

Memorandum



CITY OF DALLAS

DATE August 30, 2018

TO Members of the Economic Development & Housing Committee: Tennell Atkins, Chair, Rickey D. Callahan, Vice-Chair, Lee M. Kleinman, Scott Griggs, Casey Thomas, II, B. Adam McGough, Mark Clayton, Kevin Felder, Omar Narvaez

SUBJECT **Briefing on the City of Dallas Housing Finance Corporation**

On Tuesday, September 4, 2018, the Economic Development and Housing Committee will consider amendments to the City of Dallas Housing Finance Corporation Articles of Incorporation and Bylaws.

Summary

At the May 21, 2018, Economic Development and Housing and Government Performance and Financial Management Committees, staff presented proposed amendments to the City of Dallas Housing Finance Corporation (DHFC) Articles of Incorporation and Bylaws (Governing Documents). The proposed amendments were recommended by staff to address concerns raised with the role of the DHFC as intermediary for the Voucher Sublease Program adopted under the Comprehensive Housing Policy adopted on May 9, 2018, and with respect to the Corporation's finances, contracts, and conflict of interest policy. To alleviate these concerns, staff recommended amending the DHFC's Governing Documents to provide staff administrative support and oversight, streamline functions, modify Board representation by increasing the number of Board members to 15, and to memorialize Chapter 12A and portions of Chapter 8 of the Dallas City Code.

On May 8, 2018, the DHFC Board of Directors ("DHFC Board") was briefed by staff on the proposed amendments to the Articles of Incorporation and Bylaws. On June 1, 2018, the DHFC Board submitted a joint proposal of amendments to staff. On June 12, 2018, the DHFC Board adopted the joint proposal of amendments and scheduled a DHFC Board Retreat to discuss the amendments in detail. On July 13, 2018, both staff and DHFC Board walked through the Articles of Incorporation and Bylaws in an effort to present an inclusive and joint recommendation to City Council.

With the exception of two points, staff and the DHFC Board agreed upon the proposed amendments. The following are the two points that the parties have disagreed on:

1. Under Article VII of the Articles of Incorporation, the DHFC Board proposes to incorporate language that a board member must be removed for just cause by the City Council. Staff opposes this language as it was not included in the original Articles of Incorporation.

2. Under Section of 3.1(b) of the Bylaws, the DHFC Board would like to have the ability to appoint the General Manager of the DHFC versus adopting in the Bylaws that the General Manager shall be the Director of the Housing and Neighborhood Revitalization Department or his or her designee (“Director”). Staff does not agree with this change. Since the DHFC is a public instrumentality of the City, it is appropriate for the Director to be in this position to have oversight over the DHFC as the actions of the DHFC could impact the City. Furthermore, since the primary function of the DHFC is to finance the cost of residential ownership and development that will provide decent, safe, and sanitary housing for the residents of the City, it is practical to have the Housing Director who manages housing within the City, serve as the General Manager and provide expertise to the DHFC.

Attached as Exhibit “A” and “B” are staff’s proposed amendments to the DHFC Governing Documents. The DHFC Board adopted Governing Documents are attached as Exhibit “C” and “D” for your review.

A summary of staff recommendations for the DHFC Governing Documents include the following:

1. Insert language that City Council in its sole discretion may amend the Bylaws to change the structure, organization, programs, and activities of the DHFC . Currently, the Articles of Incorporation may be amended by the City Council in its sole discretion for the same reasons
2. Broaden service area to citywide; currently, restricted to the Central Business District (CBD), Community Development Block Grant (CDBG) eligible areas, and the southern portion of Dallas for residential developments
3. Include language that City Councilmembers may appoint only one Director to the Board; increase members to 15
4. Incorporate Chapter 12A of the City Code in the Governing Documents; and statement of conflict of interests
5. Incorporate from Chapter 8 of the City Code; Article I sections 8-1.1, 8-1.2., 8-1.4., and 8-1.5; Article IV, sections 8-14, 8-18, 8-20, 8-20, and 8-21; Article V; and Article VI section 8-26. Chapter 8 covers Boards and Commissions and includes qualifications for appointment such as no criminal history and residency requirement, term limits, code of conduct, etc.
6. Incorporate a General Manager which must be the Director of the Housing and Neighborhood Revitalization Department or designee to manage the day to day operations of the DHFC; General Manager will have the ability to hire and remove all contractors and agents of the Corporation; execute documents on behalf of the Corporation as directed by the Board; may appoint Assistant General Manager and Administrator

7. Staff services for the Board must be provided by the City including the City Attorney's Office (CAO) as General Counsel for the Board, and the City's Chief Financial Officer (CFO) or designee as Assistant Treasurer. The Board must reimburse the City staff salaries and benefits; however, cost shall not exceed the amount approved in the DHFC's annual operating budget. The Corporation may hire outside counsel to provide legal advice subject to approval of the CAO. Additionally, the Corporation may hire outside consultants to perform specialized tasks.

Background

On April 25, 1984, the City Council approved creation of the DHFC, a public instrumentality and nonprofit corporation, and adopted the Articles of Incorporation. The purpose of the DHFC was to issue revenue bonds on behalf of the City for the purpose of providing funds to finance multifamily developments and mortgage loans for the purchase of single family homes that serve low to moderate income households. On March 28, 1990, the DHFC Bylaws were amended to expand the eligible loan area to citywide for the single-family mortgage program. In February 2007, the DHFC Bylaws were amended to allow the DHFC to purchase, lease, hold title to, and take an ownership interest in a residential development subject to City Council approval. To date, the DHFC has an ownership interest in 5 properties. The chart below illustrates the DHFC's role in each of these properties and was provided at the May 21, 2018, meeting. The chart has been updated to correct the Council district for Gurley Place as it previously was listed in Council district 7.

Development	Council District	Co-Developer	General Contractor	General Partner	Own Property	Own Improvements	Issue Bonds	Lender
Gurley Place at Jubilee Park (2012)	2				✓	✓		
Providence Mockingbird (2012)	2			✓	✓			✓
Sterlingshire aka Bruton (2016)	7	✓	✓	✓	✓		✓	
Park at Cliff Creek (2016)	8			✓	✓		✓	
Martha's Vineyard (2017)	2			✓	✓		✓	

On March 27, 2013, the DHFC Articles of Incorporation were amended to state the DHFC was organized for charitable, religious, educational and scientific purpose including for making distributions to 501 (c) (3) charitable organizations. Finally, on October 10, 2017, the DHFC Board approved changes to its Articles of Incorporation and other Governing Documents to include conflict of interest and contracting requirements; however, staff did not bring forward to Council for consideration.

Issues

There have been concerns raised regarding the DHFC; particularly, with the role of the DHFC as intermediary for the Voucher Sublease Program adopted under the Comprehensive Housing Policy. Councilmembers have requested information with respect to the Corporation's finances, contracts, and conflict of interest policies. Finally, the service area for the Corporation is limited to the CBD, CDBG, and the southern portion of Dallas for residential developments.

Alternatives

If the proposed staff recommended amendments do not move forward, then the issues and challenges outlined will persist. Particularly, regarding administrative oversight and concerns with overall operations of the DHFC. Additionally, the DHFC will be limited in terms of the service area for bond issuances for residential developments. In order to fully implement the adopted Comprehensive Housing Policy, the DHFC's service area should be citywide.

Fiscal Impact

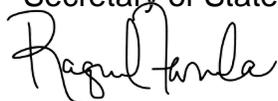
There are no costs considerations to the City as the DHFC generates its own revenue from the following sources: **1)** issuer fees, **2)** application fees, **3)** developer fees, **4)** cash flow payments, **5)** partnership fees, and/or **6)** ground lease payments.

Department/Committee Coordination

HNR staff worked with the CAO, CFO, and the DHFC Board to finalize amendments to the DHFC's Governing Documents.

Staff Recommendations

Staff recommends that the Economic Development and Housing Committee approve the amendments to the DHFC Articles of Incorporation and Bylaws attached as Exhibit "A" and Exhibit "B". With the Committee's approval, the item will move forward for full Council consideration on the September 26, 2018, City Council agenda. If approved, the Articles of Incorporation to be known as the Certificate of Formation will be filed with the Texas Secretary of State.



Raquel Favela

Chief of Economic Development & Neighborhood Services

c: Larry Casto, City Attorney
Craig D. Kinton, City Auditor
Billerae Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizer Tolbert, Chief of Staff to the City Manager
Majed A. Al-Ghafry, Assistant City Manager

Jon Fortune, Assistant City Manager
Joey Zapata, Assistant City Manager
M. Elizabeth Reich, Chief Financial Officer
Nadia Chandler Hardy, Assistant City Manager and Chief Resilience Officer
Directors and Assistant Directors

EXHIBIT "A"

AMENDED AND RESTATED CERTIFICATE OF FORMATION

This amended and restated certificate of formation, formerly known as the articles of incorporation, includes new amendments that are submitted for filing pursuant to the applicable provisions of the Texas Housing Finance Corporations Act.

The Unit is defined as the City of Dallas (the "Unit"). The governing body is the Unit's City Council.

On _____, 2018, the governing body of the Unit duly adopted a Resolution No. _-____, approving the form of this Amended and Restated Certificate of Formation (the "Certificate of Formation"), and authorizing the filing of this Amended and Restated Certificate of Formation with the Secretary of State.

The City of Dallas Housing Finance Corporation (the "Corporation") is an existing public, nonprofit corporation organized under the provisions of the Texas Housing Finance Corporations Act, Chapter 394, Sections 394.001, et seq., Local Government Code, as amended (the "Act").

ARTICLE I

The name of the Corporation is CITY OF DALLAS HOUSING FINANCE CORPORATION.

ARTICLE II

The Corporation is a public instrumentality and nonprofit corporation.

ARTICLE III

The duration of the Corporation is perpetual.

ARTICLE IV

The Corporation is organized solely to carry out the purposes of the Texas Housing Finance Corporations Act and shall have and possess all powers enumerated in such Act.

In addition, said Corporation is organized exclusively for charitable, religious, educational and scientific purposes, including the purpose of making distributions to organizations that qualify as exempt organizations under Section 501(c)(3) of the Internal Revenue Code, as amended.

ARTICLE V

The Corporation shall have no members and is a nonstock corporation.

ARTICLE VI

EXHIBIT "A"

The street address of the registered office of the Corporation is Dallas City Hall, Housing & Neighborhood Revitalization – The City of Dallas Housing Finance Corporation, 6DN, 1500 Marilla, Dallas, Texas 75201, and the name of the registered agent is David Noguera.

ARTICLE VII

All powers of the Corporation shall be vested in a Board of Directors consisting of any number of directors, but not less than three, and may be fixed by the bylaws of the Corporation, each of whom shall be appointed by written resolution of the governing body of the Unit. Each member of the governing body of the Unit may appoint only one director. Each director shall serve for a term of two years, unless he or she resigns or is removed and replaced pursuant to this Certificate of Formation before the expiration of a two-year term; provided that, if any director shall at any time also be a member of the governing body of the Unit, then the term of such director shall never exceed the period for which such director is a member of such governing body. Any director may be removed from office at any time by written resolution and the affirmative record vote of a majority of the then-serving members of the governing body of the Unit. All vacancies occurring on the Board of Directors through death, resignation, or otherwise shall be filled by the governing body of the Unit, and the director appointed to fill such vacancy shall hold such office until the expiration of the term for which the vacating director had been appointed. In accordance with Section 8-1.5 "Limitation of Terms" of the Dallas City Code, a director who has served as a member of the Board of Directors for four consecutive two-year terms will not again be eligible to serve until at least one term has elapsed, regardless of whether service was as a director or officer.

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 this Certificate of Formation or any law of the State of Texas. Where such inconsistency exists between the bylaws and this Certificate of Formation, the Certificate of Formation shall control the governance of the Corporation.

ARTICLE VIII

The number of directors constituting the initial Board of Directors of the Corporation is three. The names and addresses of the initial directors, each of whom resided at the time of incorporation in the Unit, are:

NAME	ADDRESS
A Starke Taylor, Jr.	City Hall, 1500 Marilla, Dallas, Texas 75201
Annette Strauss	City Hall, 1500 Marilla, Dallas, Texas 75201
Dr. James Hart	City Hall, 1500 Marilla, Dallas, Texas 75201

Each director, including the initial directors, shall be eligible for reappointment.

ARTICLE IX

EXHIBIT "A"

The names and street addresses of the initial incorporators, each of whom resided at the time of incorporation within the Unit, are:

NAME	ADDRESS
A Starke Taylor, Jr.	City Hall, 1500 Marilla, Dallas, Texas 75201
Annette Strauss	City Hall, 1500 Marilla, Dallas, Texas 75201
Dr. James Hart	City Hall, 1500 Marilla, Dallas, Texas 75201

ARTICLE X

On April 25, 1984, the governing body of the Unit duly adopted a resolution approving the form of the initial Articles of Incorporation, approving the creation of the Corporation, and authorizing the Corporation to act on its behalf to further the public purposes in the resolution and the Articles of Incorporation. On March 27, 2013, the governing body of the Unit duly adopted a resolution stating the Corporation was organized for charitable, religious, educational and scientific purpose including for making distributions to 501(c)(3) charitable organizations. On _____, 2018, the Board of Directors of the Corporation, and on __, 2018, the governing body of the Unit, amended and restated the Corporation’s former Articles of Incorporation in this Certificate of Formation, and approved the form hereof.

ARTICLE XI

This Certificate of Formation may be amended by either of the following methods: (1) the members of the Board of Directors of the Corporation may file with the governing body of the Unit a written application, approved by a majority of the Board of Directors, seeking permission to amend the Certificate of Formation, specifying in such application the amendment proposed to be made. If the governing body of the Unit by appropriate resolution finds and determines that it is wise, expedient, necessary, or advisable that the proposed amendment be made and approves the form and authorizes the amendments to be made, then the Board of Directors of the Corporation may amend the Certificate of Formation and deliver the certificate of amendment to the Secretary of State, or (2) the governing body of the Unit, in its sole discretion, by affirmative vote may amend the Certificate of Formation to change the structure, organization, programs, or activities of the Corporation, including the power to terminate the Corporation, subject to any limitation on the impairment of contracts. The governing body shall thereafter deliver the amended Certificate of Formation to the Texas Secretary of State.

The bylaws of the Corporation may be amended by either of the following methods: (1) the method for amending the Certificate of Formation described in subparagraph (1) of the preceding paragraph; or (2) the governing body of the Unit, in its sole discretion, and at any time, may propose any change to the structure, organization, programs, or activities of the Corporation that it deems wise, expedient, necessary, or advisable, subject to any limitation on the impairment of contracts entered into by the Corporation, by a majority vote of the appropriate Unit Committee and delivering the proposed revision to the Board of Directors. If approved by

EXHIBIT "A"

the Board of Directors, such amendment must be adopted by a majority vote of the governing body of the Unit in order to take effect. In the event the Board of Directors fails to adopt such amendment, the governing body of the Unit shall hold a public hearing at the appropriate Unit Committee to allow the Board of Directors to provide comments to the amendment. The Unit Committee shall determine, in its sole discretion, to either: (a) propose an alternative amendment for consideration by the Board of Directors; or (b) to recommend approval to the governing body of the Unit to adopt a resolution approving the amendment as is. If approved by the governing body, such amendment may be made to the bylaws.

ARTICLE XII

No dividends shall ever be paid by the Corporation, and no part of its net earnings shall be distributed to, or inure to the benefit of, its directors or officers or any person, association, or corporation, except as reasonable compensation for services rendered; provided, however, that nothing herein contained shall prevent the Board of Directors from transferring its corporate property in accordance with the terms of any written contract entered into by the Corporation.

If the Board of Directors determines that sufficient provision has been made for full payment of the expenses, bonds, and other obligations of the Corporation, any net corporate earnings accruing after the determination shall be paid to the Unit. The Unit shall use amounts received under this subsection only to provide for the housing needs of individuals and families of low and moderate-incomes, including single-family units and mixed income multifamily projects found by the Unit to serve the interests of low and moderate-income individuals and families if the single-family and multifamily projects have as a major purpose the provision of safe, sanitary, and decent housing for individuals and families of low income.

No substantial part of the Corporation's activities shall be carrying on propaganda, or otherwise attempting to influence legislation, and it shall not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of or in opposition to any candidate for public office.

ARTICLE XIII

If the governing body of the Unit or Corporation determines by resolution that the Corporation should be dissolved; then the Corporation shall execute a certificate of dissolution stating that it substantially met the purpose, all obligations have been met, and declaring the Corporation is dissolved. The certificate of dissolution shall contain the Corporation's seal and must be filed on record with the Texas Secretary of State. The title to all funds and property owned by the Corporation at the time of the dissolution shall vest in the Unit for the purpose of providing for the housing needs of individuals and families of low and moderate-incomes, including single-family units and mixed income multifamily projects found by the Unit to serve the interests of low and moderate income individuals and families if the single-family and multifamily projects have as a major purpose the provision of safe, sanitary, and decent housing for individuals and families of low income. The funds and property shall be promptly delivered to the Unit.

ARTICLE XIV

EXHIBIT "A"

The Corporation is subject to the Texas Open Meetings Act, pursuant to Chapter 551 of the Texas Government Code, as amended, and the Texas Public Information Act, pursuant to Chapter 552 of the Texas Government Code, as amended.

ARTICLE XV

The Corporation is subject to the Code of Ethics pursuant to Chapter 12A of the Dallas City Code, as amended.

No director or board member shall have any financial interest, direct or indirect, in any contract with the Corporation, or be financially interested, directly or indirectly, in the sale to the Corporation of any land, materials, supplies or services, except on behalf of the Corporation.

ARTICLE XVI

The Corporation shall be subject to Article I, Section 8-1.1 "Reports to the City Council," Section 8-1.2. "Notice of Appointment; Acceptance," Section 8-1.4. "Qualification Considerations in Appointments to Boards," and Section 8-1.5 "Limitation of Terms"; Article IV, Section 8-14 "Financial Interest," Section 8-18 "Demand for Roll Call," Section 8-20 "Attendance," and Section 8-21 "Excusal During Meeting;" Article V "Code of Conduct;" and Article VI, Section 8-26 "Board Recommendations" in Chapter 8 of the Dallas City Code, as amended.

Date: _____, 2018

VERIFICATION: AMENDMENTS APPROVED AND CERTIFIED TO BE TRUE AND CORRECT and to reflect accurately the official action of the duly constituted officers and members of the Corporation's Board of Directors, by a majority vote of the Board of Directors in office, all on _____, 2018.

**CITY OF DALLAS
HOUSING FINANCE CORPORATION**

ATTEST:

By: _____
Sherman Roberts, President

By: _____
Marcy Helfand, Secretary

EXHIBIT “B”

Adopted: April 25, 1984 – Resolution No. 84-1458
Amended: March 28, 1990 – Resolution No. 90-1116
February 28, 2007 – Resolution No. 07-0733
September ____, 2018 – Resolution No. 18-XXXX

**AMENDED AND RESTATED BYLAWS OF
CITY OF DALLAS HOUSING FINANCE CORPORATION**

PREAMBLE

These Bylaws are subject to, and governed by the Texas Housing Finance Corporations Act, Chapter 394 of the Local Government Code, as amended (the “Act”); the Texas Business Organizations Code, as amended (“TBOC”); the Texas Open Meetings Act, Chapter 551 of the Texas Government Code, as amended (“TOMA”); the Texas Public Information Act, Chapter 552 of the Texas Government Code, as amended; and the Articles of Incorporation and/or the Amended and Restated Certificate of Formation (the “Certificate of Formation”), of the City of Dallas Housing Finance Corporation (the “Corporation”), as amended (collectively referred to as the “Governing Regulations”). In the event of a direct conflict between the provisions of these Bylaws and the mandatory provisions of the Governing Regulations, such provisions of the Governing Regulations, as the case may be, shall control. The City of Dallas shall be referred to as the “City” or “Unit” and the Dallas City Council shall be referred to as the “Governing Body.”

**ARTICLE I
POWERS AND PURPOSES**

Section 1.1. Financing of Projects. Any project or projects to be financed in whole or in part through the issuance of obligations of the Corporation must be located within City limits. In order to implement the purposes for which the Corporation was formed and as set forth in the Certificate of Formation, the Corporation may issue obligations to finance all or part of the cost of one or more projects located within the City, provided that all of such actions are made pursuant to the provisions of the Act.

Section 1.2. Powers of Corporation. The Corporation shall possess all powers enumerated in the Act to accomplish the purposes for which the Corporation is organized including without limitation the power to issue bonds to defray, in whole or in part, (a) the development costs of a residential development, as defined in the Act; (b) the costs of purchasing or funding the making of home mortgages, either on a first-come, first-served basis or by selling lender commitments, including all costs related thereto, as allowed by the Act; and (c) any other costs associated with the provision of decent, safe, and sanitary housing and non-housing facilities that are an integral part of or are functionally related to an affordable housing project. The Corporation is a duly constituted authority and a public instrumentality of the City within the meaning of the regulations of the United States Treasury Department and the rulings of the Internal Revenue Service prescribed and promulgated pursuant to Section 103 of the Internal Revenue Code of 1986 (26 U.S.C. §103), as amended, and the Corporation is authorized, and has as an additional specific purpose for its organization and operation, to act on behalf of the City as provided in the Certificate of Formation. However, no agreements, bonds, debts, or obligations of the Corporation are or shall ever be deemed to be the agreements, bonds, debts, or obligations, or the lending of

credit, or a grant of public money or thing of value, of or by the City, or any other political corporation, subdivision, or agency of the State of Texas, or a pledge of the faith and credit of any of them.

However, the Corporation shall not purchase, lease, own, hold title to, or otherwise acquire an interest in a residential development, as such term is defined in the Act (a “Residential Development”), except as set forth below.

The Corporation may by a majority vote of the Board of Directors of the Corporation (the “Board of Directors”), purchase, lease, own, hold title to, or otherwise acquire an interest in a Residential Development, directly or indirectly through a subsidiary of the Corporation, provided that the Governing Body of the Unit, by appropriate resolution, prior to the transaction being consummated by the Corporation: (i) finds and determines that such transaction should be undertaken; (ii) approves the form of the transaction; and (iii) authorizes such purchase, lease, or ownership of, holding of title to, or acquisition of the interest in the Residential Development.

Notwithstanding the foregoing, nothing in these Bylaws shall be construed to restrict or prohibit the Corporation, either acting by or through a duly authorized agent, from exercising any right it may have to satisfy, in whole or in part, any obligation of the Corporation.

Section 1.3. Issuance of Obligations. The Corporation may issue any obligations permitted by the Act upon compliance with all provisions thereof.

Section 1.4. Books and Records; Approval of Programs and Financing Statements. The Corporation shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its Board of Directors and any committees of the Board of Directors formed under these Bylaws. All books and records of the Corporation may be inspected by any Director or his agent or attorney for any proper purpose at any reasonable time; and at all times the Unit, including but not limited to the Governing Body, will have access to the books and records of the Corporation upon written request to the General Manager or President. The Unit shall be entitled to annually review and request the Corporation’s explanation of any financial statements, programs, or expenditures of the Corporation.

Section 1.5. Nonprofit Corporation. The Corporation shall be a public nonprofit corporation.

Section 1.6. Corporation Policies. The Corporation, by action of the Board of Directors, shall be authorized to promulgate, implement, and amend policies governing the receipt, processing, and approval of applications for financial participation in development projects and prescribing the fees to be paid by applicants in amounts reasonably estimated to, at least, pay the ministerial and staff costs and expenses of the Corporation, plus reasonable reserves therefor.

Section 1.7. Staff Services. Staff services for the Corporation shall be performed by an employee of the Unit, as determined by the Governing Body or the Director of the Housing & Neighborhood Revitalization department of the Unit or designee (“Housing Director”). The Corporation shall reimburse the Unit, from any fees collected by it, the amount of costs for such staff services but in no event shall the amount exceed the amount adopted in the Corporation’s

annual operating budget or exceed an amount otherwise authorized by a majority vote of the Board of Directors. Any employee of the Unit that performs the duties described herein shall be known as “staff”. Staff shall not include the General Manager, the Assistant General Manager, the Assistant Treasurer, the Assistant Secretary, and the Administrator.

The Board of Directors may at any time hire outside consultants to perform specialized tasks.

ARTICLE II BOARD OF DIRECTORS

Section 2.1. Powers, Number and Term of Office. The property and affairs of the Corporation shall be managed and controlled by the Board of Directors. Subject to the restrictions imposed by law, the Certificate of Formation, and these Bylaws, the Board of Directors shall exercise all of the powers of the Corporation.

The Board of Directors shall consist of fifteen members. Each city council member of the Governing Body may appoint one member to the Board of Directors. The term for each member is as set forth in the Certificate of Formation.

Section 2.2. Meetings of Directors. The Board of Directors may hold their meetings at any place authorized by the Act, as the Board of Directors may from time to time determine; provided that, in the absence of any such determination by the Board of Directors, the meetings shall be held at the principal office of the Corporation.

Section 2.3. Regular Meetings. Regular Meetings of the Board of Directors shall be held at such times and places as shall be designated, from time to time, by the Board of Directors.

Section 2.4. Special Meetings. Special Meetings of the Board of Directors shall be held whenever called by the President, by the Secretary, by three or more of the Directors at the time being in office, or upon advice of or request by the Governing Body.

Section 2.5. Public Notice of Meetings; Open Meetings.

(a) Written notice of the date, hour, place and subject of each meeting of the Board of Directors shall be posted before each meeting at such times and in such places as prescribed by TOMA.

(b) Every meeting of the Board of Directors shall be open to the public, except as otherwise permitted by TOMA.

Section 2.6. Quorum. A quorum exists when there are physically present a simple majority of the number of members officially appointed to the Board of Directors, regardless of the total number of members actually appointed to the Board of Directors if less than 15. The act of a majority of the Directors present at a meeting at which a quorum is in attendance shall constitute the act of the Board of Directors, unless the act of a greater number is required by law, the Certificate of Formation, or these Bylaws.

Section 2.7. Conduct of Business. At the meetings of the Board of Directors, matters

pertaining to the purposes of the Corporation shall be considered in such order as from time to time the Board of Directors may determine.

At all meetings of the Board of Directors, the President shall preside, and in the absence of the President, the Vice President shall exercise the powers of the President.

The Secretary of the Corporation shall act as Secretary of all meetings of the Board of Directors. In the absence of the Secretary or at the request of the Secretary, the Assistant Secretary shall act as Secretary during a meeting of the Board of Directors. In the absence of the Secretary and Assistant Secretary, the presiding Officer may appoint any person to act as Secretary of the meeting.

Section 2.8. Committees. The Board of Directors, by resolution passed by a majority of the Directors present at a properly-called meeting of the Board of Directors at which there is a quorum present, may designate three or more Directors to constitute a committee, but any committee shall be limited in size so as not to constitute a quorum of the Directors, and any such committee shall act in the manner provided in such resolution. The committee so designated shall keep regular minutes of the transactions of its meetings, shall cause such minutes to be recorded in books kept for that purpose in the office of the Corporation, and shall file such minutes with the Board of Directors from time to time. Committees are solely for advisory purposes and any action undertaken by the committee cannot bind the Board of Directors or the Corporation.

Section 2.9. Compensation of Directors. Directors as such shall not receive any salary or compensation for their services, except that they shall be reimbursed for their actual expenses which are (1) authorized by majority vote of the Board of Directors present at a properly-called meeting of the Board of Directors at which a quorum thereof is present and (2) incurred in the performance of their duties hereunder.

ARTICLE III OFFICERS, MANAGERS AND ADMINISTRATOR

Section 3.1. Titles and Term of Office.

(a) The officers of the Corporation shall be a President, a Vice President, a Secretary, and a Treasurer, and such other officers as the Board of Directors may from time to time elect or appoint. Terms of office shall not exceed two years, provided that an officer may be re-elected to such position by the Board of Directors. All officers must be a member of the Board of Directors.

All officers shall be subject to removal from office, with or without cause, at any time by a vote of a majority of the entire Board of Directors.

A vacancy in the office of any of officer shall be filled by a vote of a majority of the entire Board of Directors.

(b) The General Manager of the Corporation shall be the Housing Director of the Unit or his or her designee. The General Manager shall exercise such powers and perform such duties as are set forth in Section 3.6 of these Bylaws and as shall be determined from time to time by the Unit.

(c) The City Attorney's Office will provide general counsel services for the Board of Directors, including, but not limited to, advice regarding TOMA, Robert's Rule of Order, and matters relating to board governance as well as any other legal matters directed by the Board of Directors. The costs to provide such services shall not exceed the amount adopted in the Corporation's annual operating budget.

The Corporation may engage one or more outside attorneys to provide legal advice to the Corporation and the Board of Directors subject to approval by the City Attorney's Office of any attorney selected by the Corporation to provide such service. The City Attorney's Office may disapprove the engagement of the outside counsel so selected for good cause. Such engagements shall be made on a per-matter basis. The Board of Directors may appoint a committee of its members to review and approve or reject the invoices of any attorney engaged by the Corporation.

Section 3.2. Powers and Duties of the President. The President shall be the chief executive officer of the Corporation, and subject to the direction of the Board of Directors, the President shall be in general charge of the properties and affairs of the Corporation and shall preside at all meetings of the Board of Directors. The President shall be the agent of the Corporation with primary responsibility for executing contracts, conveyances, franchises, bonds, deeds, assignments, mortgages, notes, and other instruments on behalf of and/or in the name of the Corporation, provided however, that the President may not execute any instrument on behalf of the Corporation without the prior written approval of the Board of Directors. For purposes of this Section 3.2, the approval of the Board of Directors of the parties to and material terms of an instrument shall constitute the approval of the President's execution of such instrument except when the Board of Directors has otherwise authorized the execution of such instrument.

Section 3.3. Powers and Duties of the Vice President. The Vice President shall have such powers and duties as may be assigned by the Board of Directors and shall exercise the powers of the President during that officer's absence or inability to act; provided however, that the Vice President may not execute any instrument on behalf of the Corporation without the prior written approval of the Board of Directors. For purposes of this Section 3.3, the approval of the Board of Directors of the parties to and material terms of an instrument shall constitute the approval of the Vice President's execution of such instrument except when the Board of Directors has otherwise authorized the execution of such instrument.

Section 3.4. Powers and Duties of the Treasurer. The Treasurer shall have custody of all the funds and securities of the Corporation which come into his or her hands. When necessary or proper, he or she may endorse, on behalf of the Corporation, for collection, checks, notes, and other obligations, and shall deposit the same to the credit of the Corporation in such bank or banks or depositories as shall be designated in the manner prescribed by the Board of Directors; he or she may sign all checks, receipts and vouchers for payment made to the Corporation, jointly with the General Manager, Assistant General Manager, Assistant Treasurer and such other Officer as is designated by the Board of Directors; whenever required by the Board of Directors, he or she shall render a statement of the Corporation's accounts; he or she shall enter or cause to be entered regularly in the books of the Corporation to be kept by him or her for that purpose full and accurate amounts of all monies received and paid out on account of the Corporation; he or she shall perform all acts incident to the position of Treasurer subject to the control of the Board of Directors and provided that he or she shall not transfer, convey, or dispose of any asset of the Corporation except

as directed by the Board of Directors; and he or she shall, if required by the Board of Directors, give such bond for the faithful discharge of his or her duties in such form as the Board of Directors may require, at the expense of the Corporation.

The Board of Directors shall appoint the Chief Financial Officer (“CFO”) of the Unit or his or her designee to serve as an Assistant Treasurer, who shall have the same level of access to the books and records of the Corporation as the Treasurer. The Assistant Treasurer may perform any duty required of or power granted to the Treasurer in these Bylaws and/or in any resolution or order approved by the Board of Directors.

Section 3.5. Powers and Duties of the Secretary. The Secretary shall keep the minutes of all meetings of the Board of Directors in books provided for that purpose; he or she shall attend to the giving and serving of all notices; in furtherance of the purposes of this Corporation, he or she may sign with the President in the name of the Corporation and/or attest the signature thereto, all contracts, conveyances, franchises, bonds, deeds, assignments, mortgages, notes and other instruments of the Corporation authorized by the Board of Directors as set forth in Section 3.2 above; he or she shall have access upon demand to the corporate books and records of which the Treasurer shall have custody and charge, and shall have custody and charge of such other books and papers as the Board of Directors may direct, all of which shall at all reasonable times be open to inspection upon request at the office of the Corporation during business hours, and he or she shall in general perform all duties incident to the office of Secretary subject to the control of the Board of Directors.

The Board of Directors may appoint one or more persons to serve as an Assistant Secretary, which person may, but need not, be a Director. The Assistant Secretary may perform any duty required of or granted to the Secretary in these Bylaws and/or in any resolution or order approved by the Board of Directors, other than the execution of documents.

Section 3.6. Powers and Duties of the General Manager.

- (a) The powers and duties of the General Manager shall include the following:
 - (1) In cooperation with the Corporation’s legal counsel, to ensure that all actions of the Board of Directors are in compliance with the laws, ordinances, orders, and resolutions that are in effect.
 - (2) Except as otherwise herein provided, to hire and remove all subordinates, employees, agents, or contractors of the Corporation.
 - (3) To manage the day to day operations of the Corporation, subject to the Governing Regulations, the Certificate of Formation, these Bylaws, and any policies and procedures adopted by the Board of Directors.
 - (4) To review all contracts of the Corporation to ensure each contract is in accordance with the directives of the Board of Directors and execute such contracts when directed by the Board of Directors.

- (5) To attend and participate in all meetings and deliberations of the Board of Directors to the extent allowed by TOMA, but shall not possess the power to vote.
- (6) To recommend to the Board of Directors for adoption such measures as he or she may deem necessary or expedient to further the goals and priorities of the Governing Body.
- (7) In collaboration with the Treasurer and Assistant Treasurer, keep the Board of Directors at all times fully advised of the financial condition of the Corporation including providing monthly financial statements or reports.
- (8) To spend funds up to \$25,000.00 without prior approval from the Board of Directors when the General Manager deems it necessary to pay a refundable option fee or earnest money in connection with any contract for the sale, purchase, or lease of real property or real property interests, provided that the General Manager shall first execute an enforceable written agreement which makes all funds paid fully refundable at the Board of Director's discretion. Any such agreement or pledge of funds shall be approved by the Board of Directors prior to execution or acceptance of an agreement that would render the funds non-refundable.
- (9) To act as budget supervisor with the Treasurer and Assistant Treasurer and as such prepare and submit to the Board of Directors the annual budget.

(b) The General Manager shall execute all necessary documents in performance of the duties specified in Section 3.6(a).

(c) The General Manager may appoint an Assistant General Manager who shall perform such duties of the General Manager as may be assigned by the General Manager and shall exercise the powers of the General Manager during the General Manager's absence or inability to act. The Assistant General Manager shall be removable, with or without cause, at any time by the General Manager. The Assistant General Manager shall not be an officer of the Board of Directors.

(d) The General Manager may appoint an Administrator who shall perform such duties as may be assigned by the General Manager or the Assistant General Manager and shall report to the General Manager or the Assistant General Manager, as applicable. The Administrator shall be removable, with or without cause, at any time by the General Manager and shall not be an officer of the Board of Directors.

(e) The General Manager shall make recommendations to the Board of Directors regarding the engagement and retainment of contractors for professional services, as needed by the Board of Directors.

Section 3.7. Compensation. Officers as such shall not receive any salary or compensation for their services, except that they shall be reimbursed for their actual expenses incurred in the performance of their duties hereunder. The General Manager, Assistant General Manager,

Assistant Treasurer, Assistant Secretary, and the Administrator (the “HFC Liaisons”) shall not receive any salary from the Corporation for their performance of their duties because the HFC Liaisons are not employees of the Corporation. However, such HFC Liaisons may be reimbursed pursuant to Section 1.7 “Staff Services”.

Section 3.8. Requests by the Board of Directors. The Board of Directors may provide input to the Housing Director (or the City Manager, or designee, of the Unit if the Housing Director is operating as the person in question) regarding the performance of duties of General Manager, the Assistant General Manager, the Assistant Treasurer, the Assistant Secretary, or the Administrator, to ensure alignment of their performance with the duties described in these Bylaws. By a two-third (2/3) vote of the Board of Directors, the Corporation may request that the Housing Director or the City Manager assign a new person to fill the position in question. The Housing Director or the City Manager retains the sole discretion regarding the reassignment of each position.

ARTICLE IV PROVISIONS REGARDING ARTICLES OF INCORPORATION AND BYLAWS

Section 4.1. Effective Date. These Bylaws shall become effective only upon the adoption of these Bylaws by the Board of Directors and approval of the Governing Body.

Section 4.2. Amendments to Bylaws. These Bylaws may be amended as set forth in the Certificate of Formation.

Section 4.3. Interpretation of Bylaws. These Bylaws and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein. If any word, phrase, clause, sentence, paragraph, section or other part of these Bylaws or the application thereof to any person or circumstance, shall ever be held to be invalid or unconstitutional by any court of competent jurisdiction, the remainder of these Bylaws and the application of such word, phrase, clause, sentence, paragraph, section or other part of these Bylaws to any other person or circumstance shall not be affected thereby.

ARTICLE V GENERAL PROVISIONS

Section 5.1. Principal Office. The principal office of the Corporation shall be located at Dallas City Hall, 1500 Marilla Street, 6DN, Dallas, Texas 75201.

Section 5.2. Fiscal Year. The fiscal year of the Corporation shall be as determined by the Board of Directors.

Section 5.3. Seal. The seal of the Corporation, if any, shall be as determined by the Board of Directors.

Section 5.4. Notice and Waiver of Notice. Whenever any notice whatsoever is required to be given under the provisions of the Act, the Certificate of Formation, or these Bylaws, such notice shall be deemed to be sufficient if sent by U.S. Mail, with proper postage, certified mail return

receipt requested or by a nationally recognized overnight delivery service addressed to the person entitled thereto at his or her post office address, as it appears on the books of the Corporation, and such notice shall be deemed to have been given three business days following such mailing.

Attendance of a Director at a meeting shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called or convened. Neither the business to be transacted at nor the purpose of any Regular or Special Meeting of the Board of Directors need be specified in the notice of such meeting, unless required by the Board of Directors or by the provisions of these Bylaws. A waiver of notice in writing, signed by the person or persons entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

Section 5.5. Resignations. Any Director or Officer may resign at any time. Such resignations shall be made in writing and shall take effect at the time specified therein, or, if no time be specified, at the time of its receipt by the President or Secretary. The acceptance of a resignation shall not be necessary to make it effective, unless expressly so provided in the resignation.

Section 5.6. Action Without a Meeting of Directors or Committees. Any action which may be taken at a meeting of the Board of Directors or of any committee may be taken without a meeting if a consent in writing, setting forth the action to be taken, shall be signed by all of the Directors, or all of the members of the committee, as the case may be, subject to TOMA. Such consent shall have the same force and effect as a unanimous vote and may be stated as such in any articles or document filed with the Secretary of State, or any other person.

Section 5.7. Approval or Advice and Consent of the Governing Body. To the extent these Bylaws refer to any approval by the Unit or refer to advice and consent by the Unit, such advice and consent shall be evidenced by a certified copy of a resolution, or motion duly adopted by the Governing Body.

ARTICLE VI CODE OF ETHICS

Section 6.1. Conflicts of Interest. In addition to the sections of the Dallas City Code adopted by reference in the Certificate of Formation, 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 no Officer, employee or member of the Board of Directors, should have an interest, financial or otherwise, direct or indirect, or engage in any business, transaction or professional activity or incur any obligation of any nature which is in conflict with the proper discharge of his or her duties and are not to use their position for personal gain.

ARTICLE VII INDEMNIFICATION

Section 7.1. Indemnification. A Director of the Corporation shall not be personally liable to the Corporation for monetary damages for any act or omission in such Director's capacity as a Director, except that this Article does not authorize the elimination or limitation of the liability of a Director to the extent the Director is found liable for: (i) a breach of a Director's duty of loyalty to the Corporation; (ii) an act or omission not in good faith that constitutes a breach of duty of the Director to the Corporation or an act or omission that involves intentional misconduct or a knowing violation of the law; (iii) a transaction from which a Director received an improper benefit, whether or not the benefit resulted from an action taken within the scope of the Director's office; or (iv) an act or omission for which the liability of a Director is expressly provided for by an applicable statute. The foregoing elimination of liability shall not be deemed exclusive of any other rights, limitations of liability or indemnity to which a Director may be entitled under any other provision of the Restated Certificate of Formation or Bylaws of the Corporation, contract or agreement, vote of Directors, principle of law or otherwise. Any repeal or amendment of this Article shall be prospective only, and shall not adversely affect any limitation on the personal liability of a Director of the Corporation existing at the time of such repeal or amendment. In addition to the circumstances in which a Director of the Corporation is not personally liable as set forth in the foregoing provisions of this Article, a Director shall not be liable to the full extent permitted by any amendment to the Texas Business Organizations Code or Texas Housing Finance Corporations Act hereafter enacted that further eliminates or authorizes the elimination of the liability of a Director.

Section 7.2. Directors and Officers Insurance. The Corporation shall indemnify Directors, Officers, employees and agents of the Corporation to the fullest extent permitted by law, subject in each case to the restrictions, if any, of Section 7.1 above. The Corporation shall have the power to purchase and maintain at its cost and expense insurance on behalf of such persons to the fullest extent permitted by law.

VERIFICATION: AMENDMENTS APPROVED AND CERTIFIED TO BE TRUE AND CORRECT and to reflect accurately the official action of the duly constituted officers and members of the Corporation's Board of Directors, by a majority vote of the Board of Directors in office, all on _____, 2018.

**CITY OF DALLAS
HOUSING FINANCE CORPORATION**

ATTEST:

By: _____
Sherman Roberts, President

By: _____
Marcy Helfand, Secretary

EXHIBIT "C"

AMENDED AND RESTATED CERTIFICATE OF FORMATION

This amended and restated certificate of formation, formerly known as the articles of incorporation, include new amendments that are submitted for filing pursuant to the applicable provisions of the Texas Housing Finance Corporations Act.

The Unit is defined as the City of Dallas (the "Unit"). The governing body is the Unit's City Council.

On _____, 2018, the governing body of the Unit duly adopted a Resolution No. _-____, approving the form of this Amended and Restated Certificate of Formation (the "Certificate of Formation"), and authorizing the filing of this Amended and Restated Certificate of Formation with the Secretary of State.

The City of Dallas Housing Finance Corporation (the "Corporation") is an existing public, nonprofit corporation organized under the provisions of the Texas Housing Finance Corporations Act, Chapter 394, Sections 394.001, et seq., Local Government Code, as amended (the "Act").

ARTICLE I

The name of the Corporation is CITY OF DALLAS HOUSING FINANCE CORPORATION.

ARTICLE II

The Corporation is a public instrumentality and nonprofit corporation.

ARTICLE III

The duration of the Corporation is perpetual.

ARTICLE IV

The Corporation is organized solely to carry out the purposes of the Texas Housing Finance Corporations Act and shall have and possess all powers enumerated in such Act.

In addition, said Corporation is organized exclusively for charitable, religious, educational and scientific purposes, including the purpose of making distributions to organizations that qualify as exempt organizations under Section 501(c)(3) of the Internal Revenue Code, as amended.

ARTICLE V

The Corporation shall have no members and is a nonstock corporation.

ARTICLE VI

EXHIBIT “C”

The street address of the registered office of the Corporation is Dallas City Hall, Housing & Neighborhood Revitalization – The City of Dallas Housing Finance Corporation, 6DN, 1500 Marilla, Dallas, Texas 75201, and the name of the registered agent is David Noguera.

ARTICLE VII

All powers of the Corporation shall be vested in a Board of Directors consisting of any number of directors, but not less than three, and may be fixed by the bylaws of the Corporation, each of whom shall be appointed by written resolution of the governing body of the Unit. Each member of the governing body of the Unit may appoint only one director. Each director shall serve for a term of two years, unless he or she resigns or is removed and replaced pursuant to this Certificate of Formation before the expiration of a two-year term; provided that, if any director shall at any time also be a member of the governing body of the Unit, then the term of such director shall never exceed the period for which such director is a member of such governing body. Any director may be removed from office at any time, for good cause shown, by written resolution and the affirmative record vote of a majority of the then-serving members of the governing body of the Unit. All vacancies occurring on the Board of Directors through death, resignation, or otherwise shall be filled by the governing body of the Unit, and the director appointed to fill such vacancy shall hold such office until the expiration of the term for which the vacating director had been appointed. In accordance with Section 8-1.5 “Limitation of Terms” of the Dallas City Code, a director who has served as a member of the Board of Directors for four consecutive two-year terms will not again be eligible to serve until at least one term has elapsed, regardless of whether service was as a director or officer.

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 this Certificate of Formation or any law of the State of Texas. Where such inconsistency exists between the bylaws and this Certificate of Formation, the Certificate of Formation shall control the governance of the Corporation.

ARTICLE VIII

The number of directors constituting the initial Board of Directors of the Corporation is three. The names and addresses of the initial directors, each of whom resided at the time of incorporation in the Unit, are:

NAME	ADDRESS
A Starke Taylor, Jr.	City Hall, 1500 Marilla, Dallas, Texas 75201
Annette Strauss	City Hall, 1500 Marilla, Dallas, Texas 75201
Dr. James Hart	City Hall, 1500 Marilla, Dallas, Texas 75201

Each director, including the initial directors, shall be eligible for reappointment.

ARTICLE IX

EXHIBIT "C"

The names and street addresses of the initial incorporators, each of whom resided at the time of incorporation within the Unit, are:

NAME	ADDRESS
A Starke Taylor, Jr.	City Hall, 1500 Marilla, Dallas, Texas 75201
Annette Strauss	City Hall, 1500 Marilla, Dallas, Texas 75201
Dr. James Hart	City Hall, 1500 Marilla, Dallas, Texas 75201

ARTICLE X

On April 25, 1984, the governing body of the Unit duly adopted a resolution approving the form of the initial Articles of Incorporation, approving the creation of the Corporation, and authorizing the Corporation to act on its behalf to further the public purposes in the resolution and the Articles of Incorporation. On March 27, 2013, the governing body of the Unit duly adopted a resolution stating the Corporation was organized for charitable, religious, educational and scientific purpose including for making distributions to 501(c)(3) charitable organizations. On _____, 2018, the Board of Directors of the Corporation, and on __, 2018, the governing body of the Unit, amended and restated the Corporation’s former Articles of Incorporation in this Certificate of Formation, and approved the form hereof.

ARTICLE XI

This Certificate of Formation may be amended by either of the following methods: (1) the members of the Board of Directors of the Corporation may file with the governing body of the Unit a written application, approved by a majority of the Board of Directors, seeking permission to amend the Certificate of Formation, specifying in such application the amendment proposed to be made. If the governing body of the Unit by appropriate resolution finds and determines that it is wise, expedient, necessary, or advisable that the proposed amendment be made and approves the form and authorizes the amendments to be made, then the Board of Directors of the Corporation may amend the Certificate of Formation and deliver the certificate of amendment to the Secretary of State, or (2) the governing body of the Unit, in its sole discretion, by affirmative vote may amend the Certificate of Formation to change the structure, organization, programs, or activities of the Corporation, including the power to terminate the Corporation, subject to any limitation on the impairment of contracts. The governing body shall thereafter deliver the amended Certificate of Formation to the Texas Secretary of State.

The bylaws of the Corporation may be amended by either of the following methods: (1) the method for amending the Certificate of Formation described in subparagraph (1) of the preceding paragraph; or (2) the governing body of the Unit, in its sole discretion, and at any time, may propose any change to the structure, organization, programs, or activities of the Corporation that it deems wise, expedient, necessary, or advisable, subject to any limitation on the impairment of contracts entered into by the Corporation, by a majority vote of the appropriate Unit Committee and delivering the proposed revision to the Board of Directors. If approved by

EXHIBIT "C"

the Board of Directors, such amendment must be adopted by a majority vote of the governing body of the Unit in order to take effect. In the event the Board of Directors fails to adopt such amendment, the governing body of the Unit shall hold a public hearing at the appropriate Unit Committee to allow the Board of Directors to provide comments to the amendment. The Unit Committee shall determine, in its sole discretion, to either: (a) propose an alternative amendment for consideration by the Board of Directors; or (b) to recommend approval to the governing body of the Unit to adopt a resolution approving the amendment as is. If approved by the governing body, such amendment may be made to the bylaws.

ARTICLE XII

No dividends shall ever be paid by the Corporation, and no part of its net earnings shall be distributed to, or inure to the benefit of, its directors or officers or any person, association, or corporation, except as reasonable compensation for services rendered; provided, however, that nothing herein contained shall prevent the Board of Directors from transferring its corporate property in accordance with the terms of any written contract entered into by the Corporation.

If the Board of Directors determines that sufficient provision has been made for full payment of the expenses, bonds, and other obligations of the Corporation, any net corporate earnings accruing after the determination shall be paid to the Unit. The Unit shall use amounts received under this subsection only to provide for the housing needs of individuals and families of low and moderate-incomes, including single-family units and mixed income multifamily projects found by the Unit to serve the interests of low and moderate-income individuals and families if the single-family and multifamily projects have as a major purpose the provision of safe, sanitary, and decent housing for individuals and families of low income.

No substantial part of the Corporation's activities shall be carrying on propaganda, or otherwise attempting to influence legislation, and it shall not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of or in opposition to any candidate for public office.

ARTICLE XIII

If the governing body of the Unit or Corporation determines by resolution that the Corporation should be dissolved; then the Corporation shall execute a certificate of dissolution stating that it substantially met the purpose, all obligations have been met, and declaring the Corporation is dissolved. The certificate of dissolution shall contain the Corporation's seal and must be filed on record with the Texas Secretary of State. The title to all funds and property owned by the Corporation at the time of the dissolution shall vest in the Unit for the purpose of providing for the housing needs of individuals and families of low and moderate-incomes, including single-family units and mixed income multifamily projects found by the Unit to serve the interests of low and moderate income individuals and families if the single-family and multifamily projects have as a major purpose the provision of safe, sanitary, and decent housing for individuals and families of low income. The funds and property shall be promptly delivered to the Unit.

ARTICLE XIV

EXHIBIT "C"

The Corporation is subject to the Texas Open Meetings Act, pursuant to Chapter 551 of the Texas Government Code, as amended, and the Texas Public Information Act, pursuant to Chapter 552 of the Texas Government Code, as amended.

ARTICLE XV

The Corporation is subject to the Code of Ethics pursuant to Chapter 12A of the Dallas City Code, as amended.

No director or board member shall have any financial interest, direct or indirect, in any contract with the Corporation, or be financially interested, directly or indirectly, in the sale to the Corporation of any land, materials, supplies or services, except on behalf of the Corporation.

ARTICLE XVI

The Corporation shall be subject to Article I, Section 8-1.1 "Reports to the City Council," Section 8-1.2. "Notice of Appointment; Acceptance," Section 8-1.4. "Qualification Considerations in Appointments to Boards," and Section 8-1.5 "Limitation of Terms"; Article IV, Section 8-14 "Financial Interest," Section 8-18 "Demand for Roll Call," Section 8-20 "Attendance," and Section 8-21 "Excusal During Meeting;" Article V "Code of Conduct;" and Article VI, Section 8-26 "Board Recommendations" in Chapter 8 of the Dallas City Code, as amended.

Date: _____, 2018

VERIFICATION: AMENDMENTS APPROVED AND CERTIFIED TO BE TRUE AND CORRECT and to reflect accurately the official action of the duly constituted officers and members of the Corporation's Board of Directors, by a majority vote of the Board of Directors in office, all on _____, 2018.

**CITY OF DALLAS
HOUSING FINANCE CORPORATION**

ATTEST:

By: _____
Sherman Roberts, President

By: _____
Marcy Helfand, Secretary

EXHIBIT “D”

Adopted: April 25, 1984 – Resolution No. 84-1458
Amended: March 28, 1990 – Resolution No. 90-1116
February 28, 2007 – Resolution No. 07-0733
September ____, 2018 – Resolution No. 18-XXXX

**AMENDED AND RESTATED BYLAWS OF
CITY OF DALLAS HOUSING FINANCE CORPORATION**

PREAMBLE

These Bylaws are subject to, and governed by the Texas Housing Finance Corporations Act, Chapter 394 of the Local Government Code, as amended (the “Act”); the Texas Business Organizations Code, as amended (“TBOC”); the Texas Open Meetings Act, Chapter 551 of the Texas Government Code, as amended (“TOMA”); the Texas Public Information Act, Chapter 552 of the Texas Government Code, as amended; and the Articles of Incorporation and/or the Amended and Restated Certificate of Formation (the “Certificate of Formation”), of the City of Dallas Housing Finance Corporation (the “Corporation”), as amended (collectively referred to as the “Governing Regulations”). In the event of a direct conflict between the provisions of these Bylaws and the mandatory provisions of the Governing Regulations, such provisions of the Governing Regulations, as the case may be, shall control. The City of Dallas shall be referred to as the “City” or “Unit” and the Dallas City Council shall be referred to as the “Governing Body.”

**ARTICLE I
POWERS AND PURPOSES**

Section 1.1. Financing of Projects. Any project or projects to be financed in whole or in part through the issuance of obligations of the Corporation must be located within City limits. In order to implement the purposes for which the Corporation was formed and as set forth in the Certificate of Formation, the Corporation may issue obligations to finance all or part of the cost of one or more projects located within the City, provided that all of such actions are made pursuant to the provisions of the Act.

Section 1.2. Powers of Corporation. The Corporation shall possess all powers enumerated in the Act to accomplish the purposes for which the Corporation is organized including without limitation the power to issue bonds to defray, in whole or in part, (a) the development costs of a residential development, as defined in the Act; (b) the costs of purchasing or funding the making of home mortgages, either on a first-come, first-served basis or by selling lender commitments, including all costs related thereto, as allowed by the Act; and (c) any other costs associated with the provision of decent, safe, and sanitary housing and non-housing facilities that are an integral part of or are functionally related to an affordable housing project. The Corporation is a duly constituted authority and a public instrumentality of the City within the meaning of the regulations of the United States Treasury Department and the rulings of the Internal Revenue Service prescribed and promulgated pursuant to Section 103 of the Internal Revenue Code of 1986 (26 U.S.C. §103), as amended, and the Corporation is authorized, and has as an additional specific purpose for its organization and operation, to act on behalf of the City as provided in the Certificate of Formation. However, no agreements, bonds, debts, or obligations of the Corporation are or shall ever be deemed to be the agreements, bonds, debts, or obligations, or the lending of

credit, or a grant of public money or thing of value, of or by the City, or any other political corporation, subdivision, or agency of the State of Texas, or a pledge of the faith and credit of any of them.

However, the Corporation shall not purchase, lease, own, hold title to, or otherwise acquire an interest in a residential development, as such term is defined in the Act (a “Residential Development”), except as set forth below.

The Corporation may by a majority vote of the Board of Directors of the Corporation (the “Board of Directors”), purchase, lease, own, hold title to, or otherwise acquire an interest in a Residential Development, directly or indirectly through a subsidiary of the Corporation, provided that the Governing Body of the Unit, by appropriate resolution, prior to the transaction being consummated by the Corporation: (i) finds and determines that such transaction should be undertaken; (ii) approves the form of the transaction; and (iii) authorizes such purchase, lease, or ownership of, holding of title to, or acquisition of the interest in the Residential Development.

Notwithstanding the foregoing, nothing in these Bylaws shall be construed to restrict or prohibit the Corporation, either acting by or through a duly authorized agent, from exercising any right it may have to satisfy, in whole or in part, any obligation of the Corporation.

Section 1.3. Issuance of Obligations. The Corporation may issue any obligations permitted by the Act upon compliance with all provisions thereof.

Section 1.4. Books and Records; Approval of Programs and Financing Statements. The Corporation shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its Board of Directors and any committees of the Board of Directors formed under these Bylaws. All books and records of the Corporation may be inspected by any Director or his agent or attorney for any proper purpose at any reasonable time; and at all times the Unit, including but not limited to the Governing Body, will have access to the books and records of the Corporation upon written request to the General Manager or President. The Unit shall be entitled to annually review and request the Corporation’s explanation of any financial statements, programs, or expenditures of the Corporation.

Section 1.5. Nonprofit Corporation. The Corporation shall be a public nonprofit corporation.

Section 1.6. Corporation Policies. The Corporation, by action of the Board of Directors, shall be authorized to promulgate, implement, and amend policies governing the receipt, processing, and approval of applications for financial participation in development projects and prescribing the fees to be paid by applicants in amounts reasonably estimated to, at least, pay the ministerial and staff costs and expenses of the Corporation, plus reasonable reserves therefor.

Section 1.7. Staff Services. Staff services for the Corporation shall be performed by an employee of the Unit, as determined by the Governing Body or the Director of the Housing & Neighborhood Revitalization department of the Unit or designee (“Housing Director”). The Corporation shall reimburse the Unit, from any fees collected by it, the amount of costs for such staff services but in no event, shall the amount exceed the amount adopted in the Corporation’s

annual operating budget or exceed an amount otherwise authorized by a majority vote of the Board of Directors. Any employee of the Unit that performs the duties described herein shall be known as “staff”. Staff shall not include the General Manager, the Assistant General Manager, the Assistant Treasurer, the Assistant Secretary, and the Administrator.

The Board of Directors may at any time hire outside consultants to perform specialized tasks.

ARTICLE II BOARD OF DIRECTORS

Section 2.1. Powers, Number and Term of Office. The property and affairs of the Corporation shall be managed and controlled by the Board of Directors. Subject to the restrictions imposed by law, the Certificate of Formation, and these Bylaws, the Board of Directors shall exercise all of the powers of the Corporation.

The Board of Directors shall consist of fifteen members. Each city council member of the Governing Body may appoint one member to the Board of Directors. The term for each member is as set forth in the Certificate of Formation.

Section 2.2. Meetings of Directors. The Board of Directors may hold their meetings at any place authorized by the Act, as the Board of Directors may from time to time determine; provided that, in the absence of any such determination by the Board of Directors, the meetings shall be held at the principal office of the Corporation.

Section 2.3. Regular Meetings. Regular Meetings of the Board of Directors shall be held at such times and places as shall be designated, from time to time, by the Board of Directors.

Section 2.4. Special Meetings. Special Meetings of the Board of Directors shall be held whenever called by the President, by the Secretary, by three or more of the Directors at the time being in office, or upon advice of or request by the Governing Body.

Section 2.5. Public Notice of Meetings; Open Meetings.

(a) Written notice of the date, hour, place and subject of each meeting of the Board of Directors shall be posted before each meeting at such times and in such places as prescribed by TOMA.

(b) Every meeting of the Board of Directors shall be open to the public, except as otherwise permitted by TOMA.

Section 2.6. Quorum. A quorum exists when there are physically present a simple majority of the number of members officially appointed to the Board of Directors, regardless of the total number of members actually appointed to the Board of Directors if less than 15. The act of a majority of the Directors present at a meeting at which a quorum is in attendance shall constitute the act of the Board of Directors, unless the act of a greater number is required by law, the Certificate of Formation, or these Bylaws.

Section 2.7. Conduct of Business. At the meetings of the Board of Directors, matters

pertaining to the purposes of the Corporation shall be considered in such order as from time to time the Board of Directors may determine.

At all meetings of the Board of Directors, the President shall preside, and in the absence of the President, the Vice President shall exercise the powers of the President.

The Secretary of the Corporation shall act as Secretary of all meetings of the Board of Directors. In the absence of the Secretary or at the request of the Secretary, the Assistant Secretary shall act as Secretary during a meeting of the Board of Directors. In the absence of the Secretary and Assistant Secretary, the presiding Officer may appoint any person to act as Secretary of the meeting.

Section 2.8. Committees. The Board of Directors, by resolution passed by a majority of the Directors present at a properly-called meeting of the Board of Directors at which there is a quorum present, may designate three or more Directors to constitute a committee, but any committee shall be limited in size so as not to constitute a quorum of the Directors, and any such committee shall act in the manner provided in such resolution. The committee so designated shall keep regular minutes of the transactions of its meetings, shall cause such minutes to be recorded in books kept for that purpose in the office of the Corporation, and shall file such minutes with the Board of Directors from time to time. Committees are solely for advisory purposes and any action undertaken by the committee cannot bind the Board of Directors or the Corporation.

Section 2.9. Compensation of Directors. Directors as such shall not receive any salary or compensation for their services, except that they shall be reimbursed for their actual expenses which are (1) authorized by majority vote of the Board of Directors present at a properly-called meeting of the Board of Directors at which a quorum thereof is present and (2) incurred in the performance of their duties hereunder.

ARTICLE III OFFICERS, MANAGERS AND ADMINISTRATOR

Section 3.1. Titles and Term of Office.

(a) The officers of the Corporation shall be a President, a Vice President, a Secretary, and a Treasurer, and such other officers as the Board of Directors may from time to time elect or appoint. Terms of office shall not exceed two years, provided that an officer may be re-elected to such position by the Board of Directors. All officers must be a member of the Board of Directors.

All officers shall be subject to removal from office, with or without cause, at any time by a vote of a majority of the entire Board of Directors.

A vacancy in the office of any of officer shall be filled by a vote of a majority of the entire Board of Directors.

(b) The General Manager of the Corporation shall be ~~the Housing Director of the Unit or his or her designee~~appointed by the Board of Directors by resolution passed by a majority of the Directors present at a properly-called meeting of the Board of Directors. The General Manager shall exercise such powers and perform such duties as are set forth in Section 3.6 of these Bylaws and as shall be determined from time to time by the Unit.

(c) The City Attorney's Office will provide general counsel services for the Board of Directors, including, but not limited to, advice regarding TOMA, Robert's Rule of Order, and matters relating to board governance as well as any other legal matters directed by the Board of Directors. The costs to provide such services shall not exceed the amount adopted in the Corporation's annual operating budget.

The Corporation may engage one or more outside attorneys to provide legal advice to the Corporation and the Board of Directors subject to approval by the City Attorney's Office of any attorney selected by the Corporation to provide such service. The City Attorney's Office may disapprove the engagement of the outside counsel so selected for good cause. Such engagements shall be made on a per-matter basis. The Board of Directors may appoint a committee of its members to review and approve or reject the invoices of any attorney engaged by the Corporation.

Section 3.2. Powers and Duties of the President. The President shall be the chief executive officer of the Corporation, and subject to the direction of the Board of Directors, the President shall be in general charge of the properties and affairs of the Corporation and shall preside at all meetings of the Board of Directors. The President shall be the agent of the Corporation with primary responsibility for executing contracts, conveyances, franchises, bonds, deeds, assignments, mortgages, notes, and other instruments on behalf of and/or in the name of the Corporation, provided however, that the President may not execute any instrument on behalf of the Corporation without the prior written approval of the Board of Directors. For purposes of this Section 3.2, the approval of the Board of Directors of the parties to and material terms of an instrument shall constitute the approval of the President's execution of such instrument except when the Board of Directors has otherwise authorized the execution of such instrument.

Section 3.3. Powers and Duties of the Vice President. The Vice President shall have such powers and duties as may be assigned by the Board of Directors and shall exercise the powers of the President during that officer's absence or inability to act; provided however, that the Vice President may not execute any instrument on behalf of the Corporation without the prior written approval of the Board of Directors. For purposes of this Section 3.3, the approval of the Board of Directors of the parties to and material terms of an instrument shall constitute the approval of the Vice President's execution of such instrument except when the Board of Directors has otherwise authorized the execution of such instrument.

Section 3.4. Powers and Duties of the Treasurer. The Treasurer shall have custody of all the funds and securities of the Corporation which come into his or her hands. When necessary or proper, he or she may endorse, on behalf of the Corporation, for collection, checks, notes, and other obligations, and shall deposit the same to the credit of the Corporation in such bank or banks or depositories as shall be designated in the manner prescribed by the Board of Directors; he or she may sign all checks, receipts and vouchers for payment made to the Corporation, jointly with the General Manager, Assistant General Manager, Assistant Treasurer and such other Officer as is designated by the Board of Directors; whenever required by the Board of Directors, he or she shall render a statement of the Corporation's accounts; he or she shall enter or cause to be entered regularly in the books of the Corporation to be kept by him or her for that purpose full and accurate amounts of all monies received and paid out on account of the Corporation; he or she shall perform all acts incident to the position of Treasurer subject to the control of the Board of Directors and

provided that he or she shall not transfer, convey, or dispose of any asset of the Corporation except as directed by the Board of Directors; and he or she shall, if required by the Board of Directors, give such bond for the faithful discharge of his or her duties in such form as the Board of Directors may require, at the expense of the Corporation.

The Board of Directors shall appoint the Chief Financial Officer (“CFO”) of the Unit or his or her designee to serve as an Assistant Treasurer, who shall have the same level of access to the books and records of the Corporation as the Treasurer. The Assistant Treasurer may perform any duty required of or power granted to the Treasurer in these Bylaws and/or in any resolution or order approved by the Board of Directors.

Section 3.5. Powers and Duties of the Secretary. The Secretary shall keep the minutes of all meetings of the Board of Directors in books provided for that purpose; he or she shall attend to the giving and serving of all notices; in furtherance of the purposes of this Corporation, he or she may sign with the President in the name of the Corporation and/or attest the signature thereto, all contracts, conveyances, franchises, bonds, deeds, assignments, mortgages, notes and other instruments of the Corporation authorized by the Board of Directors as set forth in Section 3.2 above; he or she shall have access upon demand to the corporate books and records of which the Treasurer shall have custody and charge, and shall have custody and charge of such other books and papers as the Board of Directors may direct, all of which shall at all reasonable times be open to inspection upon request at the office of the Corporation during business hours, and he or she shall in general perform all duties incident to the office of Secretary subject to the control of the Board of Directors.

The Board of Directors may appoint one or more persons to serve as an Assistant Secretary, which person may, but need not, be a Director. The Assistant Secretary may perform any duty required of or granted to the Secretary in these Bylaws and/or in any resolution or order approved by the Board of Directors, other than the execution of documents.

Section 3.6. Powers and Duties of the General Manager.

- (a) The powers and duties of the General Manager shall include the following:
 - (1) In cooperation with the Corporation’s legal counsel, to ensure that all actions of the Board of Directors are in compliance with the laws, ordinances, orders, and resolutions that are in effect.
 - (2) Except as otherwise herein provided, to hire and remove all subordinates, employees, agents, or contractors of the Corporation.
 - (3) To manage the day to day operations of the Corporation, subject to the Governing Regulations, the Certificate of Formation, these Bylaws, and any policies and procedures adopted by the Board of Directors.
 - (4) To review all contracts of the Corporation to ensure each contract is in accordance with the directives of the Board of Directors and execute such contracts when directed by the Board of Directors.

- (5) To attend and participate in all meetings and deliberations of the Board of Directors to the extent allowed by TOMA, but shall not possess the power to vote.
- (6) To recommend to the Board of Directors for adoption such measures as he or she may deem necessary or expedient to further the goals and priorities of the Governing Body.
- (7) In collaboration with the Treasurer and Assistant Treasurer, keep the Board of Directors at all times fully advised of the financial conditions of the Corporation including providing monthly financial statements or reports.
- (8) To spend funds up to \$25,000.00 without prior approval from the Board of Directors when the General Manager deems it necessary to pay a refundable option fee or earnest money in connection with any contract for the sale, purchase, or lease of real property or real property interests, provided that the General Manager shall first execute an enforceable written agreement which makes all funds paid fully refundable at the Board of Director's discretion. Any such agreement or pledge of funds shall be approved by the Board of Directors prior to execution or acceptance of an agreement that would render the funds non-refundable.
- (9) To act as budget supervisor with the Treasurer and Assistant Treasurer and as such prepare and submit to the Board of Directors the annual budget.

(b) The General Manager shall execute all necessary documents in performance of the duties specified in Section 3.6(a).

(c) The General Manager may appoint an Assistant General Manager who shall perform such duties of the General Manager as may be assigned by the General Manager and shall exercise the powers of the General Manager during the General Manager's absence or inability to act. The Assistant General Manager shall be removable, with or without cause, at any time by the General Manager. The Assistant General Manager shall not be an officer of the Board of Directors.

(d) The General Manager may appoint an Administrator who shall perform such duties as may be assigned by the General Manager or the Assistant General Manager and shall report to the General Manager or the Assistant General Manager, as applicable. The Administrator shall be removable, with or without cause, at any time by the General Manager and shall not be an officer of the Board of Directors.

(e) The General Manager shall make recommendations to the Board of Directors regarding the engagement and retainment of contractors for professional services, as needed by the Board of Directors.

Section 3.7. Compensation. Officers as such shall not receive any salary or compensation for their services, except that they shall be reimbursed for their actual expenses incurred in the

performance of their duties hereunder. The General Manager, Assistant General Manager, Assistant Treasurer, Assistant Secretary, and the Administrator (the “HFC Liaisons”) shall not receive any salary from the Corporation for their performance of their duties because the HFC Liaisons are not employees of the Corporation. However, such HFC Liaisons may be reimbursed pursuant to Section 1.7 “Staff Services”.

Section 3.8. Requests by the Board of Directors. In the instance where an employees of the Unit are appointed to serve as the HFC Liaisons; then the Board of Directors may provide input to the Housing Director (or the City Manager, or designee, of the Unit if the Housing Director is operating as the person in question) regarding the performance of duties of ~~General Manager, the Assistant General Manager, the Assistant Treasurer, the Assistant Secretary, or the Administrator~~ the HFC Liaisons, to ensure alignment of their performance with the duties described in these Bylaws. By a two-third (2/3) vote of the Board of Directors, the Corporation may request that the Housing Director or the City Manager assign a new person to fill the position in question. The Housing Director or the City Manager retains the sole discretion regarding the reassignment of each position.

ARTICLE IV PROVISIONS REGARDING ARTICLES OF INCORPORATION AND BYLAWS

Section 4.1. Effective Date. These Bylaws shall become effective only upon the adoption of these Bylaws by the Board of Directors and approval of the Governing Body.

Section 4.2. Amendments to Bylaws. These Bylaws may be amended as set forth in the Certificate of Formation.

Section 4.3. Interpretation of Bylaws. These Bylaws and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein. If any word, phrase, clause, sentence, paragraph, section or other part of these Bylaws or the application thereof to any person or circumstance, shall ever be held to be invalid or unconstitutional by any court of competent jurisdiction, the remainder of these Bylaws and the application of such word, phrase, clause, sentence, paragraph, section or other part of these Bylaws to any other person or circumstance shall not be affected thereby.

ARTICLE V GENERAL PROVISIONS

Section 5.1. Principal Office. The principal office of the Corporation shall be located at Dallas City Hall, 1500 Marilla Street, 6DN, Dallas, Texas 75201.

Section 5.2. Fiscal Year. The fiscal year of the Corporation shall be as determined by the Board of Directors.

Section 5.3. Seal. The seal of the Corporation, if any, shall be as determined by the Board of Directors.

Section 5.4. Notice and Waiver of Notice. Whenever any notice whatsoever is required

to be given under the provisions of the Act, the Certificate of Formation, or these Bylaws, such notice shall be deemed to be sufficient if sent by U.S. Mail, with proper postage, certified mail return receipt requested or by a nationally recognized overnight delivery service addressed to the person entitled thereto at his or her post office address, as it appears on the books of the Corporation, and such notice shall be deemed to have been given three business days following such mailing.

Attendance of a Director at a meeting shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called or convened. Neither the business to be transacted at nor the purpose of any Regular or Special Meeting of the Board of Directors need be specified in the notice of such meeting, unless required by the Board of Directors or by the provisions of these Bylaws. A waiver of notice in writing, signed by the person or persons entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

Section 5.5. Resignations. Any Director or Officer may resign at any time. Such resignations shall be made in writing and shall take effect at the time specified therein, or, if no time be specified, at the time of its receipt by the President or Secretary. The acceptance of a resignation shall not be necessary to make it effective, unless expressly so provided in the resignation.

Section 5.6. Action Without a Meeting of Directors or Committees. Any action which may be taken at a meeting of the Board of Directors or of any committee may be taken without a meeting if a consent in writing, setting forth the action to be taken, shall be signed by all of the Directors, or all of the members of the committee, as the case may be, subject to TOMA. Such consent shall have the same force and effect as a unanimous vote and may be stated as such in any articles or document filed with the Secretary of State, or any other person.

Section 5.7. Approval or Advice and Consent of the Governing Body. To the extent these Bylaws refer to any approval by the Unit or refer to advice and consent by the Unit, such advice and consent shall be evidenced by a certified copy of a resolution, or motion duly adopted by the Governing Body.

ARTICLE VI CODE OF ETHICS

Section 6.1. Conflicts of Interest. In addition to the sections of the Dallas City Code adopted by reference in the Certificate of Formation, 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 no Officer, employee or member of the Board of Directors, should have an interest, financial or otherwise, direct or indirect, or engage in any business, transaction or professional activity or incur any obligation of any nature which is in conflict with the proper discharge of his or her duties and are not to use their position for personal gain.

ARTICLE VII

INDEMNIFICATION

Section 7.1. Indemnification. A Director of the Corporation shall not be personally liable to the Corporation for monetary damages for any act or omission in such Director's capacity as a Director, except that this Article does not authorize the elimination or limitation of the liability of a Director to the extent the Director is found liable for: (i) a breach of a Director's duty of loyalty to the Corporation; (ii) an act or omission not in good faith that constitutes a breach of duty of the Director to the Corporation or an act or omission that involves intentional misconduct or a knowing violation of the law; (iii) a transaction from which a Director received an improper benefit, whether or not the benefit resulted from an action taken within the scope of the Director's office; or (iv) an act or omission for which the liability of a Director is expressly provided for by an applicable statute. The foregoing elimination of liability shall not be deemed exclusive of any other rights, limitations of liability or indemnity to which a Director may be entitled under any other provision of the Restated Certificate of Formation or Bylaws of the Corporation, contract or agreement, vote of Directors, principle of law or otherwise. Any repeal or amendment of this Article shall be prospective only, and shall not adversely affect any limitation on the personal liability of a Director of the Corporation existing at the time of such repeal or amendment. In addition to the circumstances in which a Director of the Corporation is not personally liable as set forth in the foregoing provisions of this Article, a Director shall not be liable to the full extent permitted by any amendment to the Texas Business Organizations Code or Texas Housing Finance Corporations Act hereafter enacted that further eliminates or authorizes the elimination of the liability of a Director.

Section 7.2. Directors and Officers Insurance. The Corporation shall indemnify Directors, Officers, employees and agents of the Corporation to the fullest extent permitted by law, subject in each case to the restrictions, if any, of Section 7.1 above. The Corporation shall have the power to purchase and maintain at its cost and expense insurance on behalf of such persons to the fullest extent permitted by law.

VERIFICATION: AMENDMENTS APPROVED AND CERTIFIED TO BE TRUE AND CORRECT and to reflect accurately the official action of the duly constituted officers and members of the Corporation's Board of Directors, by a majority vote of the Board of Directors in office, all on _____, 2018.

**CITY OF DALLAS
HOUSING FINANCE CORPORATION**

ATTEST:

By: _____
Sherman Roberts, President

By: _____
Marcy Helfand, Secretary

Housing Finance Corporation

Economic Development and Housing Committee

September 4, 2018

Avis F. Chaisson, Assistant Director
Housing & Neighborhood Revitalization
City of Dallas



Presentation Overview

- Summary
- Background
- Issues
- Purpose of Amendments
- Proposed Amendments to the DHFC Articles of Incorporation and Bylaws
- Recommendation

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Summary

- **May 8, 2018:** DHFC Board briefed by staff on proposed amendments to the DHFC Governing Documents to address concerns
- **May 21, 2018:** Staff briefed the Economic Development and Housing; Government Performance and Financial Management Committees
- **June 1, 2018:** DHFC Board proposed a joint proposal to provide comments to staff's recommended changes
- **June 12, 2018:** DHFC Board adopted joint proposal with staff objections provided to the proposal

Summary

- **July 13, 2018:** Both staff and the DHFC Board walked through the Governing Documents in an effort to present an inclusive and joint recommendation to City Council. With the exception of **2** points, staff and the Board agreed on the changes
- The following are the **2** points that the parties disagreed on:
 1. Under the Article VII of the Articles of Incorporation, removal for just cause by City Council vs. at will
 2. Under the Bylaws, DHFC Board appointing the General Manager or designee vs. adopted in the Bylaws must be Housing Director
- Included for Committee consideration, are both staff recommendations (Exhibit A & B) and the DHFC Board adopted Governing Documents (Exhibits C & D)

History and Background of DHFC

- **April 25, 1984:** City Council approved creation of the City of Dallas Housing Finance Corporation, a public instrumentality and nonprofit corporation, and adopted the Articles of Incorporation
- **Purpose:** To issue revenue bonds on behalf of the City for the purpose of providing funds to finance multifamily developments and mortgage loans for the purchase of single family homes that serve low to moderate income households
- **March 28, 1990:** Amended bylaws expanded the eligible loan area to make single family mortgage program citywide

History and Background of DHFC – cont'd

- **February 28, 2007:** Bylaws were amended to allow the Corporation to purchase, lease, hold title to, and take an ownership interest in a residential development
- **March 27, 2013:** Articles were amended to state the DHFC was organized for charitable, religious, educational and scientific purpose including for making distributions to 501 (c) (3) charitable organizations
- **October 10, 2017:** Board approved changes to articles of incorporation and other governing documents to include conflict of interest and contracting requirements; staff did not bring forward to Council for consideration

DHFC Developments

- Since **2002**, the DHFC has issued bond obligations to partially fund **14** projects for families totaling **\$183.3M** in conjunction with **4%** housing tax credits allocated by the Texas Department of Housing Community Affairs
- Since **2007**, the DHFC has taken a ownership interest in **5** properties

Development	Council District	Co-Developer	General Contractor	General Partner	Own Property	Own Improvements	Issue Bonds
Gurley Place at Jubilee Park * (2012)	2				✓	✓	
Providence Mockingbird (2012)	2			✓	✓		
Sterlingshire aka Bruton (2016)	7	✓	✓	✓	✓		✓
Park at Cliff Creek (2016)	8			✓	✓		✓
Martha's Vineyard (2017)	2			✓	✓		✓

*Updated to correct Council District



Issues

- Role as intermediary for the Voucher Sublease Program
- Concerns with respect to finance, contracts, and conflict of interest policies
- Service area is restricted to CBD, CDBG eligible areas, and the southern portion of Dallas for residential developments. In order to fully implement the adopted Comprehensive Housing Policy the service area should be citywide

Purpose of Proposed Amendments to the DHFC Articles of Incorporation and Bylaws

- Housekeeping items to reflect transition from Office of Economic Development to Housing and Neighborhood Revitalization Department as Board Liaison
- Provide Board with Administrative Support and Oversight
- Streamline Functions
- Modify Board Representation to Increase Number of Board Members
- Memorialize Chapter 12A of the City Code and portions of Chapter 8 of the City Code

Proposed Amendments to the DHFC Articles of Incorporation and Bylaws

- Insert language that City Council in its sole discretion may amend the bylaws of the DHFC to change the programs, organization, structure, and activities. Currently, the articles of incorporation may be amended for the same reasons by the City Council in its sole discretion
- Broaden service area to citywide; currently, restricted to CBD, CDBG eligible areas, and southern portion of Dallas for residential developments
- Include language that City Councilmembers may appoint only **one** Director to the Board; increase members to **15**
- Incorporate **Chapter 12A** (Code of Ethics) of the City Code in the articles of incorporation and bylaws; and statement of conflict of interest

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Proposed Amendments to the DHFC Articles of Incorporation and Bylaws – cont'd

- Incorporate from **Chapter 8** (Boards and Commissions) of the City Code; Article I sections 8-1.1, 8-1.2., 8-1.4., and 8-1.5; Article IV, sections 8-14, 8-18, 8-20, 8-20, and 8-21; Article V; and Article VI section 8-26.
 - ✓ Qualifications for Appointments such as no criminal history;
 - ✓ Residency requirement
 - ✓ Term Limits
 - ✓ Code of Conduct
 - ✓ Roll Call

Proposed Amendments to the DHFC Articles of Incorporation and Bylaws – cont'd

- Incorporate General Manager which must be the Director of the Housing and Neighborhood Revitalization Department or designee; General Manager may appoint Assistant General Manager and Administrator
- Staff services for the Board must be provided by the City including the City Attorney's Office as General Counsel to the Board, and the City's Chief Financial Officer or designee as Assistant Treasurer. The Board must reimburse the City for staff salaries and benefits
- Authorize the Director and Assistant Director of Housing and Neighborhood Revitalization, and Chief Financial Officer or designee to be signatories for all DHFC bank accounts

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Proposed Amendments to the DHFC Articles of Incorporation and Bylaws – cont'd

Article III, Section 3.6: Powers and Duties of the General Manager include the following at the direction of the Board:

1. Ensure compliance with laws, ordinances, orders, and resolutions;
2. Hire and remove all subordinates, employees, agents or contractors of the DHFC;
3. Control over dealings and matters of the DHFC;
4. Review all contracts and ensure it meets Board directive and execute contracts when directed;
5. Recommend to the Board adoption of measures he or she deem necessary and expedient to further Council goals and priorities;
6. Keep Board advised of financial conditions;
7. Spending authority of up to \$25,000 for real property transactions such as option fee or escrow. Board must approve execution of acquisition;
8. Budget supervisor with the Treasurer; whom shall be selected by the Chief Financial Officer of the City; and
9. Make recommendations to the Board regarding retainment of contractors for professional services, as needed by the Board

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Recommendation and Next Steps

- Staff recommends that the Economic Development and Housing Committee approve the staff recommended amendments to the DHFC Articles of Incorporation and Bylaws attached as Exhibit “A” and Exhibit “B”
- **September 26, 2018:** If approved by the Committee, the item will move forward for full Council consideration on the City Council agenda.
- The Articles of Incorporation to be known as the Certificate of Formation will be filed with the Texas Secretary of State if Council approves the amendments

Housing Finance Corporation

Economic Development and Housing Committee

September 4, 2018

Avis F. Chaisson, Assistant Director
Housing & Neighborhood Revitalization
City of Dallas

