



**BOARD OF DIRECTORS REGULAR MEETING
December 10, 2020**

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houston
landbank

Board of Directors Regular Meeting Agenda

Thursday, December 10, 2020

Noon Central time

Note: This meeting will be 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. To access and view the meeting online, please go to:

Join Zoom Meeting at

<https://us02web.zoom.us/j/83062769648>

Or join by phone by calling:

877-853-5247 or

888-788-0099

Meeting ID: 830 6276 9648

The recording will be posted online after the meeting. Please contact info@houstonlandbank.org or call us at 281-655-4600 with any questions.

AGENDA

- I. Call to Order and Roll Call
- II. Public Speakers

Speakers must be registered in advance by 5 p.m. on Wednesday, December 9, 2020, To register, please use our online form at www.houstonlandbank.org/resources, e-mail info@houstonlandbank.org or call us at 281-655-4600. The Chair will call upon speakers and allow three minutes per speaker.

- III. Adopt Minutes from November Board Meetings
 - a. November 5, 2020 Special Meeting
 - b. November 12, 2020 Regular Meeting

IV. Chairman's Greeting: Matt Zeis

V. Committee Reports:

- a. Finance Committee: Laurie Vignaud, Chair
- b. Program Committee: Curtis Lampley, Chair
 1. Update and Recommendations Regarding Round 3 Lot Sales

P.O. Box 131106, Houston, Texas 77219
281.655.4600

2. Update Regarding Creation of the HLB Limited Alternative Land Use Program
 3. Update and Recommendation Regarding Limited One-Time Assistance to HLB Builders to Mitigate Increased Building Costs
- c. Oversight Committee: Mario Castillo, Chair
- d. Partnerships Committee: Courtney Johnson Rose, Chair

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

VII. Board Action Items

- a. Consideration and Possible Action to Accept Program Committee and Staff Builder Lot Selection Recommendations for the HLB Housing Initiative Round 3 [Address - HCAD# -- Proposed Price (Builder) Listed Below]

1. 0 Coke - 0562330000022 - \$10,320 (5th Ward CRC)
2. 0 Josephine - 0042340000011 - \$13,238 (5th Ward CRC)
3. 7006 Hoffman - 0660250100923 - \$16,305 (5th Ward CRC)
4. 0 Hoffman - 0660250070829 - \$16,014 (5th Ward CRC)
5. 6814 Bethune - 0781250050153 - \$16,292 (SXG Capital Group)
6. 6925 Hoffman - 0660250070828 - \$11,628 (Blue Starfish Construction)
7. 0 Sunnyhill - 0361190070007 - \$13,640 (L.I.Z. Enterprises)
8. 5409 Haight - 0381800000015 - \$13,705 (Habitat for Humanity)
9. 0 Haight - 0381790000013 - \$13,375 (Habitat for Humanity)
10. 0 Haight - 0381790000014 - \$12,216 (Habitat for Humanity)
11. 0 Orebo - 0162630000209 - \$15,916 (St. Bernard Project Inc.)
12. 0 Orebo - 0162630000210 - \$15,916 (St. Bernard Project Inc.)
13. 0 Orebo - 0162630000211 - \$15,916 (St. Bernard Project Inc.)
14. 6809 Bethune - 0781250060179 - \$16,400 (St. Bernard Project Inc.)
15. 0 Dewalt - 0710900230051 - \$16,344 (Nelrod)
16. 929 Dewalt - 0710900230050 - \$16,344 (Nelrod)
17. 4401 Sterling - 0761950140161 - \$10,673 (Holman Avenue)
18. 0 Farmer - 0351770000040 - \$12,375 (Holman Avenue)
19. 6506 Hoffman - 0660250110892 - \$17,440 (Ironclad Homes)
20. 6524 Hoffman - 0660250110896 - \$16,099 (Ironclad Homes)
21. 7446 Bywood - 0731320000403 - \$13,312 (Burghli Homes)
22. 7450 Bywood - 0731320000404 - \$14,378 (Burghli Homes)
23. 0 Bywood - 0731310000121 - \$12,714 (Burghli Homes)
24. 7418 Bywood - 0731320000396 - \$13,182 (Burghli Homes)
25. 7133 Bywood - 0731310000094 - \$12,600 (Burghli Homes)
26. 7138 Bywood - 0731310000114 - \$12,792 (Burghli Homes)
27. 7206 Bywood - 0731310000112 - \$12,324 (Burghli Homes)
28. 8203 N. Main - 0620540120004 - \$23,046 (Europa Homes)
29. 0 Alvin - 0641680180013 - \$10,454 (Lawrence Builders)



- 30. 7213 S. Hall - 0731310000176 - \$8,892 (Lawrence Builders)
- b. Consideration and Possible Action Regarding Amending the Fiscal Year 2021 Operations Budget to Reduce Expenditures by \$278,243
- c. Consideration and Possible Action to Establish One-Time Limited Assistance to HLB Builders to Mitigate Increased Lumber Costs, and Allocating a Maximum of \$60,000
- d. Consideration and Possible Action to Delegate Authority and Direct Staff to Acquire Up To 6.8 Acres in Houston's Near Northside Area for a Price Not to Exceed \$9.6 Million for the City of Houston's New Home Development Program Under the Auspices of the Amended and Restated Acquisition Agreement with the City of Houston (HCAD Numbers Listed Below)
 - 1. HCAD 0310230000001
 - 2. 0310300000011
 - 3. 0310300000008
 - 4. 0310300000004
 - 5. 0310300000005
 - 6. 0310230000003
 - 7. 0312350000001
 - 8. 0312350000002
 - 9. 0310160000001
 - 10. 0310130000009
 - 11. 0310130000005
 - 12. 0310130000004
 - 13. 0310130000003
 - 14. 0310130000002
 - 15. 0310130000011
 - 16. 0310130000001
- e. Consideration and Possible Action to Approve an Agreement with CR Financials Group for Accounting Services in an Amount not to Exceed \$54,000
- f. Consideration and Possible Action to Approve an Agreement with McConnell & Jones for Financial Services in an Amount not to Exceed \$40,000

VIII. Executive Session

- a. Discussion regarding the value or transfer of real property

NOTE: The Houston Land Bank Board may go into executive session, if necessary, pursuant to Chapter 551 of the Texas Government Code, for one or more of the following reasons: (1) consultation with its legal counsel to seek or receive legal advice or consultation regarding pending or contemplated litigation; (2) discussion about the value or transfer of real property; (3) discussion about a prospective gift or donation; (4) consideration of specific personnel matters; (5) discussion about security personnel or



devices; or (6) discussion of certain economic development matters. The Board may announce that it will go into executive session on any item listed on this agenda if the subject matter is permitted for a closed session by provisions of Chapter 551 of the Texas Government Code.

Discussion may occur in executive session as provided by State law, but all Board actions will be taken in public.

- IX. Action Items from Executive Session
- X. Board Member Comments
- XI. Adjournment



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

November 5, 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 by video conference due to the City of Houston Stay Home Work Safe Order, and Governor Abbott's Executive Order Regarding Public Meetings during the time of the COVID 19 pandemic, in Houston, Texas, on Thursday, November 5, 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:

Matt Zeis	Mario Castillo
David Collins	Curtis Lampley
Antoinette Jackson	Jesus DeAnda
Carol Galloway	John David Vasquez

Board members absent were: Laurie Vignaud, Victor A. Mondragón, Courtney Johnson Rose and Pastor Steve Hall

Others in attendance included: Anne Haynes, the CEO/President for the Houston Land Bank; Jennifer Allison, Property Operations and Engagement Manager of the Houston Land Bank; David Benson, Director of Organizational Excellence for HLB; Marye Barba, Administrative Assistant for HLB; Greg Erwin and Mark Glanowski (Paralegal) of Winstead PC, outside legal counsel for the HLB; Gonzalo Gonzalez, Director of Finance and Accounting for HLB; Gracie Saenz, In-house counsel for HLB; Darice Harris, Legal Counsel and Program Director for HLB; Christa Stoneham, Board Liaison Ex-Officio Board Member; Nicholas J. Foran, appointee to the HLB Advisory Board; Ivan Zapata, Project Manager for Real Estate & Acquisitions for the HLB; and Rupa Sen, Real Estate Manager for the City of Houston.

I. Call to Order and Roll Call

Chairman Matt Zeis called the special meeting to order at 12:08 p.m. A roll call of the Board members in attendance immediately followed. Chairman Zeis noted that a quorum of the Board was present.

II. Public Speakers

Ms. Haynes stated that no public speakers signed up to attend the special meeting by the 5:00 p.m. deadline on Wednesday, November 4, 2020.

III. Board Action Items

- a. Consideration and Possible Action to Execute a Professional Services Contract with the ESE Partners to Provide Final Phase II Environmental Analysis Services of \$11,800**

Director Castillo made a motion to move this Agenda item to after the Executive Session portion of the special meeting which motion was duly seconded by Director Galloway and passed with the unanimous vote of the Board.

IV. Executive Session

- a. Discussion of Potential Acquisition of Real Property**

The Board was then placed in to a virtual breakout room at 12:15 p.m. for the Executive Session.

Chairman Zeis requested that the Executive Session portion of the Special meeting now be closed and reconvene the Special Meeting in the Open Session to vote on the action to execute a contract with ESE Partners to provide final Phase II environmental analysis services for \$11,800.

The Open Session was reconvened at 12:59 pm, however, Chairman Zeis noted that the Board no longer had a quorum to take the vote on the matter for the contract with ESE Partners for the monitoring wells as Director Galloway and Director Jackson dropped off the video conference. Chairman Zeis then adjourned the meeting at 1:00 pm due to the lack of a quorum of the Board.

V. Board Update Items

- a. Discussion of Pre-Qualified Planning Vendors for Planning and Economic Development consulting professional services, resulting from the Urban Planning RFQ of 2020**

Nothing to report.

- b. Review of Program Committee recommendation for Board Approval Regarding the Houston Land Bank Limited Alternative Land Use Program (Prior Right of First Refusal Program)**

Nothing to report.

- c. Update and Discussion Regarding Proposed Adjustments to New Home Development Program Held Properties List**

Nothing to report.

- d. Discussion of Potential Financing for the Acquisition of Real Property**

Nothing to report.

VI. Adjournment

Chairman Zeis noted that Director Galloway and Director Jackson exited the video conference at 1:00 p.m. therefore the special Board meeting was adjourned at 1:00 p.m. due to the lack of a quorum 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.

Secretary

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

November 12, 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 video conference due to the City of Houston Stay Home Work Safe Order, and Governor Abbott's Executive Order Regarding Public Meetings during the time of the COVID 19 pandemic, in Houston, Texas, on Thursday, November 12, 2020 at 12:00 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:

Matt Zeis	Curtis Lampley
David Collins	Jesus DeAnda
Carol Galloway	Victor A. Mondragón
Mario Castillo	Courtney Johnson Rose
John David Vasquez	Antoinette Jackson

Board members absent were: Laurie Vignaud and Pastor Steve Hall.

Others in attendance included: Anne Haynes, the CEO/President for the Houston Land Bank; Jennifer Allison, Vice President of Operations and Programs; David Benson, Director of Organizational Excellence for HLB; Marye Barba, Administrative Assistant for HLB; Ivan Zapata, Program Manager of Real Estate and Acquisitions for HLB; Greg Erwin and Mark Glanowski (Paralegal) of Winstead PC, outside legal counsel for the HLB; Gonzalo Gonzalez, Director of Finance and Accounting for HLB; Gracie Saenz, In-house counsel for HLB; Darice Harris, Legal Counsel and Program Director for HLB; Christa Stoneham, Board Liaison Ex-Officio Board Member; Vincent Marquéz, of the HLB Advisory Board; Kellen Zale, of the HLB Advisory Board, Nicholas Foran of the HLB Advisory Board; Elijah Williams of the HLB Advisory Board; Anderson Stout of the Houston Housing and Community Development Department; and Kiona Davis, a resident in Settegast.

I. Call to Order and Roll Call

Chairman Matt Zeis called the regular meeting to order at 12:02 p.m. A roll call of the Board members in attendance immediately followed. Chairman Zeis noted that a quorum of the Board was present.

II. Public Speakers

Chairman Zeis then requested Ms. Haynes to introduce any persons who registered to address the Board today. Ms. Haynes asked if Kiona Davis was present. Ms. Davis acknowledged that she was in attendance to inform the Board of the illegal dumping occurring in

Settegast. Ms. Davis stated that she lives on Sparta Street in Settegast. She then mentioned HLB owns 13 lots on this same street which have not been frequently inspected because there is a lot of dumping of trash occurring on these lots which detracts from the neighborhood. Chairman Zeis stated that illegal dumping on HLB property is a concern that the HLB discusses every week to find solutions to reduce this activity. Ms. Davis described the debris as building materials, tree trunks/limbs and canisters. Ms. Galloway asked if she called 3-1-1 to report the illegal dumping. Ms. Davis confirmed she had called 3-1-1 but nothing has been done to correct the illegal dumping problems for the past two years. Then she contacted Jen Allison at HLB who was able to have the lot next to Ms. Davis' house cleaned up. Ms. Allison informed Ms. Davis to call her at any time she sees illegal dumping occurring in Settegast. Ms. Haynes mentioned that more illegal dumping occurs in Settegast than in the other HLB neighborhoods and will schedule more visits in Settegast.

Director Lampley recommended contacting the City councilperson responsible for the Settegast neighborhood to have cameras installed to catch the persons responsible for the illegal dumping and prosecute them. The Board thanked Ms. Davis for addressing this situation with the Board.

Ms. Haynes then announced that Lisa Walker also signed up to attend the meeting but did not wish to speak to the Board.

III. Adopt Minutes of October 8, 2020 Regular Meeting

Chairman Zeis noted that the minutes for the regular meeting of the Board of Directors were previously circulated for review and comment. He asked if there were any comments for discussion to such minutes. Hearing none, Chairman Zeis requested a motion to adopt the minutes.

Director Galloway made a motion to adopt the minutes of the October 8, 2020 regular meeting, which motion was duly seconded by Director Mondragón and passed with the unanimous vote of the Board.

IV. Chairman's Greeting—Matt Zeis, Chair

Chairman Zeis thanked the Board members in attendance for volunteering and being available for this meeting concerning this worthy cause. He then stated that there will be a Board Meeting on December 10, 2020 due to the number of matters which need attention prior to the January 2021 meeting.

Chairman Zeis noted that yesterday was Veterans Day and thanked Directors Hall and Collins and Ivan Zapata for their military service. He also wished everyone a safe Thanksgiving holiday later this month.

V. Committee Reports:

a. Finance Committee: Laurie Vignaud, Chair

Chairman Zeis stated Ms. Vignaud is not present for today's Board meeting; therefore, he reported that the Finance Committee met to review the Profit/Loss Balance Sheet, a copy of which is in the Board packet for the meeting.

b. Program Committee: Curtis Lampley, Chair

1. Update on Results of Builder RFQ and Recommendations for Qualified Builders (see item VII.a. below)

Director Lampley reported that the Program Committee is recommending six new home builders to become Qualified Builders which is on the Agenda for approval by the Board later in this meeting.

Director Lampley then stated that the Program Committee also has been working with HLB staff to create a revised program in order that lots in the old Right of First Refusal Program can be sold pursuant to the new revised guidelines. Lastly, he mentioned that the Program Committee continues to research the lumber material pricing issues with HLB's current home builders.

c. Oversight Committee: Mario Castillo, Chair

1. Update on HLB Lot Maintenance Program

Director Castillo reported that the Oversight Committee met on November 5, 2020 to discuss the status of the Lot Maintenance Program Contract.

Director Castillo stated that the Oversight Committee is examining the Lot Maintenance Program Contract and the current expenditures for lot maintenance against the budget, and the cycle of maintenance for the lots in the HLB inventory. He hopes to have the recommendations of the Oversight Committee with regard to the Lot Maintenance Program Contract available for the Board's review at the January 2021 meeting.

d. Partnerships Committee: Courtney Johnson Rose, Chair

Chairman Zeis noted that there will be no Partnerships Committee report for today's meeting.

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

Ms. Haynes reported that she gave a presentation to the Greater Houston Community Foundation a couple of weeks ago on a panel discussing housing issues. Also, Director Mondragón presented the HLB program to the Charla Comunitaria which is an activity of the My Home is Here campaign concerning the HLB's work. She stated that the HLB is continuing to look for resources to help support current and future activities. HLB submitted an application for a grant to the US EPA Brownfields Program as a coalition with the City of Houston and Avenue CDC with regard to environmental issues found on the real property. She noted that

March 2021 would be the earliest to receive confirmation of the grant. HLB also applied to the JPMorgan Chase Foundation with regard to the Gulfton neighborhood which is part of the Complete Communities. Next, she mentioned that there was an Ad Hoc Committee meeting on October 31 to continue to discuss the goals of the HLB for the next several years and that there will be another meeting before it submits its recommendations to the Board for review and finalization of a Strategic Plan.

Ms. Haynes reported that there were six lots closed from a prior Board approved lot disposition program and six houses sold under the New Home Development Program. She noted that there are 23 houses under development in the NHDP which will be placed with HLB inventory in a couple of months. In addition, there are 89 properties under development between the two programs. Ron Butler and Jen Allison participated in a walk through for the 33% construction review during the past week on a number of NHDP houses. In addition, there are five houses which are further along in development so these will be the first ones to be delivered to HLB for marketing and sale. HLB is working diligently with the Houston Housing Department on a series of pre-sales marketing opportunities prior to the completion of construction of the houses.

Ms. Allison reported that there are five houses stuck in limbo. One is stuck in permitting, and there are eight that are 66% complete as of two weeks ago. She noted that 47 houses were permitted as of last week and construction will start soon.

Ms. Haynes mentioned that she will be scheduling a lender's forum to align home builders and homebuyers with financing for the purchase of the HLB affordable homes.

Lastly, she mentioned there are 525 properties currently in the HLB inventory of which approximately 226 are being held for the Houston Housing Department and 17 for the CHDO program for development of affordable housing.

VII. Board Action Items

Chairman Zeis then stated that items VII.e and VII.f are being pulled from the Agenda for today's meeting and moved to the December meeting for consideration.

- a. **Consideration and Possible Action to Approve Program Committee Recommendations for New Builders for Potential Property Transfer and Construction of Affordable Homes Through the Houston Land Bank Housing Initiative**
 1. Byrdson Services LLC (dba Excello Homes)
 2. St. Bernard Project, Inc (dba SBP, Inc)
 3. Nelrod Properties LLC
 4. Lawrence Builders
 5. L.I.Z. Enterprises
 6. Europa Homes Corporation

Director Lampley made a motion to approve the Program Committee recommendations for the new home builders itemized above for construction of affordable houses through the Houston Land Bank Housing Initiative, which motion was duly seconded by Director Mondragón and passed with the unanimous vote of the Board.

b. Consideration and Possible Action to Acquire Two Parcels in Settegast:

1. 0 Bobby Burns: HCAD 0121840000004, \$8,500
2. 0 Bobby Burns: HCAD 0122690000004, \$8,500

Director Galloway made a motion to acquire the two parcels in Settegast itemized above, which motion was duly seconded by Director Jackson and passed with the unanimous vote of the Board.

c. Consideration and Possible Action to Direct Staff to Secure Financing Not to Exceed 70% of the Estimated \$9.6 Million Cost of Possible Acquisition of 6.8 Acres in the Near Northside Area of Houston for the City of Houston's New Home Development Program Under the Auspices of the Acquisition and Development Agreement

Director DeAnda made a motion to direct staff to secure financing not to exceed 70% of the acquisition cost of 6.8 acres in the near northside of Houston for the New Home Development Program, which motion was duly seconded by Director Castillo and passed with the majority vote of the Board as Directors Collins and Galloway abstained from voting.

d. Consideration and Possible Action to Direct Staff to Secure Financing Not to Exceed 70% of the Estimated \$2 Million Cost of Possible Acquisition of 1.77 Acres in the Magnolia Park/East End Area of Houston for the City of Houston's New Home Development Program Under the Auspices of the Acquisition and Development Agreement

Director Lampley made a motion to direct staff to secure financing not to exceed 70% of the acquisition cost for 1.77 acres in Magnolia Park for the New Home Development Program, which motion was duly seconded by Director Mondragón and passed with the majority vote of the Board as Director Galloway abstained from voting on this Agenda item.

e. Consideration and Possible Action to Delegate Authority and Direct Staff to Acquire Up To 6.8 Acres in Houston's Near Northside Area for a Price Not to Exceed \$9.6 Million for the City of Houston's New Home Development Program Under the Auspices of the Amended and Restated Acquisition Agreement with the City of Houston (HCAD Numbers Listed Below)

1. HCAD 0310230000001
2. 0310300000011
3. 0310300000008
4. 0310300000004

5. 0310300000005
6. 0310230000003
7. 0312350000001
8. 0312350000002
9. 0310160000001
10. 0310130000009
11. 0310130000005
12. 0310130000004
13. 0310130000003
14. 0310130000002
15. 0310130000011
16. 0310130000001

This Agenda item was pulled from consideration at this meeting and will be addressed at the December 2020 Board meeting.

f. **Consideration and Possible Action to Delegate Authority and Direct Staff to Acquire 1.77 Acres in Houston's Magnolia Park/East End Area for a Price Not to Exceed \$2 Million for the City of Houston's New Home Development Program Under the Auspices of the Amended and Restated Acquisition Agreement with the City of Houston (HCAD Numbers Below)**

1. HCAD 0250950000034
2. 0250950000033
3. 0250950000031
4. 0250950000029
5. 0250950000027
6. 0250950000025
7. 0250950000022
8. 0250950000020
9. 0250950000018

10. 0250950000015

This Agenda item was pulled from consideration at this meeting and will be addressed at the December 2020 Board meeting.

g. Consideration and Possible Action Regarding Amending the Fiscal Year 2021 Budget to Realign Expenditures and Revenues

Mr. Gonzalez provided a screen shot of the proposed changes to the 2021 Fiscal Year Budget previously approved by the Board on June 11, 2020 with the condition that certain current outside consultants providing services for bookkeeping, accounting, and legal be maintained at existing levels with the budget adjustments requested by the Houston Community Development Department due to the shortfall the City of Houston is experiencing, and therefore decreasing its TRIZ funding expenditures to the HLB in the amount of \$278,243.00. The changes to the 2021 Fiscal Year Budget mandated by the HCDD are highlighted below:

- Under Professional Services the HLB had budgeted for a lobbyist, however, the HCDD declined to reimburse the HLB for this expense based on the fact it's the City's task to advance lobbying.
- HLB had budgeted a company car purchase, but HCDD did not support the expense of purchasing/owning a car and preferred HLB leasing a vehicle because it's more cost effective with the maintenance included.
- HLB had budgeted for two additional headcounts for a Communications Director and for a Marketing/Sales Manager, however, the HCDD requested that such positions be removed since they are not needed to currently operate both existing programs.
- Lastly the HCDD rejected keeping the existing consultants for Bookkeeping and Accounting due to being more cost effective by internalizing the positions.

Director Lampley stated that the Board had approved the existing bookkeeper and accountant for the 2021 Fiscal Year Budget. Director Collins confirmed that the Board did approve expenses for the existing bookkeeper and accountant in the 2021 budget. Chairman Zeis explained that the Houston Community Development Department is not in agreement with regard to these four budget items and will not reimburse the HLB for such items from the TRIZ funds it shares with the HLB. He noted that alternatively the HLB could use its own funds from the HLB Traditional Program income to fund the existing external services for bookkeeping and accounting as approved in the budget.

Anderson Stout explained that each division within the HCDD receives an allocation from the TRIZ funding every year. The allocation for his division is not sufficient to support all of the activities he needs to accomplish. At least 60% of his division's TRIZ funds goes to the HLB and therefore he has to determine which costs he can get approved by the City when the budget goes back to the City for approval. At this time only \$2 Million of the \$3.65 Million requested by the HLB has been approved by the City. He believes the HLB should be running out of funds at the end of November 2020 and will need \$1.65 Million to get to June 2021.

Chairman Zeis reiterated that the Houston Community Development Department did not approve the costs for services of a lobbyist and will not reimburse such expenses pursuant to the Operations Agreement. Should the HLB decide to retain its outside bookkeeper and accountant and employ a lobbyist it would decrease the HLB Fund Balance by \$157,060.00 and bring the projected balance to \$430,574.00 for the 2021 Fiscal Year Budget.

Director Collins asked why this is now all of a sudden being brought to the Board since the HLB has other sources of funds to pay for these external professional services. He stated that this situation has never occurred before and appears to be strange for it to be happening now.

Chairman Zeis also mentioned that contracts for bookkeeping, accounting, and legal services are currently under negotiation. Ms. Haynes stated that the car purchase in the budget was not approved by HCDD as it appears renting/leasing a car is more cost effective and that this is something that can be discussed at a later date.

Director Lampley made a motion for HLB to realign its expenditures based on the revised 2021 Budget items recommended by the HCDD, which motion was duly seconded by Director DeAnda. Director Collins then made a motion to amend the motion to table this Agenda item for further discussion by the Board. Director Lampley stated he would accept the amended motion by Director Collins which Director DeAnda also agreed to accept as the amended motion to table this Agenda item for further discussion, which passed with the unanimous vote of the Board.

h. Consideration and Possible Action to Accept Proposed Pre-Qualified Vendors for Urban Planning and Market Analysis Services and to Set a Not-To-Exceed Amount to be Paid for Services from Each Vendor

1. James Lima Planning and Development
2. HR&A Advisors
3. Torti, Gallas & Partners
4. Gensler
5. APD Urban Planning & Management
6. Community Lattice
7. Utile
8. Asakura Robinson

Director Collins made a motion to table this Agenda item for further discussion by the Board which motion was seconded by Director Lampley and passed with the unanimous vote of the Board.

VIII. Executive Session Items (Discussion may occur in executive session as provided by State law, but all Board actions will be taken in public)

Director Galloway requested that the Board discuss Agenda item VII.c in Executive Session. Ms. Haynes noted that this item only concerns the financing of the acquisition and not the acquisition of the property.

Director Galloway then made a motion to move the meeting into Executive Session to discuss this Agenda item, which motion was duly seconded by Director Lampley and passed by the unanimous vote of the Board.

The meeting was moved into Executive Session at 12:40 pm to discuss item VII.c of the Agenda to approve funding of the acquisition for the New Home Development Program before the funding is approved by City Council next week so that the property can be acquired.

Chairman Zeis requested a motion to return the meeting back into Open Session. Director Mondragón made a motion to return the meeting to open session, which motion was duly seconded by Director DeAnda and passed with the unanimous vote of the Board. Chairman Zeis noted that the meeting returned to Open Session at 1:32 PM.

IX. Action Items from Executive Session.

See above.

X. Board Member Comments

Director Jackson invited the Board to attend the Forum on Affordable Housing and Community Development Law on Tuesday, November 17, 2020 with Richard Rothstein, the author of “The Color of Law: A Forgotten History of How Our Government Segregated America”.

XI. Adjournment

Chairman Zeis asked if there were any additional matters to be considered by the Board. Hearing none, the regular Board meeting adjourned at 1:55 p.m. upon the motion of Director Lampley, which was duly seconded by Director Galloway.

Minutes Prepared By:

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

Signed on the ____ day of _____, 2020.

Secretary



Houston Land Bank

BALANCE SHEET

As of October 31, 2020

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
Chase-Operations - 8465	624,209.63
Money Market - Lot Acquisition - 7058	119,583.56
Money Market Unrestricted - 7066	1,287,300.93
MoneyMarket-Unrstr.C Resev 5577	18,023.20
Petty Cash	12.63
Total Bank Accounts	\$2,049,129.95
Accounts Receivable	
Accts Receivable	817,587.31
Total Accounts Receivable	\$817,587.31
Other Current Assets	
Prepaid Expenses	
Prepaid Acquisition Costs	55,063.12
Prepaid Insurance	17,248.95
Prepaid Rent	4,875.00
Prepaid Subscription Services	4,528.20
Total Prepaid Expenses	\$81,715.27
Total Other Current Assets	\$81,715.27
Total Current Assets	\$2,948,432.53
Fixed Assets	
Equipment	12,005.12
xAccum. Depreciation	-3,526.24
Total Fixed Assets	\$8,478.88
Other Assets	
Earnest Fee	117,350.00
Investments Held For Sale	2,396,666.14
Security Deposit	4,875.00
Total Other Assets	\$2,518,891.14
TOTAL ASSETS	\$5,475,802.55



Houston Land Bank

BALANCE SHEET

As of October 31, 2020

	TOTAL
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	132,563.51
Total Accounts Payable	\$132,563.51
Credit Cards	
Chase Credit Card	13,141.93
Total Credit Cards	\$13,141.93
Other Current Liabilities	
Due to Tax Assessor	5,121.64
Liabilities Due to HCDD	461,896.19
Total Other Current Liabilities	\$467,017.83
Total Current Liabilities	\$612,723.27
Total Liabilities	\$612,723.27
Equity	
Unrestrict (retained earnings)	4,361,506.51
Net Income	501,572.77
Total Equity	\$4,863,079.28
TOTAL LIABILITIES AND EQUITY	\$5,475,802.55



Houston Land Bank

BUDGET VS. ACTUALS: FISCAL YEAR 2021 BAB - FY21 P&L DEPARTMENTS

October 2020

	TOTAL			
	ACTUAL	BUDGET	OVER BUDGET	% OF BUDGET
Income				
Acquisition and Development Agreement				
Acquisition Proceeds	23,387.00	366,767.08	-343,380.08	6.38 %
Disposition of Lots	100,000.00		100,000.00	
Disposition Proceeds	47,052.35	51,708.54	-4,656.19	91.00 %
Total Acquisition and Development Agreement	170,439.35	418,475.62	-248,036.27	40.73 %
Administrative Fees	18,750.00	11,250.00	7,500.00	166.67 %
HLB Program Revenue				
Disposition Proceeds	90,569.00	100,000.00	-9,431.00	90.57 %
Total HLB Program Revenue	90,569.00	100,000.00	-9,431.00	90.57 %
Operations Agreement	153,283.18	179,709.00	-26,425.82	85.30 %
Total Income	\$433,041.53	\$709,434.62	\$ -276,393.09	61.04 %
GROSS PROFIT	\$433,041.53	\$709,434.62	\$ -276,393.09	61.04 %
Expenses				
Acquisition Cost - NHDP		310,629.17	-310,629.17	
Admin - Other				
Advertising & Marketing	1,584.00	1,286.67	297.33	123.11 %
Bank Service Charges	244.90	300.00	-55.10	81.63 %
Company Insurance				
General Liability	1,633.67	1,617.83	15.84	100.98 %
Officers & Directors Liability	729.13	286.98	442.15	254.07 %
Property Insurance		3,439.52	-3,439.52	
Total Company Insurance	2,362.80	5,344.33	-2,981.53	44.21 %
Computer and Internet Expenses	838.77	589.94	248.83	142.18 %
Conference & Meeting	150.00	45.00	105.00	333.33 %
Depreciation Expenses	200.09	2,388.51	-2,188.42	8.38 %
Dues and Subscription	1,091.79	1,305.00	-213.21	83.66 %
Filing Fees		127.73	-127.73	
Office Expenses	105.97	450.78	-344.81	23.51 %
Leasing Office Equipment	482.50	234.71	247.79	205.57 %
Meals & Entertainment		123.47	-123.47	
Office Supplies		158.79	-158.79	
Postage and Delivery	226.00	16.46	209.54	1,373.03 %
Printing and Reproduction		162.42	-162.42	
Total Office Expenses	814.47	1,146.63	-332.16	71.03 %
Rental and Lease Expense	4,875.00	4,875.00	0.00	100.00 %
Software Usage	1,509.40	9,000.00	-7,490.60	16.77 %
Storage Rental	77.00	77.00	0.00	100.00 %
Telephone Expense	421.28	611.84	-190.56	68.85 %
Travel and Lodging Expenses				
Lodging Expense		150.00	-150.00	



Houston Land Bank

BUDGET VS. ACTUALS: FISCAL YEAR 2021 BAB - FY21 P&L DEPARTMENTS

October 2020

	TOTAL			
	ACTUAL	BUDGET	OVER BUDGET	% OF BUDGET
Mileage Expense		166.67	-166.67	
Parking		49.70	-49.70	
Travel Expense		125.00	-125.00	
Total Travel and Lodging Expenses		491.37	-491.37	
Total Admin - Other	14,169.50	27,589.02	-13,419.52	51.36 %
Employee Cost				
Health Insurance	5,336.36	8,424.08	-3,087.72	63.35 %
Payroll Services Fee	135.24	223.79	-88.55	60.43 %
Payroll Taxes	4,130.14	14,002.39	-9,872.25	29.50 %
Wages and Salary	56,478.72	81,544.39	-25,065.67	69.26 %
Total Employee Cost	66,080.46	104,194.65	-38,114.19	63.42 %
Legal Fees	14,116.70	5,750.00	8,366.70	245.51 %
Miscellaneous Expense	-18,897.84		-18,897.84	
Professional Services				
Accounting Fee	5,750.00	8,921.67	-3,171.67	64.45 %
Audit Fees		0.00	0.00	
Consulting Fee	15,955.00	32,013.89	-16,058.89	49.84 %
Contract Work		9,166.67	-9,166.67	
Total Professional Services	21,705.00	50,102.23	-28,397.23	43.32 %
Property Cost - Maintenance		5,638.84	-5,638.84	
Property Expenses				
Standard Lawn Mowing	45,121.19	48,609.59	-3,488.40	92.82 %
Total Property Expenses	45,121.19	48,609.59	-3,488.40	92.82 %
Total Property Cost - Maintenance	45,121.19	54,248.43	-9,127.24	83.18 %
Property Cost - Disposition HLB				
Closing Cost	8,635.58	5,500.00	3,135.58	157.01 %
Lots COGS	12,481.24	62,500.00	-50,018.76	19.97 %
Permits	1,250.00		1,250.00	
Pesticide or Weed Treatment		11.37	-11.37	
Property Taxes	643.54		643.54	
Total Property Cost - Disposition HLB	23,010.36	68,011.37	-45,001.01	33.83 %
Property Cost -Disposition NHDP				
Cleaning and Supplies	1,120.00		1,120.00	
Clearing and Lawn Maintenance	500.00		500.00	
Closing Cost - NHDP		12,000.00	-12,000.00	
Land Trust Fee	17,500.00		17,500.00	
Legal Fees - NHDP	18,884.70	11,666.67	7,218.03	161.87 %
Lots Sold - NHDP				
Initial Cost of Lot	22,831.82		22,831.82	
xImpairment on Lot Sold - (Contra)	-19,094.49		-19,094.49	
Total Lots Sold - NHDP	3,737.33		3,737.33	



Houston Land Bank

BUDGET VS. ACTUALS: FISCAL YEAR 2021 BAB - FY21 P&L DEPARTMENTS

October 2020

	TOTAL			
	ACTUAL	BUDGET	OVER BUDGET	% OF BUDGET
Marketing and Showcase	872.25		872.25	
Pesticide or Weed Treatment		11.37	-11.37	
Property Taxes - NHDP		107.34	-107.34	
Repair and Maintenance		4,666.67	-4,666.67	
Security and Secure Property Co	32.95	4,716.33	-4,683.38	0.70 %
Soft Cost of Construction - NHDP	1,149.80	3,726.00	-2,576.20	30.86 %
Water and Utilities	1,571.28	1,646.67	-75.39	95.42 %
Total Property Cost -Disposition NHDP	45,368.31	38,541.05	6,827.26	117.71 %
Total Expenses	\$210,673.68	\$659,065.92	\$ -448,392.24	31.97 %
NET OPERATING INCOME	\$222,367.85	\$50,368.70	\$171,999.15	441.48 %
Other Income				
Interest Income	33.98	219.51	-185.53	15.48 %
Total Other Income	\$33.98	\$219.51	\$ -185.53	15.48 %
NET OTHER INCOME	\$33.98	\$219.51	\$ -185.53	15.48 %
NET INCOME	\$222,401.83	\$50,588.21	\$171,813.62	439.63 %



Houston Land Bank

PROFIT AND LOSS

July - October, 2020

	JUL 2020	AUG 2020	SEP 2020	OCT 2020	TOTAL
Income					
Acquisition and Development Agreement					\$0.00
Acquisition Proceeds	136,039.98	229,110.29	49,061.09	23,387.00	\$437,598.36
Disposition of Lots	76,150.00	15,000.00	15,000.00	100,000.00	\$206,150.00
Disposition Proceeds	17,769.76	3,838.88	7,627.83	47,052.35	\$76,288.82
Total Acquisition and Development Agreement	229,959.74	247,949.17	71,688.92	170,439.35	\$720,037.18
Administrative Fees	11,250.00	3,750.00	3,750.00	18,750.00	\$37,500.00
HLB Program Revenue					\$0.00
Disposition Proceeds	157,448.00	52,367.00	33,769.00	90,569.00	\$334,153.00
Total HLB Program Revenue	157,448.00	52,367.00	33,769.00	90,569.00	\$334,153.00
Operations Agreement	152,532.03	112,632.27	129,366.32	153,283.18	\$547,813.80
Total Income	\$551,189.77	\$416,698.44	\$238,574.24	\$433,041.53	\$1,639,503.98
GROSS PROFIT	\$551,189.77	\$416,698.44	\$238,574.24	\$433,041.53	\$1,639,503.98
Expenses					
Admin - Other					\$0.00
Advertising & Marketing		352.00	352.00	1,584.00	\$2,288.00
Bank Service Charges	216.14	312.27	177.50	244.90	\$950.81
Company Insurance					\$0.00
General Liability	1,633.67	1,633.67	1,633.67	1,633.67	\$6,534.68
Officers & Directors Liability			582.99	729.13	\$1,312.12
Total Company Insurance	1,633.67	1,633.67	2,216.66	2,362.80	\$7,846.80
Computer and Internet Expenses	19.98	1,159.92	9.99	838.77	\$2,028.66
Conference & Meeting	250.00		100.00	150.00	\$500.00
Depreciation Expenses	200.09	200.09	200.09	200.09	\$800.36
Dues and Subscription	1,135.57	947.99	883.54	1,091.79	\$4,058.89
Filing Fees	63.36	23.50	47.00		\$133.86
Office Expenses	275.00			105.97	\$380.97
Leasing Office Equipment	229.00	229.00	470.25	482.50	\$1,410.75
Office Supplies	123.62				\$123.62
Postage and Delivery	16.65	26.01	31.94	226.00	\$300.60
Total Office Expenses	644.27	255.01	502.19	814.47	\$2,215.94
Rental and Lease Expense	4,875.00	4,875.00	4,875.00	4,875.00	\$19,500.00
Software Usage	1,509.40	1,509.40	1,509.40	1,509.40	\$6,037.60
Storage Rental	77.00	77.00	77.00	77.00	\$308.00
Telephone Expense	380.97	558.79	420.97	421.28	\$1,782.01
Travel and Lodging Expenses					\$0.00
Parking	35.64				\$35.64
Total Travel and Lodging Expenses	35.64				\$35.64
Total Admin - Other	11,041.09	11,904.64	11,371.34	14,169.50	\$48,486.57



Houston Land Bank

PROFIT AND LOSS

July - October, 2020

	JUL 2020	AUG 2020	SEP 2020	OCT 2020	TOTAL
Employee Cost					\$0.00
Health Insurance	5,772.67	6,522.22	6,241.68	5,336.36	\$23,872.93
Payroll Services Fee	173.17	188.25	128.22	135.24	\$624.88
Payroll Taxes	6,021.30	4,259.86	4,305.24	4,130.14	\$18,716.54
Wages and Salary	80,028.93	56,928.33	57,238.72	56,478.72	\$250,674.70
Total Employee Cost	91,996.07	67,898.66	67,913.86	66,080.46	\$293,889.05
Legal Fees	11,965.50	10,672.30	11,721.90	14,116.70	\$48,476.40
Miscellaneous Expense	1,120.00	3,761.38	14,016.46	-18,897.84	\$0.00
Professional Services					\$0.00
Accounting Fee	10,100.00	9,475.00	7,975.00	5,750.00	\$33,300.00
Audit Fees	14,500.00		500.00		\$15,000.00
Consulting Fee	350.00	350.00	1,350.00	15,955.00	\$18,005.00
Total Professional Services	24,950.00	9,825.00	9,825.00	21,705.00	\$66,305.00
Property Cost - Maintenance					\$0.00
Property Expenses					\$0.00
Standard Lawn Mowing	45,102.33	43,693.54	44,488.39	45,121.19	\$178,405.45
Total Property Expenses	45,102.33	43,693.54	44,488.39	45,121.19	\$178,405.45
Total Property Cost - Maintenance	45,102.33	43,693.54	44,488.39	45,121.19	\$178,405.45
Property Cost - Disposition HLB					\$0.00
Closing Cost	17,093.23	8,562.68	2,883.22	8,635.58	\$37,174.71
Lots COGS	55,472.71	49,817.88	1,865.34	12,481.24	\$119,637.17
Permits	112.64	3,795.97	392.61	1,250.00	\$5,551.22
Property Taxes	3,854.95	491.99		643.54	\$4,990.48
Total Property Cost - Disposition HLB	76,533.53	62,668.52	5,141.17	23,010.36	\$167,353.58
Property Cost -Disposition NHDP					\$0.00
Cleaning and Supplies	1,700.00	540.00	545.00	1,120.00	\$3,905.00
Clearing and Lawn Maintenance				500.00	\$500.00
Clearing and Lawn Maintenance - NHDP	2,400.00	850.00	700.00		\$3,950.00
Land Trust Fee	7,000.00		3,500.00	17,500.00	\$28,000.00
Legal Fees - NHDP	10,239.10	23,466.00	25,353.30	18,884.70	\$77,943.10
Lots Sold - NHDP					\$0.00
Initial Cost of Lot	6,220.00		4,000.00	22,831.82	\$33,051.82
xImpairment on Lot Sold - (Contra)	-3,300.00		-3,560.00	-19,094.49	\$ -25,954.49
Total Lots Sold - NHDP	2,920.00		440.00	3,737.33	\$7,097.33
Marketing and Showcase		742.50	742.50	872.25	\$2,357.25
Repair and Maintenance	273.76	115.00			\$388.76
Security and Secure Property Co		299.00		32.95	\$331.95
Soft Cost of Construction - NHDP	1,150.01	1,480.00		1,149.80	\$3,779.81



Houston Land Bank

PROFIT AND LOSS

July - October, 2020

	JUL 2020	AUG 2020	SEP 2020	OCT 2020	TOTAL
Water and Utilities	1,282.16	437.15	752.63	1,571.28	\$4,043.22
Total Property Cost -Disposition NHDP	26,965.03	27,929.65	32,033.43	45,368.31	\$132,296.42
Total Expenses	\$289,673.55	\$238,353.69	\$196,511.55	\$210,673.68	\$935,212.47
NET OPERATING INCOME	\$261,516.22	\$178,344.75	\$42,062.69	\$222,367.85	\$704,291.51
Other Income					
Interest Income	28.22	34.03	49.57	33.98	\$145.80
Total Other Income	\$28.22	\$34.03	\$49.57	\$33.98	\$145.80
NET OTHER INCOME	\$28.22	\$34.03	\$49.57	\$33.98	\$145.80
NET INCOME	\$261,544.44	\$178,378.78	\$42,112.26	\$222,401.83	\$704,437.31



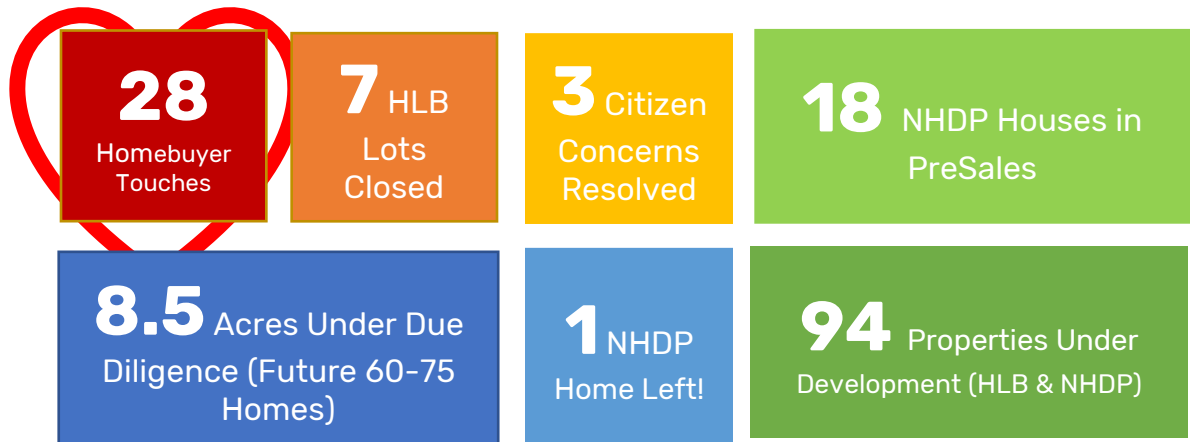
PRESIDENTS REPORT

10 December 2020

General Activities/Announcements

- **Strategic Planning** the draft plan framework will be released next week, based on input from the Ad-Hoc Committee, the survey responses received, individual conversations, and work to review material with Staff in light of current work and their expertise.
- **Community Meeting in Settegast** Vice Chair David Collins and Staff met with the East Houston/Settegast Redevelopment Corporation and Mid Continent Companies to begin discussing development in Settegast, and process for coordinating efforts. There will be additional meetings with other groups. Due to COVID these will be by zoom or very small groups, and the goal to assure knowledge of community needs and provide updates on lot sales and ongoing builder plans, as well as to consider future infrastructure and development in the forested area.

November Dashboard: *Although the stories behind these numbers are more important than the numbers.....it helps to see the 'scale' of our efforts on a monthly basis*

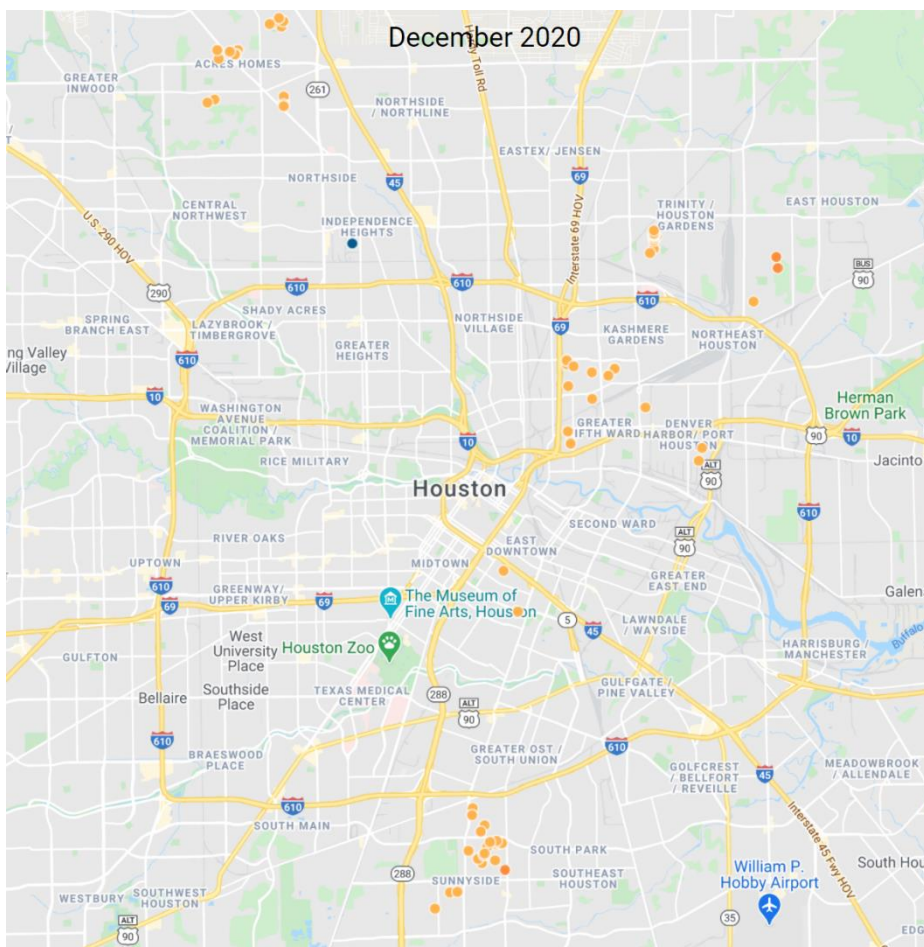


HLB Lot & Property Maintenance

- NHDP Continued Construction Review Crown Ridge Builders 95%.
- Developed the “New” HLB Traditional Home Program Construction Progress Report
- **Verified 2 properties for the Traditional Program. Addressed 3 Citizen Concern and responded to 4 DON violations received.**
- Continued support of minor repairs of the NHDP properties.

HLB Inventory & Builders under Development

- As of December 1, 2020 (final numbers +/- 5 per week due to ongoing property review around outstanding contracts, as well as any other reconciliation):
 - 521 Properties in Inventory**
 - 229 Holding for Housing**
- New HLB Home Initiative is in full swing.
 - Guidelines being adjusted and will be in consideration by BOD next
 - **Round 2 is closed** with another 7 lot sales this month
 - **Round 3 lot sales on agenda this week**
 - 63 lot applications received for 39 lots** up for sale in all Sunnyside, Settegast, Trinity Gardens and Acres Homes
- Current Monthly Talley of HLB Home Building Initiative- sale development activity (based on prior lot disposition contracts):
 - **59 homes sold in 2019**
 - **21 homes sold to date in 2020**



- **76 homes are under development.** these are from prior and new contracts (15 in 5th Ward; 2 in Denver Harbor; 17 in Acres Homes; 2 in 3rd Ward; 24 in Sunnyside; 2 in Independence Heights; 11 in Trinity Gardens; 3 in Settegast)
 - 34 lots are in permitting/replatting
 - 20 in active construction
 - 9 are in marketing/sale

Map: HLB Lots under Development (HLB Building Initiative Program)

NHDP-Highlights

- NHDP in Acres Homes:
 - Updated listings on website.
 - **38 Houses SOLD** to date
 - **1 under contract** to close in December
 - **PreSales:** Finalizing Pre-Sales for new homes in construction.
 - **18 Homes are under construction** at approximately 66% construction and will be listed for pre-sale in the next weeks. All still in Acres Homes
 - 20+ are in the pre-development phase in Settegast, Sunnyside but we do not have a confirmed list

- We are reviewing 7 proposals for Listing Brokers now , and anticipate pre-qualifying five.

Acquisitions & Development - HLB

- HLB Acquisitions: Focused on three neighborhoods that will be finalized during BOD Strategic Planning.
- The property foreclosure auction has been closed since April 2020.

Acquisitions, City of Houston Partnership, NHDP

- All activities are focused for the NHDP program, per the 'Acquisition and Development' Grant Agreement, approved by City Council on August 31, 2018, and Amended on April 1, 2020.
- NHDP acquisition Activity Update
 - 5-10 Neighborhood focus areas, as determined by HCDD.
 - **Over 950 total properties reviewed thus far.**
 - Progress to date
 - 72,900 SF vacant land contracts closed and ratified by the Board of Directors.
 - Over 350,000 sf of land in various size parcels in neighborhoods Near Northside, Second Ward and Magnolia, currently undergoing due diligence and feasibility review for consideration starting this month

- HCDD will need to request additional funds from City Council to continue acquisitions efforts and continue to build pipeline.
 - Acquisition Financing is being explored to leverage the TIRZ funding and to increase the acquisition purchase power and increase potential affordable housing units. City Council Approval is required for HLB to take out an Acquisition Loan.

Operations & Finance

- Procurements
 - Two solicitations closed in October and are now in the evaluation phase:
 - **Real estate brokerage and marketing services** responses have undergone preliminary evaluation; interviews are anticipated in December and selection is expected by early 2021 at the latest.
 - We continue to develop the solicitation approach for **construction- and development-related services**; our intent is to establish pools of pre-qualified vendors in key areas where services are used routinely and pre-qualification can expedite work.
- We have met with Department of Neighborhoods to refine **Property Maintenance** procedures, expenditures, and practices and presented to the Oversight Committee last month. A full report to the Board Of Directors is expected in January.
- Communications: We are working with a writer retained by the Center for Community Progress to develop one or more stories for potential national placement
- Finance:
 - **TIRZ Compliance** completed, and HCDD has approved all FY20 activities and we are in compliance.
 - Looking into Financing options for the acquisitions down the pipeline
 - **Budget revisions** are being negotiated.

Legal and Compliance, HLB Lot Disposition Program Management

- Prepare background research and draft proposal regarding builder subsidy due to lumber price increases
- Facilitate proposal for Limited Alternative Land Use Program
- Monitor replatting, encroachment, and title clearance issues on lots in HLB inventory, including properties that have new trespassing activities

- Facilitate Round 3 of lot sales under the traditional program (builder workshop and correspondence, manage review committee, compile scoring and make recommendations)
- Improve QA/QC compliance on houses under construction





REQUEST FOR BOARD ACTION

Meeting Date: December 10, 2020

Agenda Item VII.a.: Consideration and Possible Action to Accept Program Committee and Staff Builder Lot Selection Recommendations for the HLB Housing Initiative Round 3 [Address – HCAD# -- Proposed Price (Builder) Listed Below]

ACTION SUMMARY

Approval of this item will authorize the sale of up to 30 lots to selected qualified HLB builders for development of new affordable homes as recommended by the Program Committee and staff.

BACKGROUND/OVERVIEW

HLB conducted extensive outreach to facilitate the third round of lot sales from HLB inventory under the current program guidelines. Approved builders were invited to attend a virtual builder forum where staff discussed the program guidelines and procedures for submitting applications to purchase lots. An email blast notified approved builders that lots were available for sale and included them to view the list of 52 lots online. HLB provided Builders were allowed two weeks to submit applications in order to acquire lots; proposal packages were required for each lot a builder wished to acquire, and submissions included plans and specifications, a construction pricing pro forma, and a projected timeline to build. During the submission period, staff held open houses each Wednesday for two weeks to answer any questions the builders had regarding the program guidelines and application submission process.

Of 38 approved HLB builders, 13 submitted 59 applications on 30 lots in this round. The multi-step review process included verification that applications were complete, and preliminary ranking by staff, and then recommendations/discussion with the Program Committee. Consistent with the guidelines, subsequent ranking of applications based on proposed price per square foot, neighborhood context, home enhancements, demonstrated track record, and proximity to other current developments.

This thorough review allowed for a complete scoring of each lot application from the builders by multiple staff members. Each proposal was broken down into sections and each member on the review committee reviewed their assigned section, with scores compiled into a scoring rubric generating a final score for each lot application. Recommendations were then made to the Program Committee, which reviewed the scoring process and recommendations.

The Program Committee recommends 13 builders to move forward for board approval in December to purchase at least one lot. There will be 32 lots sold total moving to closing,

P.O. Box 131106, Houston, Texas 77219
281.655.4600

which includes 30 of the 52 listed lots, and two additional hold lots already approved in Round 2 lot approvals that have not yet closed, for an estimated total of \$510,774 gross proceeds to HLB. The Program Committee recommends that two of the 32 lots proposed for sale be held for further due diligence and submitted at the January Board meeting. The lots to be sold are in the following neighborhoods:

- Settegast – 3
- 5th Ward – 4
- Trinity Gardens – 13
- Sunnyside – 3
- Acres Homes – 8
- Independence Heights – 1

Lots proposed for sale are listed on the following pages.

P.O. Box 131106, Houston, Texas 77219
281.655.4600

houstonlandbank.org

**PROPOSED ROUND 3 LOT SALES
FOR HLB HOUSING INITIATIVE
December 10, 2020**

Builder	HCAD	Address	Purchase Price	Home Sales Price	Next Steps
Habitat for Humanity	1. 0381800000015	1. 5409 Haight	1.\$13,705	1.\$191,045	Placed on agenda for Board approval
	2. 0381790000013	2. 0 Haight	2.\$13,375	2.\$191,093	
	3. 0381790000014	3. 0 Haight	3.\$12,216	3.\$192,778	

Builder	HCAD	Address	Purchase Price	Home Sales Price	Next Steps
St. Bernard Project Inc.	1. 0162630000209	1. 0 Orebo	1.\$15,916	1.\$163,938	Placed on agenda for Board approval
	2. 0162630000210	2. 0 Orebo	2.\$15,916	2.\$163,938	
	3. 0162630000211	3. 0 Orebo	3.\$15,916	3.\$163,938	
	4. 0781250060179	4. 6809 Bethune	4.\$16,400	4.\$162,871	

Builder	HCAD	Address	Purchase Price	Home Sales Price	Next Steps
Nelrod	1. 0710900230051	1. 0 Dewalt	1.\$16,344	1. \$206,110	Placed on agenda for Board approval
	2.0710900230050	2. 929 Dewalt	2.\$16,344	2.\$211,685	

Builder	HCAD	Address	Purchase Price	Home Sales Price	Next Steps
Holman Avenue	1. 0761950140161	1. 4401 Sterling	1.\$10,673	1.\$200,142	Placed on agenda for Board approval
	2. 0351770000040	2. 0 Farmer	2.\$12,375	2.\$199,296	

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Builder	HCAD	Address	Purchase Price	Home Sales Price	Next Steps
5 th Ward CRC	1.0562330000022	1. 0 Coke	1.\$10,320	1.\$209,709	Placed on agenda for Board approval
	2. 0042340000011	2. 0 Josephine	2.\$13,238	2.\$211,742	
	3.0660250070829	3. 0 Hoffman	3.\$16,014	3.\$211,419	
	4.0660250100923	4. 7006 Hoffman	4.\$16,305	4.\$211,728	

Builder	HCAD	Address	Purchase Price	Home Sales Price	Next Steps
Ironclad Homes	1. 0660250110892	1. 6506 Hoffman	1.\$17,440	1.\$211,904	Placed on agenda for Board approval
	2. 0660250110896	2. 6524 Hoffman	2.\$16,099	2.\$211,904	

Builder	HCAD	Address	Purchase Price	Home Sales Price	Next Steps
Burghli Homes	1. 0731320000403	1. 7446 Bywood	1.\$13,312	1.\$189,900	Placed on agenda for Board approval
	2.0731320000404	2. 7450 Bywood	2.\$14,378	2.\$194,900	
	3. 0731310000121	3. 0 Bywood	3.\$12,714	3.\$189,900	
	4.0731320000396	4. 7418 Bywood	4.\$13,182	4.\$179,900	
	5. 0731310000094	5. 7133 Bywood	5.\$12,600	5.\$179,900	
	6. 0731310000114	6. 7138 Bywood	6.\$12,792	6.\$189,900	
	7. 0731310000112	7. 7206 Bywood	7.\$12,324	7.\$ 179,900	

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Builder	HCAD	Address	Purchase Price	Home Sales Price	Next Steps
Lawrence Builders	1. 0641680180013	1. 0 Alvin	1.\$10,454	1.\$209,583	Placed on agenda for Board approval
	2. 0731310000176	2. 7213 S. Hall	2.\$8,892	2.\$208,455	

Builder	HCAD	Address	Purchase Price	Home Sales Price	Next Steps
SXG Capital Group	1. 0781250050153	1. 6814 Bethune	1.\$16,292	1.\$ 211,514	Placed on agenda for Board approval

Builder	HCAD	Address	Purchase Price	Home Sales Price	Next Steps
L.I.Z. Enterprises	1. 0361190070007	1. 0 Sunnyhill	1.\$13,640	1.\$ 184,787	Placed on agenda for Board approval

Builder	HCAD	Address	Purchase Price	Home Sales Price	Next Steps
Europa Homes	1. 0620540120004	1. 8203 N. Main	1.\$23,046	1.\$194,085	Placed on agenda for Board approval

Builder	HCAD	Address	Purchase Price	Home Sales Price	Next Steps
Blue Starfish Construction	1.0660250070828	1. 6925 Hoffman	1.\$11,628	1.\$212,000	Placed on agenda for Board approval

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REQUEST FOR BOARD ACTION

Meeting Date: December 10, 2020

Agenda Item VII.b.: Consideration and Possible Action Regarding Amending the Fiscal Year 2021 Budget to Reduce Overall Budget Expenditures by \$278,243.

ACTION SUMMARY

Approval of this item will amend the Houston Land Bank’s Fiscal Year 2021 budget to reduce overall budget expenditures by \$278,243.

UPDATE:

This is an update to last month’s memo, as the vote last month was tabled due to Board of Directors concerns. Since that meeting, staff has proposed an alternate proposal to HCDD in order to meet the requested budget reduction of \$278,243, but through alternate line items to achieve the savings. The approval from HCDD is pending, and we anticipate a response by BOD Meeting of 12.10.20.

These line items can be summarized

Change in FY 2021 Budget BOD Approval vs HCDD Approval						
Expense Type	HLB Last Budget Proposal	Opex	A&D	NHDP		Total
		2,821,833	4,359,500		620,503	7,801,836
Professional Services	Lobbyist	(25,000)				(25,000)
Miscellaneous Other	Depreciaton	(3,162)				(3,162)
Miscellaneous Other	Car rental	7,200	(25,500)			(18,300)
Employee Costs	Internalize Position	(33,406)	(16,454)			(49,860)
Professional Services	Consulting Fee (External Contractors)	89,000				89,000
Lot Maintenance	Budgeted amount for a non-mowing month as per contract	(43,749)				(43,749)
Subscriptions	Tolemi software for property management as a result of grant	(25,000)				(25,000)
Subscriptions	Non-Renewal of MySidewalk services	(15,000)				(15,000)
Professional Services	MapCorps, Website Support, and Marketing	(130,000)				(130,000)
	Final Proposed Budget	2,642,716	4,317,546		620,503	7,580,765

BACKGROUND/OVERVIEW: The Budget for Fiscal Year 2021 was approved by the Houston Land Bank Board of Director’s on the June 11, 2020 regular board meeting with the condition the current outside consultants providing services for Bookkeeping, Accounting, and Legal be maintained at the existing levels, with renewed contracts. Additionally, the Board of Directors requested that the staff enter into conversation with existing contractors for updated scope of services needed.

Upon making these adjustments aligned with the Board of Directors and routing this back to the Housing Department for approval, as required by our Operations Grant agreement with them. In October, they asked Houston Land Bank to make additional adjustments to the existing budget amidst the shortfall the City of Houston is bearing in which they’re decreasing our expenditures by \$278,243.



- Under Professional Services HLB had budgeted for a Lobbyist in which HCDD declined to reimburse based on the fact it's the City's task to advance lobbying.
- HLB had budgeted a company car purchase, but HCDD did not support the option of purchasing/owning and preferred leasing the vehicle since it's more cost effective with maintenance included.
- HLB had budgeted for two headcounts, Communications Director and Marketing/Sales Manager, in which HCDD asked of us to remove since not needed to currently operate both existing programs.
- And lastly HCDD rejected keeping the existing consultants for Bookkeeping and Accounting due to being more cost effective by internalizing the position.

The table below depicts the changes described above from the original fiscal year 2021 budget approved by the Board of Directors on June 11, 2020 to what has now been requested as our final budget by HCDD on November 4, 2020:

Change in FY 2021 Budget BOD Approval vs HCDD Approval					
Expense Type	HLB Last Budget Proposal	Opex	A&D	NHDP	Total
Professional Services	Lobbyist	(50,000)			(50,000)
Miscellaneous Other	Car rental	7,200	(28,662)		(21,462)
Employee Costs	Eliminate Two HC Requests	(37,395)	(112,185)		(149,580)
Employee Costs	Internalize Position	33,406	16,454		49,860
Professional Services	Consulting Fee (External Contractors)	(107,060)			(107,060)
Final Budget		2,773,867	3,858,537	1,040,770	7,673,174

Below you'll see Proposed Amended Fiscal Year 2021 Budget with the changes proposed from HCDD. As mentioned, Fund Balance has no change or impact.

Proposed FY 2021 Budget Highlights include:

- Total projected revenues are \$8,260,807
- Total projected expenditures are \$7,673,173
- And projected fund balance remains at \$587,634



HLB FY2021 Approved Budget

	FY2020 YE Estimate	FY2020 Budget	FY2021 Approved Board Budget	FY2021 Proposed Budget Discussion with HCDD
Funding Source				
Operational Grant Revenue	1,657,843	1,932,000	2,172,052	1,952,217
HLB Dispositions & Admin Fees	-	1,125,020	1,335,000	1,335,000
NHDP Acquisitions	1,433,685	13,789,850	3,979,796	3,921,388
NHDP Dispositions	1,148,274	-	1,049,568	1,049,568
Interest Income	2,634	1,500	2,634	2,634
Total Revenue	\$ 4,242,436	\$ 16,848,370	\$ 8,539,050	\$ 8,260,807
Expenses				
Employee Costs	752,830	864,140	853,269	786,457
Professional Services*	332,087	555,000	440,652	283,592
Legal Fees	172,373	100,000	69,000	22,700
Lot Maintenance	260,163	872,423	536,650	536,650
Miscellaneous Other	170,165	217,490	278,145	256,683
HLB Traditional Program	18,907	204,600	750,000	816,136
Subtotal Administrative Costs	\$ 1,706,525	\$ 2,813,653	\$ 2,927,716	\$ 2,702,217
NHDP Dispositions	1,001,790	6,420,310	1,040,770	1,007,862
NHDP Acquisitions	270,732	8,475,500	3,982,931	3,963,094
Subtotal Program Costs	1,272,522	14,895,810	5,023,701	4,970,956
Total Expenditures	\$ 2,979,047	\$ 17,709,463	\$ 7,951,416	\$ 7,673,173
Change in Net Assets	\$ 1,263,389	\$ (861,093)	\$ 587,634	\$ 587,634

One alternative to keep aligned with the Board’s direction on our existing external services for Bookkeeping and Accounting is keeping them on board and use HLB Traditional Program income for funding. Same case would be for the Lobbyist. HCDD has made it clear it is not approved and will not be reimbursed via the Operations Agreement if HLB elects to retain services.

If we elect to go this route, this will decrease Fund Balance by \$157,060 and bring our projected balance to \$430,574 for fiscal year 2021.



REQUEST FOR BOARD ACTION

Meeting Date: December 10, 2020

Agenda Item VII.c.: Consideration and Possible Action to Establish One-Time Limited Assistance to HLB Builders to Mitigate Increased Lumber Costs, and Allocating a Maximum of \$60,000

ACTION SUMMARY

Approval of this item will enable issuance of a one-time grant subsidy of up to \$4,000 to eligible qualified HLB builders to mitigate recent lumber price increases on current projects, with a maximum of \$60,000 to be provided.

BACKGROUND/OVERVIEW

As presented to the Board of Directors in the early Fall, It was brought to staff's attention by some of our approved qualified builders that the prices of lumber and materials have been raised by their vendors. The Program Committee and staff have reviewed and discussed the lumber pricing spike due to the current pandemic economy and are proposing a limited program where a subsidy can be issued to certain builders who meet the eligibility qualifications as described below in order to help assist with the additional costs to build, and keep production of affordable housing continuous.

Of the 76 lots that are under development, many are well below the \$212,000 maximum price cap and the price could be slightly raised to accommodate the price increase. Those builders will be eligible to request increased home sales pricing with demonstration of lumber pricing increases.

There are 14 lots that are already at or close to the maximum price and the lumber increases could push those homes above \$212,000. These 14 lots are anticipated to be the ones that the approved builders would apply for direct financial assistance under this program. Four of these lots are still on hold and have not been closed yet due to the approved builders waiting to see if we will allow them to go over \$212,000. For these four lots, staff included them into the count of 14. Staff recommends allocating \$60,000 total for the subsidy from program proceeds, which will include \$4,000 maximum increments for each lot. Staff further recommends that the following requirements be instituted for the subsidy:

1. The lot must be purchased/closed and home sales price must already be at \$212,000 or close enough to be moved past that amount by rising lumber costs.

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2. If the approved builder is about to begin construction, they must provide a current lumber quote with the lot address they are applying for so Staff can see the difference from what was projected in their original proforma
3. If the approved builder has already purchased the lumber, they must provide the difference between what their pro forma projected for lumber/materials versus what they actually paid for lumber/materials with a receipt
4. The approved builders must apply directly with staff and receive Program Committee review and approval.

If approved, staff will send correspondence to all approved builders, along with clear guidelines of who qualifies for the subsidy grant, and open the award period for approximately 60 days or until the maximum allowed funds run out.

After much review, this proposal is HLB's attempt to relieve the burden of an increased home price on the buyer during this economic crisis, assuring an affordable home price, but still assist the approved builders with conditions outside their control while continuing construction to meet our goal of affordable housing.

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REQUEST FOR BOARD ACTION

Meeting Date: December 10, 2020

Agenda Item VII.d.: Consideration and Possible Action to Delegate Authority and Direct Staff to Acquire Up To 6.8 Acres in Houston’s Near Northside Area for a Price Not to Exceed \$9.6 Million for the City of Houston’s New Home Development Program Under the Auspices of the Amended and Restated Acquisition Agreement with the City of Houston

ACTION SUMMARY

Approval of this item will direct and authorize HLB staff to acquire 6.8 acres in Houston’s Near Northside area for development under the City of Houston’s New Home Development Program.

BACKGROUND/OVERVIEW

Following the contractual obligation of the Acquisition & Development (A&D) agreement between the Houston Land Bank (HLB) and the City’s Housing and Community Development Department (HCDD) to acquire land for its New Home Development Program (NHDP), this acquisition of 6.8 acres of property can produce 120-190 total units. This acquisition will not only directly and significantly impact the City’s goal of 100 new affordable housing units per year -- coupled with the proposed 1.77-acre acquisition in Magnolia Park/East End, this acquisition will solidify the role of the Houston Land Bank in Houston’s affordable housing efforts.

HLB entered into a purchase and sale agreement for this parcel in July 2020, with a 90-day feasibility period and initiated a variety of due diligence activities to review the parcel and its suitability for housing, and HCDD’s affordable housing goals in the NHDP program. HLB has negotiated and agreed to two contract feasibility extensions related to this property. The most recent amendment extension negotiated closes on December 11, 2020. HLB is in active negotiation with the Seller to ascertain final purchase terms and conditions due to the extensive due diligence completed. Although all three parcels are requested to be purchased, due to the environmental conditions and expected timeline/responsibility for addressing site concerns as well as attaining final financing documents/commitments, it is anticipated that the purchase may be structured differently than current contract terms.

Due Diligence completed or ongoing:

- Survey
- Appraisal—the Appraisal price of \$31.49/sf is higher than the contracted price of \$9,183,750

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- Phase I, II Environmental (Although all parcels are suitable for housing purposes, there were conditions found in the Phase I, due to historic uses of the property, that required a Phase II. The Phase II environmental assessed some existing tanks on the property and provided temporary monitoring wells to assess the type and extent of potential contaminants. The northern and southernmost tracts were found to have the least (and no) issues. The middle tract has required some additional permanent monitoring wells to assess the extent of environmental activity that may have to be mitigated. The additional wells (in progress) will help determine cost and extent of cleanup and monitoring required. All known contaminants are consistent with urban sites in Houston and are able to be mitigated to provide for housing.
- Test Fits to analyze yield of site—many versions of the site have been developed to assess various configurations and development patterns. The final design of the site would be a part of the Developer’s work once selected for the project. The test fits provided a variety of mixed-income scenarios, including a variety of price points with a majority slated for Houstonians below 80% AMI. The final distribution of affordable housing will be determined by HCDD who is providing the subsidies necessary to accomplish.
- Development pro-forma was created to help assess all the costs that would be encountered in the purchase, carry and disposition of the property. As well developers’ costs were estimated across a variety of models such that between the purchase and development, the related subsidies to accommodate affordable home pricing by HCDD/City of Houston could be analyzed

As described in the A&D Agreement, section 4.1.2.a, The development model expects that the HLB would acquire the parcel, the City’s HCDD would select the master developer at which time the developer would secure construction financing and enter into a development agreement with the City to secure performance of public policy goals. The acquisition financing will be refinanced by the developer with the construction financing or paid by future TIRZ funds at the time of commencement of development. HLB is in conversation with non-profit financiers such as Houston Housing Finance Corporation and considering an offer from the property seller for owner financing as well.

Per HLB policy and prior Board resolution, the Acquisitions Committee is the Executive Committee and has been updated monthly with no objections from the time we entered a contract and through the due diligence process. HLB’s Board of Directors has been briefed on this item at its August 13 and November 5, 2020 meetings, and the Executive Committee and Board of Directors have discussed in relationship to final actions on November 10,2020 as well as December 3,2020 HLB has received the go ahead from HCDD at every step as the City is funding of this acquisition and all related expenses. HLB is under grant contract agreement to do this work.

HLB, under the Amended and Restated Acquisition and Development Agreement, as amended, approved by City Council on April 1, 2020 with Ordinance No. 2020-279, will use previously appropriated Tax Increment Reinvestment Zone (TIRZ) Affordable Housing funds to provide for the acquisition of properties, and increase affordable housing production.

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As of October 2020, HLB has accelerated its work to identify and facilitate the acquisition of real property to support HCDD and the NHDP. HLB has acquired approximately 88,000 SF in four separate neighborhoods and has another approximately 385,000 SF of sites under contract with a combined total estimated value of \$13,032,187. HLB has reviewed and considered well over 1000 individual sites for acquisition in various locations across Houston. Thus far, on the lots secured from the Houston Land Bank inventory, HCDD, has been procuring the builders and overseeing construction for the program and has completed 39 homes, with one home currently under contract, another 23 homes under construction and an additional 55 in preconstruction. Thirty-seven homes have been sold to date, and buyers are all at 80% and below Houston’s Area Median Income (AMI).

To further support the Mayor’s priorities of increased single-family home development and Complete Communities, HLB has expanded its scope beyond the acquisition of single tax delinquent properties to include strategic acquisitions—larger parcels that can accommodate a larger number of homes, such as the ones here. Additionally, as land prices continue to rise, making it more difficult to achieve the scale of production of affordable housing needed, it is imperative to use TIRZ funds efficiently to acquire as much land as feasible. For these larger parcels, significant review and financial modelling has been conducted, and upon acquisition, HCDD would select the developer who would then enter in an agreement with HCDD and HLB to achieve the desired public policy goals on the site.

HCDD has directed HLB to understand and seek approval of its financing options in order to maximize its TIRZ funding ‘allowance’ which requires Council approval per HLB bylaws. The salient facts of the transaction are as follows:

Contract Purchase Price: \$9,183,750

Total Acquisition Costs: \$9,559,095

Estimated amount to be financed: Up to 70% of the acquisition cost.

Size: 6.8 acres or 296,250 SF

1. HCAD 0310230000001
2. 0310300000011
3. 0310300000008
4. 0310300000004
5. 0310300000005
6. 0310230000003
7. 0312350000001
8. 0312350000002
9. 0310160000001
10. 0310130000009
11. 0310130000005
12. 0310130000004
13. 0310130000003
14. 0310130000002
15. 0310130000011
16. 0310130000001

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\$/SF: \$31

Approved Ranges for Near Northside: \$15 - \$40/SF, Appraisal at \$31.49/SF

Closing Date: Est. By December 31, 2020

Development Opportunities:

- Numerous potential layouts for Multi-Family, Single Family, and combinations of both (construction cost savings from quantity & proximity).
- Add price capped affordable homes to an area where affordability is quickly evaporating.
 - o 120 -190 'units' depending on density and density mix
- Flagship type of project to demonstrate redevelopment capacity of HLB & HCDD partnership
 - o Repurpose/re-use of obsolete commercial/industrial parcels to living/thriving residential & community uses
 - o Last few significant sized parcels in area
 - o Only scattered sites remain (within financial feasibility)

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REQUEST FOR BOARD ACTION

Meeting Date: December 10, 2020

Agenda Item VII.e.: Consideration and Possible Action to Approve an Agreement with CR Financials Group for Accounting Services in an Amount Not to Exceed \$54,000

ACTION SUMMARY

Approval of this item will provide for compliance with previous Board direction (June 13, 2020 and July 29, 2020) to retain external contract financial services providers by authorizing an agreement with CR Financials Group to continue providing financial services to HLB.

BACKGROUND/OVERVIEW

In adopting the FY 2021 budget, the Board voted to maintain relationships with HLB's longstanding financial services providers, including CF Financials. Staff has negotiated an agreement for \$54,000 for services including accounting and invoicing support to be provided for a monthly fee of \$4,500 based on 16 hours of work weekly. These services are an increase in scope from prior original contract agreement, but reflective of the work necessary since 2019 on the New Home Development Program. There are significant additional amounts of invoicing, expense tracking, and bookkeeping that is reflective in this scope. The draft letter of engagement follows this memo.

CR•Financials Group

Accounting • Tax & Consulting

December 2, 2020

Anne Haynes
President
Houston Land Bank
P.O. Box 131106
Houston, Texas 77219

VIA E-mail: ahaynes@houstonlandbank.org

The following is a list of services available by CR Financials Group, we hope to meet your expectations of service from our company by clearly identifying services to be provided and their frequency. Our services will cover a one-year agreement through January 1, 2022 and will be extended on a month to month until given notice.

You are responsible for management decisions and functions, and we will be working under the Vice President of Accounting and Finance who will be providing the suitable skills, knowledge, or experience to oversee any bookkeeping services, tax services, or other services we provide. You are responsible for evaluating the adequacy and results of the services performed and accepting responsibility for such services. You are responsible for establishing and maintaining internal controls, including monitoring ongoing activities.

None of the services can be relied on to detect errors, fraud, or illegal acts that may exist. However, we will inform you of any material errors or fraud that come to our attention and any illegal acts that come to our attention, unless they are clearly inconsequential. In addition, we have no responsibility to identify and communicate deficiencies in your internal control as part of this engagement.

Here are the services that we will provide:

Finance Committee

Attend monthly finance committee meetings whether in person or by virtual communication scheduled.

General Ledger

- Provide to McConnell & Jones LLP, the backup documentation links and backup to compile their **Monthly** Compilation Financial Statements.

CR•Financials Group

Accounting • Tax & Consulting

- *Maintain* a monthly accounting system on QuickBooks for Houston Land Bank.
- Record any journal entries provided by McConnell & Jones LLP.

Cash

- On a monthly basis, reconcile each of the four bank accounts.
- Submit the reconciliations of the four bank accounts to the Vice President of Finance & Accounting for electronic signature approval.
- *Maintain* copies and back-up of checks written by Houston Land Bank staff (to be maintained in on-premises space furnished by Houston Land Bank).

Credit Card Reconciliation

- On a monthly basis, reconcile HLB credit card statement
- Submit the reconciliations of the four bank accounts to the Vice President of Finance & Accounting for electronic signature approval.
- *Maintain* copies and back-up of credit card receipts expensed by Houston Land Bank staff (to be maintained in on-premises space furnished by Houston Land Bank).

Accounts Receivable

- Set-up and maintain accounts receivable files (to be maintained in a designated space furnished by Houston Land Bank)
- Record data regarding the sale of Houston Land Bank owned lots to builders, community development corporations (CDC) or through the NHDP Program to individual home buyers.
- Prepare documents needed for money transfer received by Houston Land Bank from the City or other sources.
- Enter accounts receivable data into QuickBooks and generate monthly accounts receivable summary report.

Accounts Payable

- Set-up and maintain accounts payable files (to be maintained in a designated space furnished by Houston Land Bank).
- Enter payable data into QuickBooks and generate monthly, checks payable summary report.
- Review payable invoices for accuracy and prepare voucher package for payment.
- Prepare checks for signature
- Present checks (with back-up information) for signature.
- Present a check register to the Vice President of Finance & Accounting for the use of the Finance Committee and committee members.
- Designated as 2nd tier of Positive Pay under the Vice President of Finance & Accounting assuring that all checks have been submitted properly and on stand-by for any fraudulent notifications.

Insurance Report

- Reconcile QuickBooks with EPP system each month for a monthly report of lots being insured

and submitted to HLB's insurance agency. In the report, it should reflect properties that are being removed due to sell and lots being acquired. *Report must be submitted on the 25th of each month.*

Invoicing

Duties requested for invoicing consist of maintaining expenditures that pertain to a lot, project or acquisition. The accuracy is important and critical so following the compliance of the New Home Development Program (NHDP) grant is crucial. As such, these steps require to complete an invoice:

- As part of the **NHDP Program Disposition** portion of the grant assurance that invoices are processed correctly to the designated HCAD Lot and recorded onto QuickBooks as a project. Assuring there are no duplication or incorrect billing charges. *For this portion of the contract pertaining to NHDP as of January 2021, an estimated number of 36 lots are projected to be sold for the remaining portion of 2021 year. Should this projected number of houses sold under NHDP and/or any other program with reimbursable invoice requested then this portion of the contract will be reviewed at such time, an additional charge in disposition invoice would be considered.*
 - Recording onto an HLB invoice through QuickBooks all expenditure pertaining to the HCAD Lot, provided with backup information and scanned into HLB's SharePoint (web-based document management system).
 - These invoices have expenditures of soft cost, property taxes, realtor commission, closing cost, legal fees, utilities and home security cost pertaining to each HCAD Lot sold.
- As part of the **NHDP Program Acquisition** portion of the grant assurance that invoices are processed correctly to the designated acquisition purchase or feasibility inquiry and recorded onto QuickBooks invoice. Assuring there are no duplications or incorrect billing charges.
 - Recording onto an HLB invoice through QuickBooks all expenditure pertaining to the Lot(s), provided with backup information and scanned into HLB's SharePoint (web-based document management system).
 - These invoices have expenditures of environmental testing, title search, earnest money, HLB acquisition services, property taxes, survey fees, feasibility study and legal fees pertaining to HCAD Lot purchased.
- As part of the **Operational Reimbursable Expenditures Grant Program** under the RCA assure that all potentially reimbursable funds are invoiced and provided with back up for Year Ended 2021 and 2022.
 - Monthly invoice of the Operational Reimbursable Expenditures is to be recorded onto an invoice through QuickBooks, provided with backup information and scanned into HLB HLB's SharePoint (web-based document management system).
 - These invoices have expenditures consisting monthly operations of HLB that are administration cost, employee cost, HLB Lot maintenance, legal fees, professional and consulting services, and rent expenditures.

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These invoices will be completed within the Houston Housing Department and HLB agreed upon deadline of 30 to 45 days so long as the backup information and any other information is given by personnel to us in a timely fashion.

Audit Support

We will assist as support when time commence pertaining to Houston Housing Compliance Annual Review and HLB's Fiscal Year Audit under the guidance of the Vice President of Finance & Accounting.

Engagement, Administration Fees and Other

Our agreed-upon fee for this service will be \$4,500 a month for the services listed above. This fee is based on anticipated cooperation from personnel and the assumption of any out of scope work discussed. If any additional time or services are required, we will discuss it with you and arrive at an additional fee before we incur the additional costs. These services requested of us is 64 hours per month that equates 16 hours per week dedicating Tuesdays and Thursdays as the dates preferred. Should there be any scheduling conflict, we could arrange services so long as it is equivalent to the 16 hours per week.

Any other duties requested that are not listed as part of the monthly fee or invoicing would be considered as out of scope services.

Additional services will generally be based on time expended, at standard hourly rates, ranging from \$125 per hour for Conchita Reyes to \$250 per hour for Isaac Cruz, CPA plus out-of-pocket costs. It might also include other factors deemed relevant, including the difficulty of the engagement and the skill required to perform the accounting services properly; time limitations imposed either by the President of Houston Land Bank, the Houston Land Bank Board, Houston Land Bank Finance Committee or any other circumstances; and the experience, reputation and ability of the individual or individuals assigned to the engagement.

The fee estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 90 days or more overdue and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed or report. You will be obligated to compensate us for all time expended and to

reimburse us for all out-of-pocket expenditures through the date of termination.

Any dispute arising under this engagement letter including, without limitation, any dispute relating to the scope, nature or quality of services performed by us, but excluding, however, each, if any, dispute relating to fee matters or reimbursable expense matters (the provisions of this paragraph not being applicable to any such dispute relating to fee matters or reimbursable expense matters), shall be submitted to mediation. A third party who, in the good faith judgment of each party to this engagement letter is competent and impartial and is acceptable to each party to this engagement letter, in the exercise of good faith judgment, shall be appointed to mediate any such dispute subject to mediation under this paragraph. Each party to the dispute shall pay an equal portion of the appointed mediator's reasonable fees and reasonable expenses. No lawsuit shall be commenced by any party with respect to any such dispute until at least sixty (60) days after such appointed mediator's first meeting with the parties. If any such dispute results in litigation between the parties, in the event that the non-prevailing party to such litigation is held not to have participated in good faith in the mediation process in accordance with the preceding provisions of this paragraph, the prevailing party shall be authorized to recover from such non-prevailing party, in addition to all other lawfully recoverable amounts, all reasonable costs, inclusive of costs of court and reasonable attorney's fees, incurred by prevailing party in such litigation.

We request that you retain all account summaries and listings (subsidiary ledgers) in your permanent Company records for future reference. In today's technological environment, businesses and individuals are continuously interacting through email. This often involves sending data, documents and other information, including sensitive tax and financial information. Although convenient, a business or individual that chooses to exchange such information via e-mail should ensure that their e-mail server and the information stored in their system are secure. By signing this engagement letter you authorize us to send information to you (or to other authorized recipients) via the e-mail addresses that you provide. The firm is not responsible for any transmission problems or the failure of you or any authorized recipient of the information to receive the file containing the information or maintaining the confidentiality of any information transmitted via email or in the possession of you or any authorized recipient. You are solely responsible for (i) notifying the firm of the failure to receive your file containing the information so that a copy can be provided in an alternate form; (ii) the security of your e-mail server and for restricting access of your e-mail in order to maintain confidentiality of the information transmitted; (iii) storing the electronic file containing the information; and (iv) acquiring and maintaining the software needed to open and access the files containing the information.

CR•Financials Group

Accounting • Tax & Consulting

QuickBooks Training

- Training of QuickBooks and accounting procedures to an HLB staff will be included in fee so long as training takes place the scheduled day of site visit and included in the monthly timeframe.
- Outside the site visit would be considered out of scope.

Copies and Work Papers

Work papers, copies of documents and notes are for the use of the accountant. Any and all scanned documents will be collected for purposes mentioned above. Original documents are to be left on-promises of Houston Land Bank or returned, never to be stored or held for a long period of time.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,



Conchita Reyes
CR Financials Group

RESPONSE:

This letter correctly sets forth the understanding of Houston Land Bank formerly known as Land Assemblage Redevelopment Authority.

Officer signature: _____

Title: _____

Date: _____



REQUEST FOR BOARD ACTION

Meeting Date: December 10, 2020

Agenda Item VII.f.: Consideration and Possible Action to Approve an Agreement with McConnell & Jones for Financial Services in an Amount Not to Exceed \$40,000

ACTION SUMMARY

Approval of this item will provide for compliance with previous Board direction (June 13, 2020 and July 29, 2020) to retain external contract financial services providers by authorizing an agreement with McConnell Jones to continue providing financial services to HLB.

BACKGROUND/OVERVIEW

In adopting the FY 2021 budget, the Board voted to maintain relationships with HLB's longstanding financial services providers, including McConnell Jones. McConnell Jones services have been modified to reflect a reduced but important external review of monthly financials and preparation of monthly compilation report. Since the last contract agreement with McConnell Jones (2015) professional rates have increased, leading to a contract that is annually more than prior contracts. Staff has negotiated an agreement for \$40,000 for financial and accounting services as outlined in the proposed letter of engagement that follows this memo.



December 1, 2020

Houston Land Bank (formerly Land Assemblage and Redevelopment Authority)
c/o Anne Haynes, CEO
P.O. Box 131106
Houston, TX 77219

Dear Anne:

Re: LETTER OF AGREEMENT

This letter, when signed by you, will constitute our agreement to serve as your professional accounting service provider as outlined below.

McConnell & Jones, LLP ("M&J") agrees to provide the following accounting and administrative services to the **Houston Land Bank. This agreement is effective January 1, 2021 to December 31, 2021, with an automatic extension option from January 1, 2022 to December 31, 2022.**

Scope of Services

McConnell & Jones proposes to provide the following accounting services:

1. We will compile, from information you provide, monthly financial statements of **Land Assemblage Redevelopment Authority, as of January 1st 2021, for the month ending January 31, 2021**, and issue an accountant's report thereon in accordance with Statements on Standards for Accounting and Review Services (SSARSs) issued by the American Institute of Certified Public Accountants (AICPA).

The objective of a compilation is to assist you in presenting financial information in the form of financial statements. We will utilize information that is your representation without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements in order for the statements to be in conformity with [the applicable financial reporting framework, (for example, accounting principles generally accepted in the United States)].

You are responsible for:

- a. The preparation and fair presentation of the financial statements in accordance with [the applicable financial reporting framework].
- b. Designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.
- c. Preventing and detecting fraud.
- d. Identifying and ensuring that the entity complies with the laws and regulations applicable to its activities.

4828 Loop Central Drive,
Suite 1000
Houston, TX 77081
Phone: 713.968.1600
Fax: 713.968.1601

WWW.MCCONNELLJONES.COM

- e. Making all financial records and supporting documentation and information available to us.

We are responsible for conducting the engagement in accordance with SSARs issued by the AICPA.

A compilation differs significantly from a review or an audit of financial statements. A compilation does not contemplate performing inquiry, analytical procedures, or other procedures performed in a review. Additionally, a compilation does not contemplate obtaining an understanding of the entity's internal control, assessing fraud risk, testing accounting records by obtaining sufficient appropriate audit evidence through inspection, observation, confirmation, or the examination of source documents (for example, cancelled checks or bank images); or other procedures ordinarily performed in an audit. Accordingly, we will not express an opinion or provide any assurance regarding the financial statements being compiled.

Our engagement cannot be relied upon to disclose errors, fraud, or illegal acts. However, we will inform the appropriate level of management of any material errors, and of any evidence or information that comes to our attention during the performance of our compilation procedures that fraud may have occurred. In addition, we will report to you any evidence or information that comes to our attention during the performance of our compilation procedures regarding illegal acts that may have occurred, unless they are clearly inconsequential.

If, for any reason, we are unable to complete the compilation of your financial statements, we will not issue a report on such statements as a result of this engagement.

Our Compilation Accountant's Report is expected to read as:

“Management is responsible for the accompanying financial statements of Houston Land Bank, which comprise the governmental fund balance sheet and statement of net assets as of Month, Year and the related statement of governmental fund revenues, expenditures and changes in fund balance and statement of activities for the X months ending June 30, 2021, in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management has elected to omit substantially all of the disclosures required by generally accepted accounting principles. If omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Organization's financial position, changes in net assets, revenue and expenditures. Accordingly, these financial statements are not designed for those who are not informed about such matters.”

2. Partner will attend monthly Finance Committee meetings and provide general accounting services up to 4 hours monthly.
3. Monitor and track restricted cash for various HLB programs. Review internally prepared bank reconciliations with bank statements and provide 3rd party independent oversight.
4. Propose adjusting journal entries as needed and provide such adjustments to Management for approval and recording.

Additional Services:

5. Assist Auditor with reports related to financials prepared by M&J staff including restricted cash reconciliation, property reconciliations (acquisitions and dispositions), and grant funds reconciliation.
6. Provide advisory consultation as needed.
7. Work with key personnel on special projects as needed, including but not limited to, budget preparation, providing financial consultation, additional assistance during the audit, and additional financial reports not included in scope.
8. Additional services may also be requested by the HLB for researching, evaluating and examining certain issues that may arise. These services are at the discretion of the HLB.

All working papers and reports will be retained at our expense for a minimum of three (3) years and M&J will make such working papers available to HLB upon request. In addition, M&J will respond to reasonable inquiries of successor accountants and the HLB's auditors and allow review of working papers relating to matters of continuing accounting significance.

Fees

Our fees for these services are based on the amount of time required at various levels of responsibility. Our fees for services outlined in the scope, items 1-4 are as follows:

Fees for Scope of Services listed on 1-4

	Staff	Hours	Rate	Fee	Annualized
Basic Services (including monthly FC meeting)	Tene Thomas, Partner	4	355	1420	
Monthly Compilation Reports for 11 months (Jan-Dec 2021 excluding June)	Senior and Partner			1,300	

Total Monthly Fees	2,720	\$29,920
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Compilation Report for the month ended FYE June 2021,
and June 2022 (if automatic extension exercised)

Tene Thomas, Partner	12	\$355	4,260	
Senior Accountant	30	\$115	1,150	
			\$5,410	

** Includes up to 4 hours miscellaneous basic services for
month of June

Total Annual Fees for January 1,
2020 - December 31, 2021

\$35,330

If the automatic one-year extension is exercised, we will commit to the fees and rates above for the additional automatic extension period. All services above performed by Senior Accountant are discounted to \$115 per hour.

For services performed outside of the scope, included but not limited to, that which is outlined in item 5-8, the fee will be based on the prevailing established hourly rates. Our prevailing established hourly rates currently in effect are shown in the following schedule.

Schedule for Professional Fees

Staff	Standard Rate
Partner – Tene Thomas	\$355
Tax Manager	\$195
Senior Accountant	\$125
Staff Accountant	\$105

Our invoices for these fees will be rendered each month and are payable upon presentation. In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination. The fee estimate is based on anticipated cooperation from your personnel, the assumption that unexpected circumstances will not be encountered during the work performed, and we will receive information on a timely basis. The fee estimated also assumes we will receive the information timely to meet deadlines. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate

before we incur the additional costs. We reserve the right, with prior approval from you, to bill for the additional hours at the established hourly rates then in effect (as outlined above).

Administrative Fees

M&J will also bill for administrative (out-of-pocket) expenses that we incur on your behalf, such as postage, delivery charges, travel, mileage, parking, long distance fax and phone charges, as well as online research and computer software charges. *This fee is in addition to the monthly fees.*

Termination

Both McConnell & Jones and Houston Land Bank may terminate this agreement for any reason by giving the other party sixty (60) days prior written notice. If this agreement is terminated for any reason by either party, you will still be obligated to pay us for services we have performed or expenses we have incurred prior to the termination.

Warranties and Limitations

Our engagement cannot be relied upon to disclose errors, irregularities, or illegal acts, including fraud or defalcations that may exist. However, we will inform you of any material errors that come to our attention and any irregularities or illegal acts that come to our attention, unless they are clearly inconsequential. In addition, we have no responsibility to identify and communicate significant deficiencies or material weaknesses in your internal control structure as part of this engagement. However, at your request, we can provide a separate service for that purpose.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you agree with the terms of our engagement as described in this letter, please sign and return to McConnell & Jones, 4828 Loop Central Dr., Suite 1000, Houston, Texas, 77081. If you do not sign and return this letter but provide us with information to prepare your report(s) after we have sent you this letter, you agree to be bound by all of the terms and conditions herein.

Tene Thomas

 Tene Thomas, Partner
McConnell & Jones, LLP

12/1/2020
 Date

 Anne Haynes, CEO
Houston Land Bank

 Date

 Matthew Zeis, Chairman
Houston Land Bank

 Date