house prior to closing with the homebuyer.
- The approval will be subject to an administrative fee, to be determined by the Program Committee and recommended to the Board of Directors at the next Board Meeting as a new policy going forward. HLB Staff will be working with the Program Committee to determine the appropriate Administrative Fee.

Original Contract Number 072015-02

Builder	HCAD	Address	Purchase Price	Request	Determination	Next Steps
HAUCDC	1. 0631670050008 2. 0221310000008	1. 2120 Sauer 2. 3439 Francis	1. 8340 2. 7500 *Paid \$5463.68 total for both	Amendment of timeline, design and development scope (replat)	Board approval required	Placed on agenda for Board review and approval

Description - This contract was Board approved on 6/24/2016 and construction was not close to being completed during HLB's 2019 audit. Once HLB contacted HAUCDC a construction status update; it was determined by the Builder-Program Committee that HAUCDC was replatting these two lots and would need permission to move forward. It was determined by the Program Committee that this outstanding contract should move forward for Board approval. HAUCDC has submitted new plans and specifications for the 4 new homes proposed on these two lots, which are considered townhouse construction. In addition to price increases for each which vary from \$190,000-196,000 on Sauer, and \$211,500 on Francis, these properties are two stories, and demonstrate increased density, which is not uncommon in this area of Third Ward. These will provide more affordable units in a rapidly gentrifying neighborhood. The Proposed timeline is 90 days for replatting, 60 days permitting, and 150 days for construction.

Ms. Harris stated that the original architect for HAUCDC left before completing the work with the replatting process and therefore HAUCDC had to acquire additional funds to employ a new architect.

Director Collins stated that he has an issue with approving the changes to the contract because other builders may then request similar changes to their contracts. Director Yáñez-Correa stated that it does not feel right to allow the contractor to make changes to the original contract without obtaining prior authorization from the Board. Director Galloway recommended a cap price of \$190,000 for these houses and re-set the time frame from the date construction commences for the default provisions.

Director Lampley made a motion to submit a counteroffer to HAUCDC requiring the following conditions:

- HAUCDC must timely submit monthly construction status reports;
- Pay administrative costs to HLB to administer the Reset Agreement;

- Replat the lots to not less than 2,500 square feet;
- Provide proof of certified low income buyer prior to closing;
- Price of house not to exceed \$190,000;
- Adhere to construction schedule of 90 days for replatting, 60 days for permitting and 150 to complete construction;
- Chairman Hall requested that HAUCDC accept or reject this counter-offer with 15 days by certified mail, return receipt requested.
- Director Galloway seconded such motion and passed by the unanimous vote of the Board.

Original Contract Number 070716-01

Builder	HCAD	Address	Purchase Price	Request	Determination	Next Steps
JG Hollins	0410500050215	0 Tulane	1.5000	Amendment of timeline, design and development scope (replat)	Board approval required	Placed on agenda for Board review and approval

Description - This contract was Board approved on 7/22/2016 and construction was not close to being completed during HLB's 2019 audit. Once HLB contacted JG Hollins for a construction status update, it was determined by the Builder-Program Committee that the builder has replatted its lots to 1,500 square feet each and would need permission to move forward. It was determined by the Program Committee that this outstanding contract should move forward for Board approval. JG Hollins has submitted new plans and specifications for the 3 new homes proposed on the three lots that the original lot was subdivided into, after the Board approved contract. The plans and specs are for 2 story townhome style homes with a price of \$201,100 each.

Director Lampley made a motion to submit a counteroffer to JG Hollins requiring the following conditions:

- JG Hollins must timely submit monthly construction status reports;
- Pay administrative costs to HLB to administer the Reset Agreement;
- Replat the lots to not less than 2,500 square feet;
- Provide proof of certified low income buyer prior to closing;
- Price of house not to exceed \$190,000;

- Adhere to construction schedule of 90 days for replatting, 60 days for permitting and 150 to complete construction;
- Chairman Hall requested that JG Hollins accept or reject this counter-offer with 15 days by certified mail, return receipt requested.
- Director Galloway seconded such motion and passed by the unanimous vote of the Board.

Chairman Hall announced that the Executive Session has now concluded and that the meeting is now returned to an open session at 1:30 pm.

In the open session Director Lampley made a motion to submit a counteroffer to HAUCDC requiring the following conditions:

- HAUCDC must timely submit monthly construction status reports;
- Pay administrative costs to HLB to administer the Reset Agreement;
- Replat the lots to not less than 2,500 square feet;
- Provide proof of certified low income buyer prior to closing;
- Price of house not to exceed \$190,000;
- Adhere to construction schedule of 90 days for replatting, 60 days for permitting and 150 to complete construction;
- Chairman Hall requested that HAUCDC accept or reject this counter-offer with 15 days by certified mail, return receipt requested.
- Director Galloway seconded such motion which passed by the unanimous vote of the Board.

Also, in the open session Director Lampley made a motion to submit a counteroffer to JG Hollins requiring the following conditions:

- JG Hollins must timely submit monthly construction status reports;
- Pay administrative costs to HLB to administer the Reset Agreement;
- Replat the lots to not less than 2,500 square feet;
- Provide proof of certified low income buyer prior to closing;
- Price of house not to exceed \$190,000;

- Adhere to construction schedule of 90 days for replatting, 60 days for permitting and 150 to complete construction;
- Chairman Hall requested that HAUCDC accept or reject this counter-offer with 15 days by certified mail, return receipt requested.
- Director Galloway seconded such motion which passed by the unanimous vote of the Board.

VII. Board Member Comments

Nothing to report.

VIII. 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 1:34 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