

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

June 13, 2019

A regular meeting of the Board of Directors ("Board") of the Houston Land Bank ("HLB"), a Texas non-profit corporation created and organized by the City of Houston as a local government corporation pursuant to the Texas Transportation Code Annotated, Section 431.101, *et seq.*, and the Texas Local Government Code Annotated, Section 394.001 *et seq.*, was held in the City Council Chambers at the Houston City Hall Annex, 900 Bagby Street, Houston, Texas, on Thursday, June 13, 2019 at 12:15 p.m. Written notice of the regular meeting, which included the date, hour, place and agenda for the regular meeting, was posted in accordance with the Texas Open Meetings Act.

Board members in attendance were:

Nicholas Hall	Curtis Lampley
Vincent Marquéz	Carol Galloway
John David Vasquez	Jesus DeAnda
Mario Castillo	David Collins
Ana Yáñez-Correa	Courtney Johnson Rose

Board members absent were: Antoinette Jackson, Matt Zeis and Pastor Steve Hall.

Others in attendance included: Anne Haynes, the CEO/President for the Houston Land Bank; Jennifer Allison of the Houston Land Bank; Ivan Zapata, Real Estate Manager of HLB; Sam Dike, Vice President of Community and Partnerships for HLB; Marye Barba, Administrative Assistant for HLB; Gracie Saenz, outside legal counsel for the Board; Greg Erwin and Mark Glanowski (Paralegal) of Winstead PC, outside legal counsel for the HLB; Anderson South with the City of Houston New Home Development Program; and Rupa Sen, Real Estate Manager of the City of Houston Housing and Community Development Department.

I. Call to Order and Roll Call

Chairman Nicholas Hall called the meeting to order at 12:15 p.m. A roll call of the Board members in attendance immediately followed. Chairman Hall noted that a quorum of the Board was present.

II. Adopt Minutes of Regular Meeting on May 9, 2019

Chairman Hall noted that the minutes for the Board of Directors regular meeting held on May 9, 2019 were previously circulated for review and comment. He asked if there were any discussion and/or comments to the minutes from the Board members in attendance. Hearing none, he then requested a motion to approve the subject minutes. Director Castillo made a

motion to approve the minutes as written which motion was then duly seconded by Director Galloway and passed by the unanimous vote of the Board.

III. Chairman's Greeting—Nicholas Hall

Chairman Hall informed the Board that former Director Pastor Bowie and the mother of Yvonne Cantu passed away recently. Chairman Hall requested a moment of silence in honor of them. He then stated that a budget workshop was held to go over the last fiscal year budget and the current financial reports in preparation for the 2020 fiscal year budget. Therefore, today's meeting will primarily focus on the budget for the next fiscal year.

IV. President's Report – Anne Gatling Haynes

Ms. Haynes presented a brief overview of the status of the operations and noted that she has been focusing on finalizing the fiscal budget for 2020. She noted that interviews are in progress for the position of a property maintenance coordinator for the lots which includes mowing services for the vacant lots and the completed houses. Yesterday, she and Director Marquéz visited the Gulfton area for a fact finding mission to determine affordable housing available. She informed the Board that the HLB is participating in the Resilient Houston Program led by Marissa Aho to assist neighborhoods during weather related disasters and economic downturns.

Ms. Haynes then stated that the Contract Management System currently has 655 entries of business entities the HLB has actually engaged in business with along with community leaders and community organizations. She stated that this list started with 11 entries and is the brain trust of the organization.

With regard to the lot inventory, she noted there are 33 lots under investigation for being out of compliance with the respective construction schedule. Currently there are 84 lots in in various stages of development and there are 20 home buyer closings anticipated in June based on the reports from the home builders which are furnished each month. There were 305 lots which received the bi-annual mowing, however 27% of the lots are classified as being in poor condition.

Ms. Haynes stated that the recent Yard Social had 65 attendees including Directors Collins and Lampley. The contacts made at the Yard Social continue to be interested in working with HLB constructing affordable houses in various neighborhoods. She then noted that there have been 60 additional home showings recently which evidences that the HLB homes are being visited by prospective home buyers. The on-call real estate broker has logged 400 hours during the last 4 months growing the home buyer pipeline and marketing of the houses constructed in Acres Homes.

During future Board meetings, Ms. Haynes intends to report on acquisition and development matters on the 4-5 areas as directed by the Houston Housing Director. The acquisition and development of single family vacant lots in the focus neighborhoods is a contractual obligation of the HLB with the City of Houston Housing and Community Development Department. HLB staff has been reviewing over 250 lots available for acquisition within 2-3 neighborhoods and currently have 20 lots under contract.

Next, Ms. Haynes informed the Board that nine responses have been received for the RFQ for maintenance services for the lots. An internal review committee will analyze the responses and recommend prospective candidates to the Board for approval. She is also coordinating with the bookkeeper to transition to on-line QuickBooks to assist the financial information of the organization in the long term. She noted that costs have been increasing during this transition year as the HLB becomes more of an independent organization.

She mentioned that the revised draft of the RFQ from Builders and Developers is included in the meeting information package and will be discussed during the Builders Report later during today's meeting.

V. Committee Reports

There was no Finance Committee report during the month of June.

Director Lampley stated that the Builder Selection Committee did not meet this month, however, he requested that the Board review the revised Request for Qualifications from Builders/Developers included in the meeting package which includes highlights from the prior version. He thanked the Directors for their comments, suggestions, and/or recommendations and stated that he now considers the revised RFQ ready for release. The RFQ will include five categories of builders as follows:

1. Master Developer – small to mid-size development areas on larger geographic areas based on more than 7 years of demonstrated business experience.
2. Established Builder – 5 to 10 land parcels at a time based on more than 3 years of demonstrated business experience.
3. Startup Builder – 1 to 4 land parcels with less than 3 years of business experience and requires a Mentor Builder to provide guidance and building advice.
4. Rehab/Reconstruction Services – single-family and multi-family.
5. Neighborhood Community Builder – smaller scale commercial development.

Director Rose stated that the Partnership Committee met recently to prepare an outline of the initial scope of the Committee and formalize a process to contact parties which were previously interested in participating in HLB projects. She expressed a need to form alliances with City Council members. The Partnership Committee also discussed collaborating with the Marketing Committee. The Committee will meet on the second Monday of each month at noon at the offices of the Houston Land Bank.

VI. Consideration and possible action regarding FY20 Budget

Ms. Haynes noted that even after the Board votes on the Fiscal Year 2020 Budget ("2020 Budget") there will be housing grants negotiated during the Summer with the City of Houston which will affect a number of the budget items that may result in the need for a revised budget in September 2019. She further noted that expenses items have changed dramatically from prior

years due to new staff, office rent, and insurance. The 2020 Budget is based on projected land transactions with regard to revenue and expenses which will be monitored throughout the year.

She stated that the HLB is about to go into Phase 2 of a 3 phase transition and this year will be a demonstration year following the transition year.

The demonstration year will return HLB to its core business of purchasing lots for home builders and expanding its engagement with the focus neighborhoods. The 2020 Budget will be driven by acquisitions and dispositions resulting from the grants with the City of Houston. It is estimated that HLB's monthly organizational costs will be \$110,000 for full continuous operations. One year of operations will cost between \$1,200,000 and \$1,400,000. HLB must continue to demonstrate capacity with its partnership with the City which is critically important.

She stated that it is increasingly likely that HLB will need a motor vehicle for its operations.

Ms. Haynes noted that the increased revenues will derive from its grant agreements with the City for operational costs and for acquisitions and development. She mentioned that a new pilot program for development fees will be proposed to increase revenues.

Next she discussed the proposed HLB programs covering lot sales, marketing, legacy workshops, yard socials, data analysis, builder mentorship, and resiliency plan implementation. These programs will cost budget dollars but are core pieces of building the identity of HLB, as well as testing opportunities for additional revenue support. The proposed HLB lot programs include standard lot sale (projecting 150 lot sales for Fiscal Year 2020) and limited \$1 lots (approximately 20 lots) which may incur additional expenses.

Ms. Haynes then discussed the proposed revenue figures which includes both operations and acquisitions and total \$16,846,870, and Total Expenses which are \$17,509,503 for the 2020 Budget. She noted that several expense items are still being negotiated and therefore may need to be adjusted during the fiscal year.

Director Collins requested a schedule of the bills paid each month because he has not seen one. Ms. Haynes agreed to circulate a listing of the bills paid each month to the Directors.

Director Rose requested an explanation of the difference between employees and professional services. Ms. Haynes explained that professional services covers software programs that are technically vendors and includes the property management system. She noted that they are still adjusting titles of categories listed in the prior budgets in the 2020 Budget.

Director Lampley asked Ms. Haynes to explain the new budget item listed as "revenue from homebuyer (Future Plan)." Ms. Haynes explained that this is revenue reimbursed to HLB when a house is sold to a homebuyer and includes the various expenses to carry the lot and is reimbursed at the closing of the sale to the homebuyer. The City is projecting 250 house sales per year. HLB has \$5 million now for acquisition costs and the City may advance \$10 million more based on HLB's track record. The budget numbers for the revenue from the homebuyer sales is a projection based on the City's development projections.

The 2020 Budget assumes new employees to be added such as a listing broker and a property maintenance coordinator.

Director Rose made a motion to approve the Fiscal Year 2020 Budget which was duly seconded by Director Galloway. Chairman Hall asked if there were any further comments to the 2020 Budget. Director Marqu ez asked why three bids were not furnished for the RFQ for the Auditor and the insurance. Ms. Haynes stated that for various reasons the current Auditor was retained. Director Marqu ez stated that he does not want another Ted Oberg and Houston Chronicle investigation of the management and operations of the HLB. Director Marqu ez stated that the Board should include a 3 bid policy for all future RFQs. Chairman Hall agreed that transparency is extremely important when handling public funds. Director Marqu ez noted that HLB has numerous resources to avail itself of to contact additional vendors when submitting a request for bids. Chairman Hall stated that the situation with the contract for the Auditor occurred because it was about to expire and such services were needed to continue on-going work, therefore three bids were not obtained for the Auditor contract. Chairman Hall stated that the Board can revisit the Procurement Policy which grants certain decision making authority to the President/CEO. Director Castillo requested that the Directors be furnished with a notice listing the items the President/CEO and HLB staff is working on in order to provide suggestions and concerns without delaying the progress of such items. Director Cortez indicated that there needs to be an institutional level of feedback and communication between the Board and HLB staff.

Chairman Hall asked if there were any further comments from the Board with regard to the 2020 Budget. Hearing none, he requested a vote from those who wish to approve the 2020 Budget as written. All Directors voted "aye" approving the 2020 Budget unanimously.

VII. Public Comments

Nothing to report.

VIII. Board Member Comments

Chairman Hall reminded the Board to send letters to their state representatives to support passage of the land bank legislation. Director Galloway wished a Happy Father's Day to all fathers.

IX. Adjournment

Chairman Nicholas Hall asked if there were any additional matters to be considered by the Board. Hearing none, the regular Board meeting adjourned at 1:17 p.m. upon the motion of 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 _____, 2019.

Secretary