

Old Sixth Ward Redevelopment Authority/REINVESTMENT ZONE NO. 13, CITY OF HOUSTON, TEXAS GOVERNANCE GUIDELINES

These Governance Guidelines, including the Code of Ethics and Travel, Professional Services, and Management Policies (the "Guidelines") are adopted by the Board of Directors of Reinvestment Zone No. 13, City of Houston, Texas (the "Zone").

## 1.0 DEFINITIONS

Unless the context requires otherwise, the following terms and phrases used in the Guidelines and the Policies shall mean the following:

- (a) The term "Board" means the Board of Directors of the Zone.
- (b) The term "Director" means a person appointed to serve on the Board of Directors of the Zone.
- (c) The term "Zone Officials" means Zone Directors, officers, and employees.
- (d) The term "Employee" means any person employed by the Zone, but does not include independent contractors or professionals hired by the Zone as outside consultants.

The term "Records Administrator" means the director or other person responsible for maintaining the Zone's records.

## 2.0 CODE OF ETHICS

### 2.01. Purpose.

The Code of Ethics set forth in this Article II (the "Code of Ethics") has been adopted by the Zone for the following purposes: (1) to encourage high ethical standards of official conduct by Zone Officials; and (2) to establish guidelines for such ethical standards of conduct.

### 2.02. Policy.

It is the policy of the Zone that Zone Officials shall conduct themselves in a manner consistent with sound business and ethical practices; that the public interest shall always be considered in conducting Zone business; that the appearance of impropriety shall be avoided to ensure and maintain public confidence in the Zone; and that the Board shall control and manage the affairs of the Zone fairly, impartially, and without discrimination.

Old Sixth Ward Redevelopment Authority/REINVESTMENT ZONE NO. 13, CITY OF  
HOUSTON, TEXAS GOVERNANCE GUIDELINES

2.03. Qualification of Directors.

A person shall not serve as a Director if he is disqualified by law from doing so. As of the date of adoption of this Code of Ethics, Section 311.009, Texas Tax Code, a copy of which is attached as Appendix "A," sets forth the qualifications for persons serving as directors of the Zone.

2.04. Conflicts of Interest.

- A. A Director must not participate in a vote or decision relating to a business entity or real property in which he has a substantial interest unless (i) he has complied with Section 2.04(B) and (ii) the action on the matter will not have a special economic effect on the business entity or the value of the real property distinguishable from the effect on the public, or the majority of the Directors are likewise required to and do comply with Section 2.04(B) on the same official action. A Director must not act as a surety under circumstances when to do so is prohibited by law. As of the date of adoption of this Code of Ethics, Chapter 171, Local Government Code, a copy of which is attached as Appendix "B," regulates conflicts of interest of Directors. Directors violating this Section may be subject to prosecution under Section 171.003, Local Government Code, as a Class A misdemeanor.
- B. A Director who has a substantial interest in any matter involving the business entity or real property shall disclose that fact to the other Directors by Affidavit. The Affidavit must be filed with the Secretary of the Board. An interested Director shall abstain from further participation in the matter as set forth in Section 2.04(A). See Appendix "B."
- C. The Board shall take a separate vote on any budget item specifically dedicated to a contract with a business entity in which a Director has a substantial interest. In the event of a separate vote, the Director may not participate in that separate vote, but may vote on a final budget if the Director has complied with this Section 2.04.
- D. As of the date of adoption of this Code of Ethics, Chapter 176, Local Government Code, a copy of which is attached as Appendix "C," requires the disclosure of certain relationships by Directors, vendors and certain prospective vendors to the Zone. A Director, vendor, or prospective vendor who has a relationship that requires disclosure under Chapter 176 shall disclose that relationship by completing the form prescribed by the Texas Ethics Commission and timely filing such form with the Records Administrator. A Director or vendor violating this Section may be subject to prosecution as a Class A, Class B, or Class C misdemeanor under Section 176.013, Local Government Code.
- E. Each Zone Official shall complete a Disclosure of Business/Personal Relationships

Old Sixth Ward Redevelopment Authority/REINVESTMENT ZONE NO. 13, CITY OF  
HOUSTON, TEXAS GOVERNANCE GUIDELINES

Questionnaire, the form of which is attached as Appendix "D," on an annual basis. The Disclosure Questionnaire shall: (1) disclose all business or personal relationships between such Zone Official or any of his or her immediate family members, and any Vendor or such Vendor's agents, subsidiaries or affiliates, during the preceding 12 months; and (2) be delivered to the TIRZ Administrator within 15 days of the end of each completed fiscal year of the Zone. The TIRZ Administrator shall review all forms for completeness and deliver the completed forms to the Records Administrator within 15 days of receipt. Each Director's form shall be retained for a minimum of 5 years after the Director leaves the board.

2.05. Nepotism.

The Board shall comply with all anti-nepotism laws applicable to the Zone. As of the date of adoption of this Code of Ethics, Chapter 573, Texas Government Code, a copy of which is attached as Appendix "E," is the anti-nepotism law governing the Zone.

2.06. Acceptance of Gifts.

A Zone Official may not solicit, accept, or agree to accept any benefit from a person or business entity the Zone Official knows is interested in or likely to become interested in any contract, purchase, payment, claim, or transaction involving the exercise of the Zone Official's discretion, or any matter before the Board for any decision, opinion, recommendation, vote, or other exercise of discretion in carrying out his official acts for the Zone as prohibited by law. A Zone Official who receives an unsolicited benefit that the Zone Official is prohibited from accepting, may donate the benefit to a governmental entity that has the authority to accept the benefit or to a recognized tax exempt charitable organization formed for educational, religious or scientific purposes. As of the date of adoption of this Code of Ethics, Section 36.08, Texas Penal Code, a copy of which is attached as Appendix "F," prohibits gifts to public servants such as the Directors. This Section 2.07 does not apply to the acceptance of (i) an item with a value of less than \$50.00 (excluding cash or a negotiable instrument), and (ii) food, lodging, transportation, or entertainment accepted by the Director as a guest. See Section 36.10, Texas Penal Code, attached as Appendix "F." Violations of penal laws may subject Zone Officials to criminal prosecution. See Chapter 36, Texas Penal Code, attached as Appendix "E."

2.07. Bribery.

A Zone Official shall not intentionally or knowingly offer, confer, or agree to confer on another, or solicit, accept, or agree to accept from another, any benefit as consideration when to do so is prohibited by law. As of the date of adoption of this Code of Ethics, Section 36.02, Texas Penal Code, lists the offenses that are considered

Old Sixth Ward Redevelopment Authority/REINVESTMENT ZONE NO. 13, CITY OF  
HOUSTON, TEXAS GOVERNANCE GUIDELINES

bribery when committed by Zone Officials. Violations of penal laws may subject a Zone Official to criminal prosecution. See Appendix "F."

2.08. Acceptance of Honoraria.

A Director shall not solicit, accept or agree to accept an honorarium as prohibited by law. As of the date of the adoption of this Code of Ethics, Section 36.07, Texas Penal Code, provides the circumstances in which a Director may not accept an honorarium. Violations of penal laws may subject a Zone Official to criminal prosecution. See Appendix "F."

2.09. Lobbying.

Should the Texas Ethics Commission by rule require any Zone Officials directly communicating with legislative or executive branch officials to register as lobbyists, Zone Officials shall comply with such rule. See Government Code, Section 305.0051 a copy of which is attached as Appendix "G."

The Zone shall not reimburse from Zone funds the expenses of any person in excess of \$50.00 for direct communications with a member of the legislative or executive branch unless the person being compensated resides in the Zone of the member with whom the person communicates or files a written statement which includes the person's name, the amount of compensation or reimbursement, and the name of the affected political subdivision with the Secretary of State. This provision does not apply to registered lobbyists, a full-time employee of the Zone or an elected or appointed Zone Official. See Government Code, Section 305.026, Appendix "H."

### 3.0 TRAVEL EXPENDITURES POLICY

#### 3.01. Purpose.

The Zone wishes to establish an equitable and reasonable policy for travel expenditures and for the reimbursement to Directors of actual expenses incurred by the Director while engaging in services for the Zone, including without limitation attendance at Zone Board meetings as well as at conferences, seminars, meetings (other than Board meetings), bid openings, and other educational gatherings relating to the purposes and functions of the Zone (collectively, "Conferences").

#### 3.02. Conference Registration Expenses.

Registration expenses for all Board authorized Conferences shall be reimbursed in full to Directors.

#### 3.03. Lodging and Meal Reimbursements.

Lodging and meal expenses incurred by the Director while attending Conferences or out of town meetings may be reimbursed by the Zone only to the extent that they are determined to be reasonable and necessary as determined by the Board and subject to any guidelines that may be issued by the Texas Ethics Commission. See Chapter 611, Texas Government Code, Appendix "I".

Upon a determination by the Board that such costs are reasonable and necessary, the costs of a hotel room at Conferences shall be reimbursed, including the cost of the room the night before the commencement of the Conference or out of town meeting and the night of the final meeting day of the Conference. Other reasonable and necessary expenses will be allowed, subject to approval by the Board and authorization under the Texas Ethics Commission Guidelines, as appropriate.

#### 3.04. Transportation.

Reasonable and necessary mileage incurred by a Director in connection with travel to Conferences or out of town meetings shall be reimbursed at the per mile rate allowed by the Internal Revenue Service. Air travel costs to and from Conferences shall be reimbursed at the lowest direct flight available airfare for the Director only. A Director shall be reimbursed for the reasonable and necessary costs of transportation to and from the airport for the Director only, or for the cost of car rental at the location of the Conference, provided that mileage costs charged to the Zone shall include only mileage related to travel for Zone and Conference functions. Costs of parking at the

Old Sixth Ward Redevelopment Authority/REINVESTMENT ZONE NO. 13, CITY OF  
HOUSTON, TEXAS GOVERNANCE GUIDELINES

hotel or Conference shall be reimbursed, including the day before and the morning after same. Reasonable and necessary costs of parking at the airport for the days of the Conference also may be reimbursed. See Appendix "I"

3.05. Verified Statement for Reimbursement of Expenditures.

In order to receive reimbursement for travel expenditures, each Director shall file with the Board a verified statement showing (i) the number of days actually spent in service to the Zone (i.e. the number of days actually spent attending Conferences); (ii) a general description of the duties performed for each day of service; and (iii) a detailed description of the related travel expenditures, together with all supporting receipts and invoices. The verified statement shall be submitted to the Zone's bookkeeper and the City of Houston, and payment for reimbursement of expenditures, to the extent they have been approved by the Board, shall be authorized by the Board at its next regularly scheduled meeting.

4.0 PROFESSIONAL SERVICES POLICY

4.01. Purpose.

This Professional Services policy has been adopted to provide for the selection, monitoring, review and evaluation of the Zone 's professional services contracts. Consultants retained by the Zone to provide professional services include, but are not limited to, legal, engineering, management, bookkeeping, auditing, and tax services. Selection of such consultants shall be based upon their qualifications and experience.

4.02. Periodic Review.

The performance of the consultants providing professional services to the Zone shall be regularly monitored and reviewed by the Board, and the Board may appoint a specific committee to provide such monitoring and review to the Board.

5.0 Management Policy

5.01. Purpose.

The Board desires to adopt a policy to ensure a better use of management information, including the use of budgets in planning and controlling costs, and the use of uniform reporting requirements.

5.02. Accounting and Audit records.

Old Sixth Ward Redevelopment Authority/REINVESTMENT ZONE NO. 13, CITY OF  
HOUSTON, TEXAS GOVERNANCE GUIDELINES

Zone financial reports and audit records shall be prepared on a timely basis and maintained in an orderly basis, in conformity with generally accepted accounting principles and the requirements of the State Auditor. Such records shall be available for public inspection in the board materials posted on the Zones website. Board records will remain on the website for a period of 2 years. (Board materials prior to fiscal year 2020 are not posted).

5.03. Budget.

The Zone shall annually adopt a budget for use in planning and controlling Zone costs. Such budget shall take into consideration all Zone revenues, including, but not limited to, utility fees, standby fees, impact fees, maintenance taxes and surcharges, if any, and all projected Zone obligations and expenditures. The budget may be amended.

6.0 Miscellaneous

6.01. Attendance

Directors shall endeavor to attend all regularly scheduled board meeting and are expected to attend a minimum of 75% of all regularly scheduled board meetings. Directors shall also endeavor to attend the meetings of any board committee on which they serve. Attendance records are provided to the City of Houston at the end of each fiscal year.

6.02, Gender Any references herein to the masculine gender shall also refer to the feminine in all appropriate cases.

Old Sixth Ward Redevelopment Authority/REINVESTMENT ZONE NO. 13, CITY OF  
HOUSTON, TEXAS GOVERNANCE GUIDELINES

Section 6.02. Open Meeting.

The Board officially finds, determines and declares that these Guidelines and Policies were reviewed, carefully considered, and adopted at a meeting of the Board, and that a sufficient written notice of the date, hour, place and subject of this meeting was posted at a place readily accessible and convenient to the public within the Zone and at a place convenient to the public with County for the time required by law preceding this meeting, as required by the Open Meetings Act, Chapter 551, Texas Government Code, and that this meeting had been open to the public as required by law at all times during which these Guidelines and Policies were discussed, considered and acted upon. The Board further ratifies, approves and confirms such written notice and the contents and posting thereof.

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