

City of Houston, Texas, Ordinance No. 2018 - 598

AN ORDINANCE RELATING TO THE EXPANSION OF THE CAPACITY AND MISSION OF THE LAND ASSEMBLAGE REDEVELOPMENT AUTHORITY (“LARA”), APPROVING AND AUTHORIZING THE CHANGE OF LARA’S NAME TO “HOUSTON LAND BANK” (“HLB”), AN AMENDMENT TO THE CERTIFICATE OF FORMATION OF HLB AND THE AMENDED AND RESTATED BYLAWS OF HLB; CONTAINING FINDINGS AND OTHER PROVISIONS RELATING TO THE FOREGOING SUBJECT; AND DECLARING AN EMERGENCY.

* * * *

WHEREAS, pursuant to City of Houston Resolution No. 1999-59, passed and adopted by the City Council (the “City Council”) of the City of Houston (the “City”) on October 27, 1999, the City approved the creation of the Land Assemblage Redevelopment Authority (“LARA”), together with its Articles of Incorporation (“Articles”) and bylaws (“Bylaws”); and

WHEREAS, LARA is a local government corporation created pursuant to Subchapter D of Chapter 431, Texas Transportation Code (“Chapter 431”) and Chapter 394 of the Local Government Code (“Chapter 394”) for various purposes, including without limitation acquiring from the City certain tax-foreclosed properties and conveying those properties, at a price which may be less than the amount of the applicable tax judgments, to developers who will build affordable single-family homes on the properties to be sold to qualified low-income purchasers; and

WHEREAS, pursuant to Section 34.051 of the Texas Tax Code (“Code”) and Ordinance No. 2013-1018, passed and adopted the 5th day of November 2003, the City entered into an interlocal agreement (as thereafter amended, the “Interlocal Agreement”) with all other applicable taxing authorities to accomplish the foregoing purposes, and amended LARA’s Articles and Bylaws to provide that LARA would have a thirteen (13) member Board of Directors (“Board”), that three (3) members of the Board would be appointed by the Houston Independent School District (“HISD”) and that three (3) members of the Board would be appointed by Harris County (“Harris County”); and

WHEREAS, despite the expiration of the term of the Interlocal Agreement, it is the City’s best interest to keep in place the thirteen (13) member Board with appointment rights in favor of HISD and Harris County, provided that if they do not appoint representatives and those positions remain vacant for ninety or more consecutive days, the Mayor, with City Council approval, may fill the positions; and

WHEREAS, the City Council finds that the activities of HLB are expected to be expanded to include engaging residents of the targeted Complete Communities Initiative at all levels of community revitalization, to strategically acquire properties throughout the City as part of the Complete Communities Initiative or as otherwise directed by the Mayor of the City with the approval of the City Council and to create programs to stimulate the development of affordable housing, workforce housing, grocery stores, retail space, green space and other community amenities (the “Expanded Mission”); and

WHEREAS, Chapter 431 and Chapter 394 of the Texas Transportation Code and §394.016 of the Texas Local Government Code require that the governing body of the local government sponsoring the local government corporation approve amendments to its Articles of Incorporation; and

WHEREAS, the City Council finds that the City is the local government sponsoring LARA and that it is in the City's best interest to amend the Articles and to amend and restate the Bylaws to provide for the Expanded Mission and to streamline certain administrative processes as set forth in the Amendment to Certificate of Formation of Houston Land Bank ("Amendment to Certificate") attached hereto as Exhibit "A" and in the Amended and Restated Bylaws of Houston Land Bank ("Amended and Restated Bylaws") attached hereto as Exhibit "B"; and;
NOW, THEREFORE,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF HOUSTON, TEXAS:

Section 1. That the facts and recitals contained in the preamble of this Ordinance are hereby found and declared to be true and correct and are adopted as part of this Ordinance.

Section 2. That the City Council hereby approves and authorizes the following:

1. the Amendment to Certificate of Formation of Houston Land Bank in substantially the form of Exhibit "A"; and
2. the Amended and Restated Bylaws of Houston Land Bank in substantially the form of Exhibit "B".

The Mayor is hereby authorized to execute such document and all related documents on behalf of the City of Houston, to the extent necessary or desirable. The City Secretary is hereby authorized to attest to all such signatures and to affix the seal of the City to all such documents. The City Attorney is hereby authorized to take all action necessary to enforce legal obligations under said documents without further authorization from City Council.

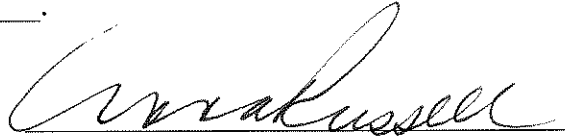
Section 3. That there exists a public emergency requiring that this Ordinance be passed finally on the date of its introduction as requested in writing by the Mayor; therefore, this Ordinance shall be passed finally on such date and shall take effect immediately upon its passage and approval by the Mayor; however, in the event that the Mayor fails to sign this Ordinance within five days after its passage and adoption, it shall take effect in accordance with Article VI, Section 6, Houston City Charter.

PASSED AND ADOPTED this 25th day of July, 2018.

ADOPTED this _____ day of _____, 2018.

Mayor of the City of Houston

Pursuant to Article VI, Section 6, Houston City Charter, the effective date of the foregoing Ordinance is JUL 31 2018.


 City Secretary

(Prepared by Legal Dept. Rene F. Bell)
 (RB 6/28/18) Senior Assistant City Attorney

(Requested by Tom McCasland, Director, Housing and Community Development Department)
 (L.D. File No. _____)

CAPTION PUBLISHED IN DAILY COURT
 REVIEW
 DATE: JUL 31 2018

AYE	NO	
✓		MAYOR TURNER
....	COUNCIL MEMBERS
✓		STARDIG
✓		DAVIS
✓		COHEN
✓		BOYKINS
ABSENT		MARTIN
✓		LE
✓		TRAVIS
✓		CISNEROS
✓		GALLEGOS
		ABSENT-OUT OF CITY ON PERSONAL BUSINESS
		LASTER
✓		CASTEX-TATUM
✓		KNOX
✓		ROBINSON
✓		KUBOSH
✓		EDWARDS
✓		CHRISTIE
CAPTION	ADOPTED	

EXHIBIT "A"

Amendment to Certificate of Formation of
Houston Land Bank

**AMENDMENT TO CERTIFICATE OF FORMATION OF
HOUSTON LAND BANK**

Reference is hereby made to the Articles of Incorporation of the Land Assemblage Redevelopment Authority dated November 1, 1999 as filed with the Secretary of State of the State of Texas (under File No. 155688901) and as amended by the First Amendment to the Articles of Incorporation of the Land Assemblage Redevelopment Authority dated effective as of March 8, 2004 filed with the Secretary of the State, State of Texas (collectively, the "Original Articles").

Pursuant to Subchapter D of Chapter 431, Texas Transportation Code (the "Act"), and pursuant to Chapter 394, Sec. 394.016, the City Council of the City of Houston ("City") by Ordinance dated _____, 2018 approved and adopted by a majority of the members of the City Council of the City on _____, 2018, hereby amends the Original Articles by removing Article I, Article IV, Article VII, and Article XIII thereof and replacing the same with the following:

**ARTICLE I
NAME**

The name of the corporation shall be the Houston Land Bank (the "Corporation").

**ARTICLE II
SUBSTANCE OF AMENDMENT**

A. Article IV of the Original Articles is amended to read as follows:

The Corporation is formed pursuant to and is governed by the provisions of Subchapter D of Chapter 431 of the Act which authorizes the Corporation to aid, assist and act on behalf of the City and to engage in activities in furtherance of the purposes for its creation. The Corporation is organized for the purpose of reclaiming vacant, abandoned, and deteriorated proerties on behalf of the City in the performance of its governmental functions to promote the common good and welfare of the City. On behalf of the City, the Corporation is also organized to undertake one or more projects to include, without limitation, the strategic acquisition, assemblage, management, marketing, development, and disposition of properties throughout the City, and to create one or more programs to include, without limitation, the development of affordable housing, workforce housing, grocery stores, retail space, green space, and other community programs that stimulate economic development and create jobs as part of the Complete Communities Initiative or as otherwise directed by the Mayor of the City.

The Corporation shall have and exercise all of the rights, powers, privileges, authority and functions given by the general laws of Texas to non-profit corporations incorporated under the Act including, without limitation, the Texas Non-Profit Corporation Law, Chapters 20 and 22 of the Texas Business Organizations Code (the "Non-Profit Act").

The Corporation shall have all other powers of a like or different nature not prohibited by law which are available to non-profit corporations in Texas and which are necessary or useful to enable the Corporation to perform the purposes for which it is created, including the power to issue bonds, notes or other obligations, and otherwise exercise its borrowing power to accomplish the purpose for which it was created, provided that the Corporation shall not incur obligations or notes or issue bonds without consent of the City Council of the City. The Corporation shall not be authorized to make or acquire home mortgages, or to make loans to lending institutions, the proceeds of which are to be used to make home mortgages or to make loans on residential developments.

The Corporation is created as a local government corporation pursuant to the Act, shall be a governmental unit within the meaning of Subdivision (2) of Section 101.001, Texas Civil Practices and Remedies Code, and its operations are governmental and not proprietary functions for purposes of the Texas Tort Claims Act, Section 101.001 et seq, Texas Civil Practice and Remedies Code. In the manner and to the extent required by applicable law, the corporation will comply with the provisions of the Texas Open Meetings Act (Tex. Govt. Code §§551.001 to 551.146) and the Texas Public Information Act (Tex. Gov't. Code §§552.001 to 442.353) in force in the State of Texas from time to time.

B. Article VII of the Original Articles is amended to read as follows:

All powers of the Corporation shall be vested in a board of directors ("Board of Directors" or "Board"). The Board of Directors shall consist of thirteen (13) persons, together with any non-voting members that may be appointed pursuant hereto or pursuant to the Bylaws. The Mayor of the City, or designee, shall be named as a non-voting ex officio Director of the Board. Each person appointed to serve as a director ("Director" or "Directors") shall serve until his or her successor is appointed and approved. Each subsequent Director shall serve for a term of two (2) years or until his or her successor is appointed, unless such Director has been appointed to fill an unexpired term, in which case the term of the Director shall expire on the expiration date of the term of the Director whom he or she was appointed to replace. Directors shall be appointed or removed as provided in the Bylaws; notwithstanding, the approval of the appointment or re-appointment of any Director of the Corporation shall require the prior approval of the Mayor of the City and be subject to confirmation by the City Council of the City.

In addition to the Directors, the Corporation may also have non-voting advisory members of the Board of Directors in such number as the Mayor of the City may appoint from time to time, each such appointment to be subject to confirmation by the City Council of the City. The Mayor of the City shall have the right to remove any such non-voting advisory members at any time, with or without cause. The Mayor of the City shall have the right to appoint a replacement for such removed person, subject to confirmation by the City Council of the City. Non-voting advisory members of the Board of Directors may, but need not be, residents of the City.

To be qualified to serve as a Director, a person must be a resident of the City of Houston and be at least 18 years old.

All other matters pertaining to the internal affairs of the Corporation shall be governed by the Bylaws of the Corporation, so long as such Bylaws are not inconsistent with the Original Articles as amended by this Amendment to Certificate of Formation, or the laws of the State of Texas.

C. Article XIII of the Original Articles is amended to read as follows:

No amendment to the Certificate of Formation, Bylaws, or other corporate governing instrument shall be effective without the prior approval of the Mayor of the City and the City Attorney, or as otherwise required by law.

**ARTICLE III
PROCEDURE USED IN ADOPTING AMENDMENT**

On October 27, 1999, the City Council of the City duly adopted Resolution No. 1999-59 authorizing the Corporation to act on behalf of the City to further the public purposes stated in the Resolution and approved certain Articles of Incorporation, which were filed with the Secretary of the State of Texas on November 1, 1999. On November 5, 2003, the City Council of the City passed and adopted Ordinance No. 2003-1018 approving the form of the Articles of Amendment. On _____, 2018, the City Council of the City passed and adopted Ordinance No. 2018-_____ approving the form of this Amendment to Certificate of Formation.

The Corporation has no members entitled to vote on this Amendment to Certificate of Formation. This Amendment to Certificate of Formation was adopted at a meeting of the Board of Directors of the Corporation held on _____, 2018 pursuant to the vote of the majority of the directors in office.

WHEREFORE, I have been duly authorized to execute this Amendment to Certificate of Formation on the Corporation's behalf on _____, 2018.

HOUSTON LAND BANK

By: Nicholas A. Hall,
Chairman of the Board of Directors

**STATE OF TEXAS
COUNTY OF HARRIS**

This instrument was acknowledged before me on the ___ day of _____, 2018 by Nicholas A. Hall, in his capacity as Chairman of the Board of Directors for the Houston Land Bank, a Texas local government non-profit corporation, on behalf of said corporation.

Notary Public, State of T E X A S

EXHIBIT "B"

Amended and Restated Bylaws of
Houston Land Bank

**AMENDED AND RESTATED BYLAWS OF
HOUSTON LAND BANK**

**ARTICLE I
NAME AND PURPOSE**

Section 1.01. Name. The name of the corporation is the Houston Land Bank (the "Corporation").

Section 1.02. Purposes. The Corporation is organized and is to be operated for the purposes set forth in the Amendment to Certificate of Formation effective _____, 2018, as the same may hereafter be amended and modified from time to time (the "Certificate of Formation").

Section 1.03. Seal. The Corporation may have a seal which shall be circular and shall have inscribed in the outer circle "Houston Land Bank" and shall have inscribed in the inner circle the letters "T E X A S" and a five pointed star. Said seal may be used by agents of the Corporation for the transaction of official business of the Corporation.

**ARTICLE II
BOARD OF DIRECTORS**

Section 2.01 General Powers; Number; Vacancy; Advisory Members. Unless otherwise stated in the Certificate of Formation, all powers of the Corporation shall be vested in a board of directors ("Board of Directors" or the "Board") consisting of thirteen (13) persons ("Director" or "Directors") appointed to positions (1) through (13). Only residents of the City who are at least 18 years old may be appointed as a Director with rights to vote on the Board. The Mayor of the City ("Mayor") shall appoint Directors to positions (1) through (5) including a Director to serve as Chair of the Board of Directors ("Chair") and a Director to serve as Vice Chair ("Vice Chair") of the Board of Directors. The Chair and Vice Chair of the Board of Directors shall always be designated by the Mayor. City Council of the City ("City Council") may appoint Directors to positions (6) and (7). The Houston Independent School District ("HISD") may appoint Directors to positions (8), (9), and (10). Harris County may appoint Directors to positions (11), (12) and (13). If a vacancy exists for any position on the Board of Directors for 90 or more consecutive days, the Mayor shall appoint a person to the vacant position, subject to the confirmation of the City Council.

The Mayor, or designee, shall be named as a non-voting ex officio Director of the Board. In addition to the Directors, the Corporation may also have non-voting advisory members of the Board of Directors in such number as the Mayor may appoint from time to time, each such appointment to be subject to confirmation by the City Council. The Mayor shall have the right to remove any such non-voting advisory members at any time, with or without cause. The Mayor shall have the right to appoint a replacement for such removed person, subject to confirmation by the City Council. Non-voting advisory members of the Board of Directors may, but need not be, residents of the City.

Each Director shall serve for a term of two (2) calendar years beginning on January 1 and ending on December 31, or until his or her successor is appointed by the Mayor, City Council, HISD or Harris County as applicable, unless such Director has been appointed to fill an unexpired term in

which case the term of the Director shall expire on the expiration date of the term of the Director whose position he or she was appointed to fill. Nothing herein shall be deemed to prohibit a Director from serving more than one term. There is no time limit on the number of terms a Director may serve.

Each Director serves at the pleasure of the entity that appointed him or her. If any Director fails to attend three consecutive regular meetings or more than half of the regular meetings held in a single calendar year, the Chair or Vice Chair may notify the entity which appointed such Director and recommend either removal or forgiveness. Upon receiving notification, an entity may choose to remove the Director. If the Chair and Vice Chair do not submit a notification, or the entity takes no action removing the Director, the Director shall continue to serve until the earlier of the expiration of his or her term or removal by the appointing entity.

Section 2.02. Regular Meeting. The Board of Directors may, by resolution, set regular meetings of the Board of Directors.

Section 2.03. Special Meetings. The Chair may call a special meeting of the Board of Directors. Any two Directors may call a special meeting of the Board of Directors. The person or persons that call a special meeting shall determine a time and location within the City to hold such meeting that is not impractical for any Director or the general public of the City.

Section 2.04. Notice. Notice of any meeting of the Board of Directors, or any committee thereof, shall be given at least seventy-two (72) hours previous to such meeting in the manner required pursuant to the Texas Open Meetings Law, Chapter 551, Texas Government Code (the "Open Meetings Law") and to each Director by email.

Section. 2.05. Quorum. At any meeting of the Board of Directors, a majority of the currently-appointed Directors shall constitute a quorum for the transaction of business.

Section. 2.06. Manner of Acting. The act of a majority of the Directors present and voting on the issue shall be the act of the Board of Directors. The Chair shall preside over each meeting of the Board of Directors. In the Chair's absence, the Vice Chair shall preside over each meeting. In the absence of both the Chair and Vice Chair, another Director appointed by the Chair shall preside at such meeting. The Secretary shall act as the secretary of the meetings, but in the absence of the Secretary, the presiding officer may appoint any person to act as secretary of the meeting.

Section. 2.07. Compensation. No part of the income or revenues of the Corporation shall ever be paid to any Director except for reimbursement of actual expenses incurred in connection with the business affairs of the Corporation, and no such reimbursement of expenses shall be made unless approved by the President & CEO.

Section. 2.08. Committees Generally. The Board of Directors may by vote establish committees consisting of two (2) or more of the members of the Board of Directors. Each committee shall be advisory only unless in the vote establishing the same the Board of Directors otherwise expressly provides, and if so provided, the committee may exercise such authority as has been granted to it by the Board of Directors.

Section 2.09. Executive Committee. The Chair shall appoint an Executive Committee from the Officers of the Board of Directors.

ARTICLE III **OFFICERS**

Section 3.01. Officers of the Corporation. Officers of the Corporation shall be a Chair, a President and CEO, a Secretary, a Treasurer, a Chief Financial Officer, and such other officers as may be elected in accordance with Section 3.02 hereunder. The Board may elect such other officers, including one or more Executive Vice Presidents, Vice Presidents, Assistant Secretaries or Assistant Treasurers, as it may deem desirable, such officers to have the authority and to perform the duties prescribed from time to time by the Chair.

Section 3.02. Election and Term of Office. The officers of the Corporation (other than the Chair and Vice Chair) shall be elected annually by the Board of Directors at its regular annual meeting. If Board does not have its regular annual meeting or otherwise does not elect officers at said meeting, then the Board shall elect officers at the next scheduled regular meeting. New offices may be created and filled at any meeting of the Board of Directors. Each officer shall hold office until his or her successor shall have been duly elected.

Section 3.03. Removal. Any officer elected or appointed by the Board of Directors may be removed by the Board of Directors whenever, in its judgment, the best interests of the Corporation would be served thereby.

Section 3.04. Vacancies. A vacancy in any office because of death, resignation, removal, disqualifications, or otherwise may be filled by a person appointed by the Chair, such person to serve for the unexpired portion of the term.

Section 3.05. Chair. The Chair shall preside at all meetings of the Board of Directors and the Executive Committee. The Chair shall be responsible for: (i) serving as an ambassador of the Corporation and advocating its mission to internal and external stakeholders; (ii) leading the Board of Directors and the Executive Committee to carry out its governance functions; (iii) setting priorities and agendas for meetings of the Board of Directors and the Executive Committee; (iv) assessing the performance of the Board of Directors; (v) assuring ongoing recruitment, development, and contributions of the Directors; (vi) appointing chairs on committees created by the Board of Directors; (vii) coordinating an annual performance review of the President & CEO; (viii) partnering with the President & CEO to ensure the directives, policies, and resolutions of the Board of Directors are carried out; (ix) working with the President & CEO to lead the development and refinement of the Corporation; and (x) exercise and perform such other powers and duties as may be prescribed by the Board of Directors from time to time. The Chair is authorized to sign any deed, mortgages, bonds, contracts, or other legal instrument to be executed on behalf of the Corporation, unless additional authorization is required from the Board of Directors under law. .

Section 3.06. President & CEO. The President & CEO shall in general supervise, be responsible for, and manage all of the operations of the Corporation and report directly to the Chair. The

President & CEO shall also perform all duties as may be prescribed by the Board of Directors from time to time.

Section 3.07. Secretary. The Secretary shall keep the minutes of the meetings of the Board of Directors in one or more books provided for that purpose, see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law, be custodian of the Corporation records and of the seal of the Corporation, and in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned by the Board of Directors. The Board of Directors may designate one Assistant Secretary who shall have the powers and duties of the Secretary during that officer's absence or inability to act.

Section 3.08. Treasurer. The Treasurer shall have charge and custody of and be responsible for all funds and securities of the Corporation, receive and give receipts for monies due and payable to the Corporation from any source whatsoever, deposit all such monies in the name of the Corporation in such banks as shall be selected by the Board of Directors, and in general perform all duties incident to the office of Treasurer and such other duties as from time to time may be assigned by the Board of Directors. The Board of Directors may designate one Assistant Treasurer who shall have the powers and duties of the Treasurer during that officer's absence or inability to act.

Section 3.09. Combining or Separating Offices. The Board of Directors may combine or separate the offices (except the offices of President & CEO and Secretary) by entry in its minutes.

ARTICLE IV

CONTRACTS; CHECKS; DEPOSITS; FUNDS; AND AUDITS

Section 4.01. Contracts. The Chair is generally authorized to sign contracts on behalf of the Corporation, unless Board approval is required under law. The Board of Directors may otherwise authorize any officer or officers or agent or agents of the Corporation to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances. No contract or other transaction between the Corporation and any Director may be entered into by the Corporation unless otherwise approved unanimously by the Board of Directors voting on the matter. The Director in question shall file, before a vote or decision on the matter, an affidavit disclosing the nature and extent of such interest to the Board of Directors and abstain from any vote regarding said interest. A Director is prohibited from participating in a vote, decision, or award of a contract involving a business entity or real property in which the Director has a substantial interest.

Section 4.02. Check; Drafts; Etc. All checks, drafts, or orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or officers or agent or agents of the Corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors. In the absence of such determination by the Board of Directors, such instruments shall be signed by the President & CEO and countersigned by the Chair.

Section 4.03. Deposits. All funds of the Corporation shall be deposited from time to time to the credit of the Corporation in a state or national bank or other federally insured depository institution selected as a depository of the funds of the Corporation.

Section 4.04. Donations. The Board of Directors may accept on behalf of the Corporation any contribution, gift, bequest, or devise for the general purposes or for any special purpose of the Corporation. The Board of Directors may not accept gifts in their personal capacity to the extent that such acceptance would violate state or local law. If the Corporation receives money from private donors, the Corporation must provide a quarterly report to the Mayor, the Finance Director of the City, or their designees that contains the following: (1) name of donor; (2) amount of donation; and (3) purpose of donation.

Section 4.05. Fiscal Year. The fiscal year of the Corporation shall begin July 1 of each year or as otherwise determined by the Board of Directors.

Section 4.06 Audits. The Board of Directors shall cause to be maintained a proper and complete system of records and accounts of all transactions, business, and affairs of the Corporation. After the close of each fiscal year, the Corporation shall cause financial statements to be prepared which shall be audited by an independent certified public accountant or firm of independent certified public accountants. The Corporation shall furnish a copy of such audited financial statements, together with the independent certified accountants' report thereof, without cost, to the Controller of the City.

ARTICLE V. CODE OF ETHICS

Section 5.01. Policy and Purposes. It is the policy of the Corporation that Directors and officers conduct themselves in a manner consistent with sound business and ethical practices; that the public interest always be considered in conducting corporate business; that the appearance of impropriety be avoided to ensure and maintain public confidence in the Corporation; and that the Board establish policies to control and manage the affairs of the Corporation fairly, impartially, and without discrimination. This Code of Ethics has been adopted as part of the Corporation's Bylaws for the following purposes: (i) to encourage high ethical standards in official conduct by Directors and corporate officers; and (ii) to establish guidelines for such ethical standards of conduct.

Section 5.02. Conflicts of Interest. A Director or officer is prohibited from participating in a vote, decision, or award of a contract involving a business entity or real property in which the Director or the officer has a substantial interest, if it is foreseeable that the business entity or real property will be economically benefited by the action. A person has a substantial interest in a business (i) if his or her ownership interest is ten percent or more of the voting stock or shares of the business entity or ownership of \$15,000 or more of the fair market value of the business entity, or (ii) if the business entity provides more than ten percent of the person's gross income. A person has a substantial interest in real property if the interest is an equitable or legal ownership with a fair market value of \$2,500 or more. An interest of a person related in the second degree by affinity or the third degree by consanguinity to a Director or officer is considered a substantial interest.

If a Director or a person related to a Director in the first or second degree by affinity or the first, second, or third degree by consanguinity has a substantial interest in a business entity or real property that would be financially affected by any official action taken by the Board, such Director, before a vote or decision on the matter, shall file an affidavit stating the nature and extent of the interest. The affidavit shall be filed with the Secretary of the Board.

A Director who has a substantial interest in a business entity that will receive a pecuniary benefit from an action of the Board may vote on that action if a majority of the Board has a similar interest in the same action or if all other similar business entities in the Corporation will receive a similar pecuniary benefit.

Section 5.03. Public Employees. An employee of a public entity may serve on the Board.

Section 5.04. Acceptance of Gifts. No Director or officer shall accept any benefit as consideration for any decision, opinion, recommendation, vote or other exercise of discretion in carrying out official acts for the Corporation. No Director or officer shall solicit, accept, or agree to accept any benefit from a person known to be interested in or likely to become interested in any contract, purchase, payment, claim or transaction involving the exercise of the Director's or officer's discretion. As used here, "benefit" does not include:

(i) a fee prescribed by law to be received by a Director or officer or any other benefit to which the Director or officer is lawfully entitled or for which he gives legitimate consideration in a capacity other than as a Director or officer;

(ii) a gift or other benefit conferred on account of kinship or a personal, professional, or business relationship independent of the official status of the Director or officer; or

(iii) an honorarium in consideration for legitimate services rendered above and beyond official duties and responsibilities if: (a) not more than one honorarium is received from the same person in a calendar year; (b) not more than one honorarium is received for the same service and the value of the honorarium does not exceed \$1,000.00, exclusive of reimbursement for travel, food and lodging expenses incurred by the Director or officer in performance of the services; or (c) a benefit consisting of food, lodging, transportation, or entertainment accepted as a guest which is reported as may be required by law.

Section 5.05. Bribery. A Director or officer shall not intentionally or knowingly offer, confer or agree to confer on another, or solicit, accept, or agree to accept from another: (i) any benefit as consideration for the Director's or officer's decision, opinion, recommendation, vote, or other exercise of discretion as a Director or officer; (ii) any benefit as consideration for the Director's or officers decision, vote, recommendation, or other exercise of official discretion in a judicial or administrative proceeding; or (iii) any benefit as consideration for a violation of a duty imposed by law on the Director or officer.

Section 5.06. Nepotism. No Director or officer shall appoint, or vote for, or confirm the appointment to any office, position, clerkship, employment or duty, of any person related within the second degree by affinity (marriage relationship) or within the third degree of consanguinity (blood relationship) to the Director or officer so appointing, voting or confirming, or to any other Director or officer. This provision shall not prevent the appointment, voting for, or confirmation of any person who shall have been continuously employed in any such office, position, clerkship, employment or duty at least thirty (30) days prior to the appointment of the Director or officer so appointing or voting.

ARTICLE VI **MISCELLANEOUS**

Section 6.01. Books and Records. The Corporation shall keep correct and complete books and records of accounts and shall also keep minutes of the proceedings of its Board of Directors. All books and records may be inspected by representatives of the City at any reasonable time. Such books and records shall be maintained at a location determined by the Board of Directors. The Corporation shall also make its books and records available for inspection by any member of the public, in conformity with the Texas Public Information Act, Chapter 552, Texas Government Code (the “TPIA”), so long as such records are not otherwise determined to be exempt from public disclosure under the TPIA.

Section 6.02. Annual Budget. The Corporation must submit, no later than March 1 of each year, a draft budget approved by the Board of Directors for the fiscal year beginning on July 1 of such year and submit the final approved budget by June 30 of each year. The Corporation shall present the budget to the City Council Budget and Fiscal Affairs Committee if requested by the Chair of that Committee.

Section 6.03. Monthly Reports. The Corporation must submit monthly financial statements including projections and actual values for the period reported to the Finance Director of the City or his designee, no later than 45 days after the end of the reported month. A Corporation engaged in fundraising activities must submit, with the monthly report, details on the fundraising efforts and the funds allocated to the specific cause of those efforts.

Section 6.04. Business Opportunity Reports. The Corporation shall establish one or more programs designed to increase participation by disadvantaged businesses in contract awards which will conform to City approved programs. Any program established by the Corporation shall provide that disadvantaged businesses certified by the City shall be disadvantaged businesses certified for Corporation contracts. The Corporation shall submit annual reports to the Director of the Office of Business Opportunity regarding the Corporation’s efforts to comply with the City’s MWBE program and goals.

Section 6.05. Administrative Procedure. The Corporation shall comply, and shall facilitate the City’s compliance, with City of Houston Administrative Procedure 2-10, effective March 5, 2014, a copy of which is attached hereto.

ARTICLE VII
AMENDMENTS

These Bylaws may be amended by the affirmative vote of a majority of the Directors of the Corporation at any meeting of the Board of Directors, provided that notice of the proposed amendment shall have been sent to each Director at least 72 hours prior to such meeting. Notwithstanding, any proposed change or amendment to these Bylaws must first receive the prior approval of the Mayor and the City Attorney and be approved by the City Council of the City to be effective.

Date of Adoption: _____, 2018

HOUSTON LAND BANK

By: Nicholas A. Hall
Chairman of the Board of Directors



CITY OF HOUSTON

Administrative Procedure

Subject: **City Nonprofit and Local Government Corporations**

A.P. No:

2-10

Effective Date:

March 5, 2014

1. AUTHORITY

- 1.1 Article VI, Section 7a, of the Charter of the City of Houston.

2. PURPOSE

- 2.1 To establish uniform procedures for the creation of a Corporation, as well as procedures for the operation of any such entity including, but not limited to, submission of financial and other reports to the City by the Corporation.

3. OBJECTIVES

- 3.1 To insure that a Corporation whether currently existing or created hereunder as a fund-raising entity and/or to support a City department or its programs, adheres to the policies and procedures established herein.
- 3.2 The establishment of clear lines of responsibilities for persons engaged in the management, operation or administration of a Corporation.
- 3.3 The promulgation and issuance of procedures by the Finance Department (Finance) relating to financial matters, including reports to be used by both City departments and a Corporation.
- 3.4 The establishment of roles and responsibilities of City departments relating to documenting and reporting of all financial activities for Corporations.
- 3.5 The development of internal controls to provide guidance and oversight relating to administrative and financial reports required herein.

4. DEFINITIONS

Certificate of Formation – The form promulgated by the Texas Secretary of State for the creation or establishment of a Corporation.

Corporation – A nonprofit corporation or local government corporation (LGC) created to solicit funds or carry out other activities in support of a City department and/or City programs.

Director – The director of a Sponsoring Department.

Finance Director – The director of the City's Department of Finance.

Sponsoring Department – The City department responsible for the creation and operational oversight of a Corporation.

Approved:

Date Approved:

03/05/2014

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5. PROCEDURE FOR CREATION OF NEW CORPORATIONS

- 5.1 The creation of a Corporation by a Sponsoring Department for any purpose shall require the prior written approval of the Mayor.
- 5.2 In order to secure Mayoral approval, a Director shall submit a written request for the creation and use of the Corporation. This request shall include, at a minimum, the following information:
 - 5.2.1 The proposed name of the Corporation and a listing of the specific purposes for which it is to be created and used by the department;
 - 5.2.2 The names of the corporations' organizers;
 - 5.2.3 The names and resumes of the persons to be named as the initial board of directors of the Corporation;
 - 5.2.4 Whether the Corporation will seek tax-exempt status from the Internal Revenue Service (IRS) and if so, the section of the IRS Code under which the exemption will be claimed; and
 - 5.2.5 If the Corporation is intended to engage in fund-raising for the Sponsoring Department, a description of the means and methods to be used in such efforts and the expected program recipients.
- 5.3 In addition to these requirements, if the proposal is to create a local government corporation, the incorporation process shall also comply with the applicable procedures and requirements of Section 431.101, *et seq.* of the Texas Transportation Code and Chapter 394 of the Texas Local Government Code.
- 5.4 No action to create or establish a Corporation shall proceed until the Director has received the written approval of the Mayor.

6. RESPONSIBILITIES

- 6.1 Upon approval by the Mayor of a request by a Director to form a Corporation, the Director shall provide a copy of the approved request to the City Attorney, the Finance Director and the City Controller.
- 6.2 The Director shall not file, or cause to be filed, any corporate formation document until the City Attorney has approved the corporate formation documents and the Finance Director has approved the portion of the corporate formation documents relating to the reporting of financial or other matters.
- 6.3 The City Attorney shall:
 - 6.3.1 Review and approve all corporate formation documents, including the Corporation's Certificate of Formation and proposed bylaws.
 - 6.3.2 Ensure that provisions are made in the Certificate of Formation and bylaws, as appropriate or necessary to:
 - 6.3.2.1 Require the Mayor's approval of the appointment or re-appointment of any director of the Corporation upon the end of a term or the filling of any vacancy on the board;

- 6.3.2.2 Require that no amendment to the Certificate of Formation, bylaws or other corporate instrument shall be effective without the prior approval of the Mayor and the City Attorney, or as otherwise required by law;
- 6.3.2.3 Provide that the Mayor, or designee, shall be named as a non-voting ex officio member of the board;
- 6.3.2.4 Require the Corporation to file, at least annually, audited financial statements meeting the requirements set by the Finance Director and prepared by an auditor or accounting firm approved by the Finance Director;
- 6.3.2.5 Provide for access to the books and records of the Corporation, or any person or entity providing financial or other services to it, including, but not limited to, accounting, bookkeeping or other financial services, upon request by the Mayor, the Finance Director or the City Controller;
- 6.3.2.6 Require that all meetings of the Corporation's board of directors, or any committee thereof, be held in conformity with the Texas Open Meetings Law, Chapter 551, Texas Government Code; and
- 6.3.2.7 Require that all books and records of the Corporation be made available for inspection by any member of the public, in conformity with the Texas Public Information Act, Chapter 552, Texas Government Code.
- 6.3.2.8 If the Corporation receives money from private donors, provide a quarterly report to the Mayor, the Finance Director, or their designees that contains the following:
 - (1) Name of donor;
 - (2) Amount of donation; and
 - (3) Purpose of donation.

6.4 The Finance Director shall:

- 6.4.1 Specify, or review and approve, the methods and procedures to be utilized by the Corporation to record and report its revenues and expenses;
- 6.4.2 Ensure that the Corporation complies with all accounting or other financial reporting record keeping or reporting required or approved by the Finance Director necessary to qualify the Corporation as a component unit of the City for all accounting purposes through periodic audits or inspection of the Corporation's books of account, including the books or records of any entity providing such services to each Corporation; and
- 6.4.3 Review the annual audited statements provided by the Corporation and report any deficiencies found therein to the Mayor.

6.5 The Chair, Chief Executive Officer (CEO) and Chief Financial Officer (CFO) of a Corporation shall, unless otherwise provided in a contract between the City and the Corporation:

- 6.5.1 Ensure that no document to create or establish any Corporation, or methods of accounting of revenues and expenses of a Corporation, is executed or filed with any government agency without the review and approval of the City Attorney and the Finance Director. There will be no exception to this provision except as may be approved in writing by the Mayor in advance;
- 6.5.2 Ensure all fiscal year dates coincide with the City of Houston fiscal year, currently July 1 through June 30. If the fiscal year for the City of Houston changes, the Corporation's fiscal year shall be changed to be consistent with the City's fiscal year;
- 6.5.3 Ensure the City is named as an insured, beneficiary, or indemnified person, as applicable, on all types of insurance, bonds and indemnities relating to the Corporation;
- 6.5.4 Establish and maintain resources and procedures so that the financial operations are amenable to (a) periodic audits by the Finance Director and the Corporation's Independent (External) Auditor in accordance with generally accepted accounting principles (GAAP) and with generally accepted government auditing standards (GAGAS) and (b) inclusion in the City's Comprehensive Annual Financial Report (CAFR);
- 6.5.5 Submit to the Finance Director, no later than March 1 of each year, a draft budget approved by the Board of the Corporation for the fiscal year beginning on July 1 of such year and submit the final approved budget by June 30 of each year. The Corporation shall present the budget to the City Council Budget and Fiscal Affairs Committee if requested by the Chair of that Committee;
- 6.5.6 Submit monthly financial statements including projections and actual values for the period reported to the Finance Director or his designee, no later than 45 days after the end of the reported month. A Corporation engaged in fund-raising activities must submit, with the monthly report, details on the fund-raising efforts and the funds allocated to the specific cause of those efforts;
- 6.5.7 Submit to the Finance Director, or his designee, no later than 2 days after audited financials are complete, annual audited financial statements in accordance with GAAP;
- 6.5.8 Submit annual reports to the Director of the Office of Business Opportunity regarding the Corporation's efforts to comply with the City's MWBE program goals; and
- 6.5.9 Ensure the Corporation adopts all requirements of this policy in the Corporation's bylaws. If bylaws require the board to approve these policies, the Corporation shall pass a motion or resolution to that effect.

7. CONFLICT AND REPEAL

- 7.1 This Administrative Procedure supersedes Executive Order 1-29, Creation and Use of Non-Profit Corporations, signed January 4, 2011, which shall be of no further force or effect. In any circumstance or case where compliance with former Executive Order 1-29 was required or made a condition in any regard, this requirement shall be deemed to include this Administrative Procedure 2-10 and any future amendments thereto.

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