

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

June 11, 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, June 11, 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
Vincent Marquéz	Courtney Johnson Rose
Jesus DeAnda	Antoinette Jackson

Board members absent were: Carol Galloway, Pastor Steve Hall, Ana Yáñez-Correa, John David Vasquez and Matt Zeis.

Others in attendance included: Anne Haynes, the CEO/President for the Houston Land Bank; Marye Barba, Administrative Assistant for HLB; 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; 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 12:16 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

Nothing to report.

III. Adopt Minutes of May 14, 2020 Regular Meeting

Chairman Hall noted that the minutes for the Board of Directors regular meeting held on May 14, 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 Marquéz made a motion to approve the minutes of the Board meeting held on May 14, 2020 as written, which motion was then duly seconded by Director DeAnda.

Afterward the minutes of May 14, 2020 were re-visited because Director Jackson stated she was in attendance at the May meeting however, the minutes reflect she was absent.

Director Marquéz then made an amendment to his earlier motion to approve the minutes of the May 14, 2020 meeting to correctly show that Director Jackson was in attendance at the May meeting, which motion was duly seconded by Director Collins 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 and the budget workshop meeting held on June 4, 2020. He then congratulated Director Yáñez-Correa with regard to her appointment as Deputy Director of the Harris County Justice Administration Department. He then wished Ms. Haynes a happy birthday.

V. Committee Reports

a. Finance Committee: Matt Zeis, Chair

Director Zeis was not present for this meeting, therefore Ms. Haynes informed the Board that the Finance Committee met on Tuesday, June 9, 2020 and noted that the Finance Committee focused on budget matters.

b. Program Committee: Curtis Lampley, Chair

Director Lampley announced that the Program Committee has met on June 2, 2020 and extensively reviewed the current pro forma contract that the builder's use to project their costs for construction. Many suggestions were made so that the pro forma is more detailed and yet accurate. Director Lampley stated that staff has now thoroughly revised the pro forma contract and provided an updated version to be used going forward starting with the second round of lots to be sold to builders.

He informed the Board that HLB has reviewed the builder's applications from the first lot sale and scored the builders based on a variety of factors. Six of the eight builders are being recommended for acquisition of lots on today's agenda. The anticipated revenue from these sales is \$251,000.00. Staff is now working with the Program Committee to select the second round of lots for the builders to bid on.

Director Lampley then read aloud the list of the builders recommended by the Program Committee for the first round of lots to be approved by the Board as noted under Agenda item VII.a. for today's meeting.

He then reported that HLB staff has also reviewed the prior right of first refusal lot program and is now working on a new right of first refuse lot program for those lots in HLB's inventory which may not be able to support construction of affordable housing. He stated that Ms. Haynes will elaborate as to how the new right of first refusal program will be utilized in the Settegast subdivision in her President's report later in this meeting.

Director Collins asked how much is the average monthly note? Director Lampley stated that would be difficult to determine because such monthly note amount would be based on each homebuyer's financial arrangements. Director Collins requested a synopsis of note amounts to be circulated at a later time.

c. Oversight Committee: Mario Castillo, Chair

Director Castillo announced that the Oversight Committee did not meet in June but instead scheduled six weekly sessions that will be held to review the draft Policies and Procedures document and then produce a recommended version for the Board to adopt at the August Board of Directors meeting. He noted that questions and recommendations are welcome and participation is encouraged.

The six weekly sessions will be as follows:

Week 1 – General Conflict of Interest and Transactional Approval

Week 2 – Property Maintenance and Land Bank Services for Third Parties

Week 3 – Administration

Week 4 – Disposition of Lots and On-Line Transfer of Rehab Properties

Week 5 – Definitions and Acquisitions

Week 6 – Financing

Director Rose asked how long the Board will have to review the revised Policies and Procedures document before it must be approved by the Board. She also requested that the changes in the proposed Policies and Procedures document be highlighted to the prior version for ease of determining the portions so changed.

d. Marketing Committee: Vincent Marquéz, Chair

Director Marquéz stated that the Marketing Committee did not meet during the month of June but rather participated in the meeting concerning the budget. He noted that he and Director Lampley visited the new HLB offices at the BakerRipley building and were excited about the opportunity to hold builder forums, conduct networking sessions, and enjoying the view.

e. Partnerships Committee: Courtney Johnson Rose, Chair

Director Rose informed the Board that the Partnership Committee did not meet during the month of June due to the budget workshop held on June 4, 2020. She anticipates submitting to the Board for review and approval of a new partnership with Hope Farms which conducts urban farming in the Houston area.

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

Ms. Haynes informed the Board that the Houston Land Bank has now moved its offices to 4450 Harrisburg Boulevard.

She mentioned that a portion of the HLB staff continue working remotely and remain productive during the COVID-19 pandemic stay at home order. The staff and officers meet daily via Microsoft Teams, while one to two people work in the office daily to facilitate the necessary in-office tasks.

Ms. Haynes next reported that as of June 5, 2020 the current inventory of HLB properties now totals 558 properties with 240 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 through HLB's traditional program in 2019 and 13 to date in 2020. There are now 48 lots 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 25 houses of the 35 made available to the New Home Development Program have been sold to date and 34 are under contract to sell this month. Currently, there are 9 houses listed for sale. Phase 5 and 6 have eight houses for a total of sixteen but no clarification as to when those houses will be available to HLB.

Ms. Haynes then reported there are 2-4 DON violations per month on HLB lots where abandoned vehicles, boats, and tires have been placed over the years. She is working with the Department of Neighborhoods to remove the vehicles and boats from the lots. She stated that these are the types of day to day functions that are part of the property management process. This was expected as a result of the first cut being completed by the lawn maintenance contractors. 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.

She recalled that in February, Wells Fargo Bank held a national competition for an innovation challenge grant for ideas to support affordable housing throughout the country. 850 applications were submitted and Wells Fargo Bank created a three phase plan the first phase of which was to submit an idea without supportive numbers, when, if selected, you were able to go on to round two. This type of seed funding would provide HLB with available funds for acquiring land and building an inventory of affordable housing. Unfortunately, none of the

applications submitted by applicants from the Houston area were selected in this competition. Two hundred of the 800 applications were focused on financial tools and only 15 applicants went on to round two. She stated that no one way of building an inventory will be enough for the need for affordable housing throughout the city of Houston. HLB will now need to determine which organizations could assist with seed funding to acquire strategic properties when they come up for sale.

Ms. Haynes reported that HLB has approximately 150 lots in the Settegast subdivision however approximately 53 of these lots are in an area which is heavily forested with no utility infrastructure. HLB is working on a development strategy for this area with the Planning Department and the Public Works Department of the City of Houston and with Ex-Officio Board Member Stoneham. Ms. Haynes noted that Settegast is a close-in neighborhood with rising housing prices and is approximate to job centers. HLB is in charge of drafting an RFQ for planning strategies and determining the cost of infrastructure for the necessary utilities. This RFQ does not concern the disposition of lots. There will be a month long time line for responses to the RFQ.

Director Castillo asked if the City asked HLB to put this RFQ together. Ms. Haynes responded that Director Eden was in conversation with a private developer who also owns about 150 lots in Settegast area. Director Collins stated that the private developer approached LARA about ten years ago regarding its lots but the price of the houses to be built were in the \$250,000.00 - \$300,000.00 range.

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 in 2009 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. Lastly, Ms. Haynes stated that HLB staff is drafting contract templates for different types of activities.

VII. Consideration and Possible Action Regarding Contracts for Lot Sales to Approved Builders for the Houston Land Bank Housing Initiative

- i. **MHL PROPERTIES LLC**
Contract # HLB R1 05182020
(4350 Knoxville - 0761950040019; Lot Price - \$23,936)
- ii. **MHL PROPERTIES LLC**
Contract # HLB R1 05182020 – 2
(4354 Knoxville - 0761950040020; Lot Price - \$15,110)
- iii. **NEXT GENERATION DEVELOPMENT LLC**
Contract # HLB R1 05182020 -3
(8610 Amadwe - 0470580000044; Lot Price - \$13,907)
- iv. **NEXT GENERATION DEVELOPMENT LLC**
Contract #HLB R1 05182020 - 4
(4323 Rosemont - 0641550000024; Lot Price - \$20,170)

- v. **SXG CAPITAL GROUP LLC**
Contract # HLB R1 05182020 - 5
(0 Bowen - 0511630000003; Lot Price - \$20,169)
- vi. **SXG CAPITAL GROUP LLC**
Contract # HLB R1 05182020 - 6
(1221 Vera Lou - 0650100130009; Lot Price - \$37,929)
- vii. **SXG CAPITAL GROUP LLC**
Contract # HLB R1 05182020 - 7
(3000 Galesburg - 0641680290019; Lot Price - \$19,225)
- viii. **SXG CAPITAL GROUP LLC**
Contract # HLB R1 05182020 - 8
(4353 Knoxville - 0761950030017; Lot Price - \$16,074)
- ix. **ELEVATE OPPORTUNITY ZONE FUND LLC**
Contract # HLB R1 05182020 -9
(4334 Brinkley - 0690150090005; Lot Price - \$21,129)
- x. **ELEVATE OPPORTUNITY ZONE FUND LLC**
Contract # HLB R1 05182020 -10
(8610 Lee Otis - 0470580000024; Lot Price - \$14,906)
- xi. **SILVER CIRCLE LLC**
Contract # HLB R1 05182020 -11
(4433 Elmwood - 0761950110131; Lot Price - \$17,695)
- xii. **SILVER CIRCLE LLC**
Contract # HLB R1 05182020 - 12
(7822 Jester - 0511540460009; Lot Price - \$16,247)
- xiii. **EMBRACING DESTINY FOUNDATION**
Contract #HLB R1 05182020 - 13
(3910 Lowden - 0641680160004; Lot Price - \$14,903)

Director Lampley made a motion to approve each of the contracts for lot sales to approved builders for the Houston Land Bank Housing Initiative, which motion was duly seconded by Director Marquéz and passed by the unanimous vote of the Board

b. Consideration and Possible Action Regarding Adoption of the Proposed HLB FY 2021 Budget

Ms. Haynes noted that the FY2021 Budget is complex because HLB is running two programs simultaneously and sources of funding are different for each program. The New Home Development Program is a main component of the budget, therefore, HCDD must approve the HLB budget. She noted that adjustments may need to be made in the Fall based on more current information on staffing, maintenance and day-to-day operations. Also, there are some

assumptions in the budget with regard to lot sales that go directly into HLB's own programming. She stated that the goal is to move into the fiscal year on July 1, 2020.

Director Collins made a motion to adopt the Fiscal Year 2020 Budget with the condition that the current outside consultants providing services for bookkeeping, accounting and legal be maintained in place at their current levels. Ms. Haynes stated that HLB is spending a lot of funds on external consultants for work which could be accomplished in-house and requested that Director Zeis be involved with this discussion to move some of the external consultant work to be handled in-house. Director Collins stated that his motion stands as made. He also suggested that HLB should negotiate to get a better deal with the external consultants.

The motion of Director Collins to adopt the proposed HLB Fiscal Year 2021 budget with the condition that the current consultants for bookkeeping, accounting, and legal be retained by HLB at their current levels was then duly seconded by Director Jackson and passed with the unanimous vote of the Board.

c. Discussion and Possible Action to Authorize the Houston Land Bank to Amend Its Governing Documents, Subject to Approval by Houston City Council, to Allow the Houston Land Bank to Borrow Funds

Chairman Hall reiterated that under the current HLB articles of incorporation and by-laws it is not permitted to incur debt. As mentioned by Ms. Haynes earlier, HLB had submitted a response to an affordable housing competition wherein the organization would enter into an agreement for a quick strike fund. Chairman Hall asked that this matter be placed on the agenda for discussion and then submitted to legal counsel for review. He stated that this would give HLB the flexibility to incur debt to move quickly on acquisitions in line with HLB's mission. Director Collins asked that the discussions include how the HLB is going to pay the money back to the bank.

Director Castillo made a motion to authorize amending the governing documents of the HLB to allow it to borrow funds, which motion was duly seconded by Director Marqu ez and passed by the unanimous vote of the Board.

VIII. Board Member Comments

Director Hall requested input from members of the Board with regard to attending meetings in person or continue with meetings via video conferencing.

IX. 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 1:11 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. 08 / 03 / 2020

Mario Castillo

Secretary

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