AGENDA
WATAUGA PARKS DEVELOPMENT CORPORATION
REGULAR MEETING
7105 WHITLEY ROAD, WATAUGA, TEXAS 76148
TUESDAY, AUGUST 21, 2018
6:00 PM

CALL TO ORDER

CITIZEN'S OPEN FORUM Individuals requesting to speak during Citizen's Open Forum will be required to complete a "REQUEST TO SPEAK FORM" and present it to the Secretary of the Parks Development Corporation prior to commencement of the meeting. Speakers are limited to three minutes. The purpose of this item is to allow citizens an opportunity to address the Parks Development Corporation on issues that are not the subject of a public hearing. Items which require a public hearing will allow citizens or visitors to speak at the time that item is introduced on the agenda. No deliberation or comments will be made with regard to citizen comments and no formal action can be taken by the Parks Development Corporation on items that are not posted on the agenda.

REPORTS FROM STAFF

1. Financial Report for July 2018
   Sandra Gibson, Director of Finance

2. Parks Report for July 2018
   Sal Torres, Parks and Community Services Director

APPROVAL OF MINUTES

1. Approval of July 17, 2018 Regular Meeting Minutes

NEW BUSINESS

1. Discussion and possible action on local sales tax options, Type B sales tax and the history of Type B sales tax use in the City of Watauga

ADJOURNMENT

NOTICE

THIS FACILITY IS WHEELCHAIR ACCESSIBLE AND ACCESSIBLE PARKING SPACES ARE AVAILABLE. REQUESTS FOR ACCOMMODATIONS OR INTERPRETIVE SERVICES MUST BE MADE 48 HOURS PRIOR TO THIS MEETING. PLEASE CONTACT THE CITY SECRETARY'S OFFICE AT (817) 514-5825, OR FAX (817) 514-3625.

I, Zolaina R. Parker, City Secretary for the City of Watauga, hereby certify that this agenda was posted on the bulletin boards at City Hall, 7105 Whitley Road, Watauga, Texas, on August 17, 2018, before 6:00 p.m., in accordance with Chapter 551 of the Texas Government Code.

Zolaina R. Parker

Zolaina R. Parker, City Secretary, TRMC

CITY OF WATAUGA, TEXAS

AGENDA MEMORANDUM

DATE: August 14, 2018

TO: Watauga Parks Development Corporation Directors

FROM: Sandra Gibson, Director of Finance

SUBJECT: Financial Report for July 2018

BACKGROUND/INFORMATION:
Please review attached financial report for the period ending July, 2018.

FINANCIAL IMPLICATIONS:
N/A

RECOMMENDATION/ACTION DESIRED:
Review of Monthly Financial Report for period ending July, 2018.

ATTACHMENTS/ SUPPORTING DOCUMENTATION:
1. PDC Monthly Financial - JULY 2018 REPORT
2. July 2018 PDC Detail

REVIEWED BY:
Zolaina Parker, City Secretary, TRMC   Final Approval - 08/17/2018

AGENDA MEMORANDUM

DATE: August 14, 2018

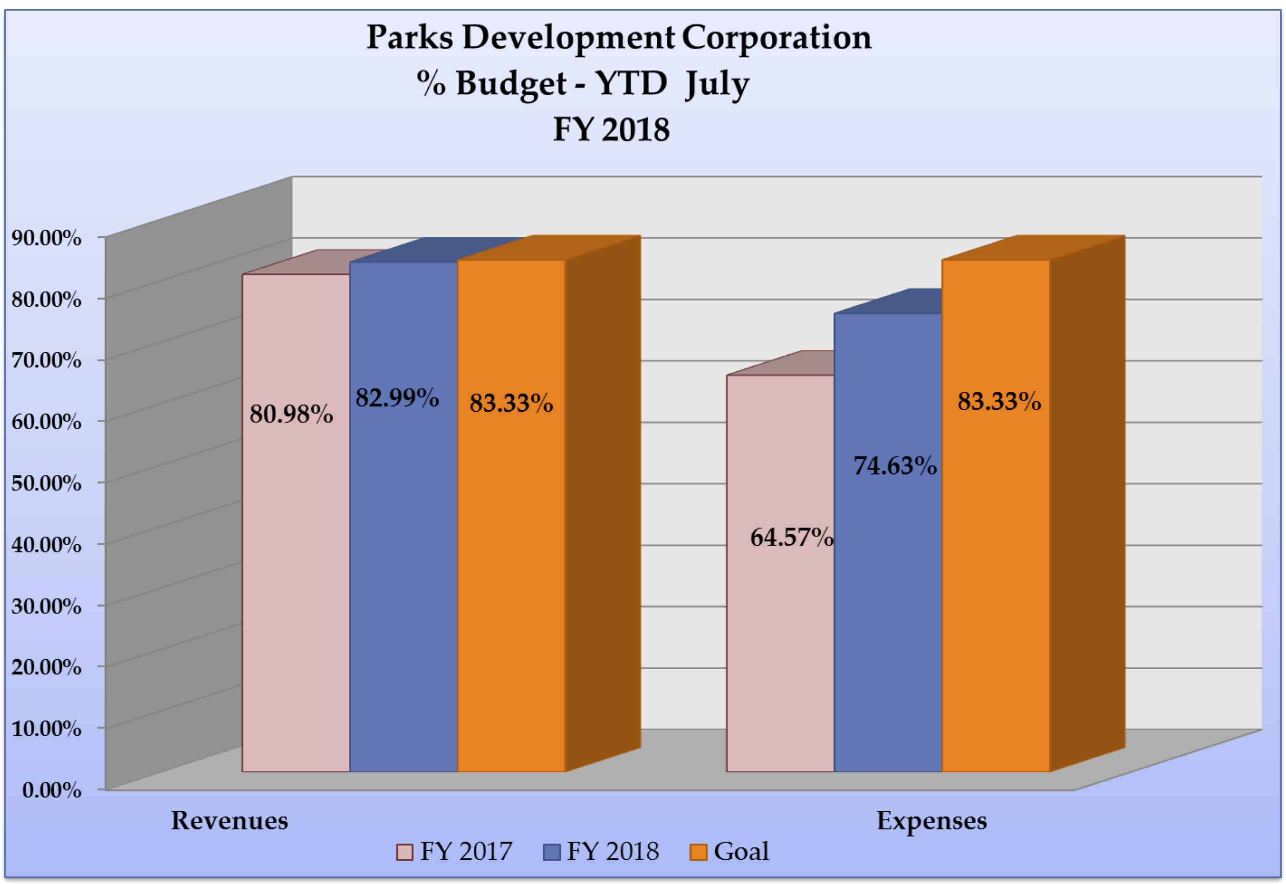
TO: Watauga Parks Development Board

FROM: Sandra Gibson, Director of Finance

SUBJECT: Financial Report for the Month of July 2018

The attached report and below graph represent the results of transactions through July 2018 which is the 10th month of the fiscal year and 83% through the FY2017-18 budget.

The year-to-date sales tax distribution is $603,234, which is 82% of budgeted revenues. Total year-to-date expenditures are $565,572 which is 74.63% of the budget expended for the year.



CITY OF WATAUGA
BUDGET TO ACTUAL COMPARISON
FISCAL YEAR 2018
For the period ending July 31, 2018 (4th Qtr.)

PARKS DEVELOPMENT FUND - 04

REVENUE:	CURRENT BUDGET	7/31/2018 YTD ACTUAL	% USED	% REMAINING	7/31/2017 YTD ACTUAL	$ CHG 18 vs 17	% CHG 18 vs 17
SALES TAX	735,000	603,234	82.07%	17.93%	601,590	1,644	0.27%
INTEREST EARNINGS	1,000	7,547	754.71%	-654.71%	2,487	5,060	203.44%
INTEREST/ESCROW	-	-	-	-	-	-	-
CONTRIBUTIONS/OTHER	-	-	-	-	-	-	-
TOTAL REVENUE	**$736,000**	**$610,781**	82.99%	17.01%	**$604,077**	6,704	**1.11%**
TOTAL EXPENDITURES	**757,850**	**565,572**	**74.63%**	25.37%	**$ 483,084**	82,488	17.08%
EXCESS REVENUE OVER (UNDER) EXPENDITURES	**($21,850)**	**$45,209**			**$120,993**	**-$75,784**	

WATAUGA
T E X A S
"A GREAT PLACE TO LIVE"

AGENDA MEMORANDUM

DATE: August 14, 2018

TO: Watauga Parks Development Corporation Directors

FROM: Sal Torres, Parks and Community Services Director

SUBJECT: Parks Report for July 2018

BACKGROUND/INFORMATION:
Parks Report for July 2018

FINANCIAL IMPLICATIONS:

RECOMMENDATION/ACTION DESIRED:

ATTACHMENTS/ SUPPORTING DOCUMENTATION:
1. monthly report JULY 2018

REVIEWED BY:
Zolaina Parker, City Secretary, TRMC Final Approval - 08/17/2018

PARKS DEPARTMENT MONTHLY REPORT FOR: JULY 2018

TASKS COMPLETED	DEPT.STAFF	CONTRACTOR	TIMES PER MONTH	(NUMBER) 100%/50%	TOTALS
MOW, WEEDEAT, BLOW					
BISD		X	4	(4) 100%	4
CAPP-SMITH	X		4	(3)100%-(1)50%	4
FOSTER VILLAGE		X	4	(4) 100%	4
HILLVIEW		X	4	(4) 100%	4
WHITES BRANCH CREEK		X	4	(4) 100%	4
VIRGIL ANTHONY		X	4	(4) 100%	4
ANIMAL CONTROL		X	4	(4) 100%	4
CITY HALL		X	4	(4) 100%	4
RECREATION CENTER		X	4	(4) 100%	4
WATER TOWER		X	4	(4) 100%	4
SOCCER FIELDS	X		3	(3) 100%	3
BASEBALL FIELDS	X		4	(4) 100%	4
KICKBALL FIELDS	X		4	(4) 100%	4
BROWNING	X		1	(1) 100%	1
NATS BROOKS	X		1	(1) 100%	1
PARK VISTA	X		1	(1) 100%	1
PARK&RIDE	X		1	(1) 100%	1
RESTROOMS-ALL PARKS					
CAPP-SMITH	X		28	(28) 100%	28
INDIAN SPRINGS	X		28	(28) 100%	28
FOSTER VILLAGE	X		28	(28) 100%	28
TRASH-ALL	X		24	(24) 100%	24
LANDSCAPE-ALL BUILDINGS AND PARKS					
WEED REMOVAL	X		21	100%	21
SPRAY	X		21		21
FERTILIZE					
PRUNE	X		2		2
PLANT INSTALLATION	X		2		2
HARDSCAPE INSTALLATION					
IRRIGATION-ALL SYSTEMS					
INSPECTION	X		1	100%	17
REPAIR	X		13		13
INSTALL	X		1		1
PLAYGROUND-ALL PARKS					
INSPECTION	X		1	100%	1
REPAIR	X		2		2
BUILDINGS-ALL PARKS					
REPAIR	X		2		2
LIGHTS					
REPAIR	X		2		2
SPORTS FIELD PREP-ALL PARKS					
BASEBALL/KICKBALL	X		6	(6) 100%	6
FOOTBALL/SOCCER					

PARKS DEPARTMENT MONTHLY REPORT FOR: JULY 2018

SPECIAL EVENTS	DATE	OVERTIME USED	OVERTIME HOURS
NONE			

ADDITIONAL WORK COMPLETED
Installed road base surfacing at Foster Village Park
Installed EWF at Capp-Smith north swing set
Installed rock rubble at Capp-Smith middle weir
Power washed pavillions-all
Repaired lake fountain at Capp-Smith

AGENDA MEMORANDUM

DATE: August 17, 2018

TO: Watauga Parks Development Corporation Directors

FROM: Zolaina Parker, City Secretary, TRMC

SUBJECT: Approval of July 17, 2018 Regular Meeting Minutes

BACKGROUND/INFORMATION:

The item attached includes the July 17, 2018 Watauga Parks Development Corporation Regular Meeting Minutes.

FINANCIAL IMPLICATIONS:

N/A

RECOMMENDATION/ACTION DESIRED:

Respectfully recommend approval of Minutes Draft presented.

ATTACHMENTS/ SUPPORTING DOCUMENTATION:

1. Minutes Draft

REVIEWED BY:

Zolaina Parker, City Secretary, TRMC Final Approval - 08/17/2018

MINUTES
WATAUGA PARKS DEVELOPMENT CORPORATION
SPECIAL MEETING
TUESDAY, JULY 17, 2018
7105 WHITLEY ROAD, WATAUGA, TEXAS 76148
6:00 PM

CALL TO ORDER

The Watauga Parks Development Corporation convened the Regular Meeting at 6:00 p.m., with the following members present:

Art Miner, President
Pete Beierschmitt, Vice-President
Becky Hartless, Secretary
Jan Hill, Director
Leah Chauvin, Director
Christopher Poorman, Director
Joy Longerbeam, Director

and

Andrea Gardner, City Manager/Registered Agent
Sandra Gibson, Director of Finance/Treasurer
Sal Torres, Director of Parks and Community Services/Staff Liaison

CITIZEN'S OPEN FORUM

None

REPORTS FROM STAFF

1. Parks and Community Services Report for June 2018

   Sal Torres, Director of Parks and Community Services/Staff Liaison, provided the Parks and Community Services Report for June 2018.

APPROVAL OF MINUTES

1. Approval of Minutes of Regular Meeting for June 19, 2018

Director Hartless made a motion to approve the minutes of Regular Meeting for June 19, 2018. Vice-President Beierschmitt seconded the motion, which passed unanimously.

2. Approval of Special Meeting Minutes for July 3, 2018

Vice President Beierschmitt made a motion to approve the minutes of Regular Meeting for July 3, 2018. Director Chauvin seconded the motion, which passed 5 for and 2 abstain.

PUBLIC HEARING

1. Public Hearing on the proposed Watauga Parks Development Corporation Budget for the 2018-2019 Fiscal Year

President Beierschmitt recessed the Regular Meeting at 6:04 p.m., and opened the public hearing.

No citizens came forward to speak and President Miner closed the public hearing at 6:05 p.m., and reconvened the Regular meeting.

NEW BUSINESS

1. Discussion and action on approval and recommendation to Watauga City Council of the Watauga Parks Development Corporation proposed budget for the 2018-2019 Fiscal Year

Vice-President Beierschmitt made a motion to accept the proposed Watauga Parks Development Corporation Budget for Fiscal Year 2018-2019 as presented during the July 3, 2018 meeting with the provision that the City Manager's Office will begin removing personnel during the upcoming years. Director Chauvin seconded the motion, which passed unanimously.

ADJOURNMENT

With there being no further business to discuss, President Miner adjourned the meeting at 6:07 p.m.

APPROVED: this ____ day of ____________,_____

SIGNED: this ____ day of ____________,_____

APPROVED:

____

Art Miner, President

ATTEST:

____

Becky Hartless, Secretary

NOTE: Original Audio and Video Recording of this meeting is preserved and maintained by the City Secretary's Office

WATAUGA
TEXAS
"A GREAT PLACE TO LIVE"

AGENDA MEMORANDUM

DATE: August 17, 2018

TO: Watauga Parks Development Corporation Directors

FROM: Andrea Gardner, City Manager

SUBJECT: Discussion and possible action on local sales tax options, Type B sales tax and the history of Type B sales tax use in the City of Watauga

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BACKGROUND/INFORMATION:

On June 19, 2018 during a meeting of the Park Development Corporation Board, the Board recommended approval of the FY 2018-19 Proposed Budget for the PDC with a specific amendment to remove one Parks Maintenance Worker II, one Parks Maintenance Worker I and Summer I Maintenance worker from the proposed budget.

On July 3, 3018 during a special meeting of the PDC, the Board approved the FY 2018-19 Proposed Budget as presented during the June 19, 2018 meeting. The City Manager agreed to provide follow up discussions on funding and other items of impact to the PDC over the next 12 months.

FINANCIAL IMPLICATIONS:

N/A

RECOMMENDATION/ACTION DESIRED:

City staff respectfully recommends the PDC consider the presentation information, attached documents and state law requirements before providing feedback related to next steps that ensure the wishes of the Board and Council are met and are compliant with State Law.

ATTACHMENTS/ SUPPORTING DOCUMENTATION:

1. The Watauga PDC & Local Sales Tax PowePoint Presentation
2. CA LETTER PDC SALARIES
3. PDC Reimbursement Agreement Letter

REVIEWED BY:

Andrea Gardner, City Manager — Approved - 08/17/2018
Zolaina Parker, City Secretary, TRMC — Final Approval - 08/17/2018

THE WATAUGA PDC & LOCAL SALES TAX

LOCAL SALES TAX OPTIONS FOR CITIES

- Sales and Use Tax (Increments of 0.125 percent)
- Sales Tax for Economic Development (Increments of 0.125 percent)
- Street Maintenance Sales Tax (Increments of 0.125 percent)
- Municipal Development Corporation (0.125, 0.25, 0.375 or 0.5 percent)
- Municipal Development District (0.125, 0.25, 0.375 or 0.5 percent)
- Fire Control Prevention and Emergency Medical Services (EMS) Districts (0.125, 0.25, 0.375 or 0.5 percent)
- Municipal Sales Tax for Property Tax Relief (Increments of 0.125 percent)

LOCAL SALES TAX OPTIONS FOR CITIES & COUNTIES

- Crime Control and Prevention District (Increments of 0.125 percent up to 0.5 percent maximum rate)
- Venue Tax "Stadium Bill" (Increments of 0.125 percent)
- Metropolitan and Rapid Transit Authorities/Municipal Transit Departments (0.25, 0.5 or 1 percent)

WHAT SALES TAX OPTION IS THE WATAUGA PDC?

- Type B Economic Development Sales Tax
  - All cities are eligible to adopt the Type B sales tax in increments of 0.125 percent if the combined sales tax rate would not exceed 2 percent.
- The City of Watauga's Sales Tax Breakdown (2 percent):
  - 0.01 percent – General Revenue deposited in the General Fund
  - 0.0125 percent – Watauga PDC
  - 0.0125 percent – Street Maintenance
  - 0,0150 percent – Watauga Crime Control District

HOW IS THE TAX ADMINISTERED?

- Development Corporations
  - Board of Directors
    - Administration expenses
    - Training
    - Open Meetings and Public Hearings

DEVELOPMENT CORPORATIONS

- The Development Corporation Act requires cities to establish a corporation to administer the sales and use tax funds.
  - The corporation must file articles of incorporation with the Secretary of State.
    - The articles of incorporation must state that the corporation is governed by the Development Corporation Act of 1979 found in Chapters 501-505 of the Texas Local Government Code.

THE FORMATION OF THE WATAUGA PDC

- May 23, 1983
  - Resolution No. 83523 was approved authorizing the creation and establishment of the Watauga Industrial Development Corporation
- June 15, 1983
  - Articles of Incorporation were filed in the office of the Secretary of the State of Texas
- July 25, 1994
  - A resolution of the City Council was approved amending the articles of incorporation to change the name from the Watauga Industrial Development Corporation to the Watauga Parks Development Corporation and to declare the purpose of the Corporation to benefit and accomplish public purpose of promoting and developing commercial, industrial and manufacturing enterprises to promote and encourage employment and public welfare, pursuant to the Development Corporation Act of 1979, Section 4B.

BOARD OF DIRECTORS

- A Type B corporation's board of directors serves at the pleasure of the city council and may be removed and replaced at any time and without cause.
- All expenditures authorized by a Type B corporation also require approval by the city council.
- Board Meetings of Type B corporations must be held within the corporate limits of the authorizing municipality; unless the authorizing city is located in a county with a population of 30,000 or fewer where meetings may be held at any location within the county.
- For a Type B corporation city council must appoint a board of seven directors. Three of the seven directors must not be employees or officers of the city or members of the city council. All directors are appointed to two-year terms. The directors must be residents of the city authorizing the sales tax if the city's population is 20,000 or more.

WATAUGA PDC BOARD OF DIRECTORS

- July 16, 2013 – Watauga PDC Bylaws were approved by City Council
  - Section 2.02 states the number of directors of the corporation shall be seven and that each director must be a resident of the City of Watauga.
  - Section 2.03 states the directors shall be selected and appointed by the Watauga City Council and shall hold office for two year terms.
  - Section 2.05 states the entire BOD or any individual director may be removed from office with or without cause by majority vote of the Watauga City Council.
  - Section 2.06 requires all meetings of the Board of Directors be held within the city limits of Watauga.

WHEN WAS REVENUE ESTABLISH FOR THE PDC?

- March 14, 1994
  - Ordinance No. 665 was approved calling a Sales and Use Tax Election to be held within the City.
  - Proposition Language: The levy and collection of an additional one-half of one percent sales and use tax within the City pursuant to the provisions of Article 5109.6, Vernon's Civil Statues, with the proceeds thereof to be used and applied in the manner and to the purpose authorized by Section 4B of the Act, including but not limited to, land, facilities, equipment and open space improvements for Parks and Recreation.
- May 7, 1994
  - Special Sales and Use Tax Election was held.
- May 23, 1994
  - Ordinance No. 670 was approved canvassing the returns of the May 7, 1994 Election.
    - Results: FOR 528, AGAINST 332, TOTAL VOTES CAST 860

REVENUE ESTABLISHED FOR THE PDC CONTINUED

- June 26, 1995
  - Ordinance No. 705 was approved to ratify, confirm and validate the levy and imposition of the additional one-half sales and use tax approved and authorized at the election held on May 7, 1994 after a question was raised whether Ordinance No. 670 effectively provided for the levy of such sales and use tax.
- January 23, 2012
  - Ordinance No. 1483 was adopted by the City Council calling for a special election to be held in said City on the 12th day of May 2012 for the decrease in the sales and use tax for the benefit of the Watauga Parks Development Corporation to one-fourth of one percent and the adoption of a local sales and use tax of one-fourth of one percent for maintenance and repair of municipal streets.
- May 21, 2012
  - Resolution No. 12-05-21-02 was adopted by the City Council canvassing the returns of the Special Election held on May 12, 2012.
  - Results: FOR 454, AGAINST 130, UNDERVOTES 13, TOTAL VOTES 597

REVENUE ESTABLISHED FOR THE PDC CONTINUED

- January 25, 2016
  - Ordinance No. 1614 was adopted by the City Council calling a special election to be held in said City on the 7th day of May 2016 for the continuation of the adoption of a local sales and use tax of one-fourth of one percent for maintenance and repair of municipal streets.
- May 23, 2016
  - Resolution No. 16-05-23-02 was approved by the City Council canvassing the returns of the special election held on May 7, 2016.
  - Results: FOR 250, AGAINST 49, UNDERVOTES 4, TOTAL VOTES 303

ADMINISTRATION EXPENSES

- Type B corporations area authorized to pay administrative expenses (including staff) to implement the corporation's projects. These may include administrative expenses for acquisition, construction, improvement, expansion and financing of projects.
- Cities that perform some of the administrative functions for the corporations may seek reimbursement for administrative expenses related to projects overseen by city staff.
  - Texas LGC Section 501.007 states a unit may not lend its credit or grant public money or another thing of value in ad of a corporation. Therefore, this Section requires the City to charge the Corporation for staff time associated with duties performed on behalf of the Corporation.
    - Can be done by agreement between the City and Corporation, interfund transfer agreed and approved by the Board and Council each budget cycle or actual chargeback of specific hours billed to the Corporation.
- Corporations may also contract with private corporations or other entities to carry out industrial development programs or objectives.

OPEN MEETINGS AND PUBLIC HEARINGS

- A development corporation's BOD is subject to TOMA (Government Code Chapter 551) and the Texas Public Information Act (Government Code Chapter 552)
- Type B corporations located in cities with populations of 20,000 or greater are required to hold public hearings when implementing Type A projects such as those that fund infrastructure or primary job activities.
- All Type B corporations must wait 60 days from the first public notice of the nature of a project before providing funds. This interval allows voters time to consider a petition for an election to be called on whether to pursue the project.

HOW CAN TAX REVENUE BE USED?

- Sales tax generated by Type B is primarily intended to promote manufacturing and industrial development.
- Type B corporations may fund some quality of life projects and efforts to retain primary jobs.

TYPE B ELIGIBLE PROJECTS

- Quality of life
  - Type B corporations may fund quality of life improvements, and acquire or pay for land, buildings, equipment, facilities expenditures, targeted infrastructure and improvements required or suitable for use for:
    - Professional and amateur sports (including children's sports) and athletic facilities, tourism and entertainment facilities, convention facilities, public parks and event facilities (including stadiums, ballparks, auditoriums, amphitheaters, concert halls, parks and open space improvements, museums and exhibition halls); related store, restaurant concession, parking and transportation facilities; related street, water and sewer facilities;
    - Water supply facilities and water conservation programs
    - Affordable housing

TYPE B ELIGIBLE PROJECTS

- Primary job retention
  - To promote and develop new and expanded business enterprises that create or retain primary jobs, a Type B corporation may provide funds for:
    - Public safety facilities
    - Recycling facilities
    - Streets and roads
    - Drainage and related improvements
    - Demolition of existing structures
    - General municipally-owned improvements
    - Maintenance and operating costs associated with projects
    - Improvements or facilities that the board determines will contribute to the promotion or development of new or expanded business enterprises that create or retain primary jobs.

INFRASTRUCTURE IMPROVEMENTS

- Type B corporations may promote new or expanded business development by funding streets and roads, rail spurs, water, sewer, electric and gas utilities, drainage site improvements, and telecommunications and internet improvements. Beach remediation along the Gulf of Mexico may also be funded.
- With voter approval of the project, a Type B corporation may spend sales tax for a water supply or water conservation program or to clean up contaminated property.

CAN A TYPE B CORPORATION UNDERTAKE PROJECTS OUTSIDE CITY LIMITS?

- An economic development corporation may undertake projects outside city limits so long as it is clear that the city benefits from the project.
- If a corporation undertakes a project outside city limits, it must receive permission to do so from the governing body of the entity with jurisdiction in that area.

REPORTING REQUIREMENTS OF TYPE B CORPORATIONS

- The Development Corporation Act requires that all Type B corporations file an annual report with the Texas Comptroller of Public Accounts by February 1 of each year. The report must include the corporation's economic development objectives, revenues and expenditures for the preceding fiscal year, a breakdown of these expenditures and a list of the corporation's assets.

CAN THE TAX BE INCREASED OR DECREASED?

- As with adoption, the sales and use tax rate must be increased or decreased in increments of 0.125 percent; the minimum Type B tax rate is 0.125 percent and may not result in a combined rate of all local sales and use taxes exceeding 2 percent.
- If a City is already imposing an economic development sales tax, the city's governing body may adopt an ordinance calling for an election to increase, reduce or repeal the existing tax. The ordinance may be initiated by a majority vote of the governing body, or by a petition of registered voters.

QUESTIONS/COMMENTS/DIRECTION

LAW OFFICES
EVANS, DANIEL, MOORE, EVANS & LAZARUS
(NOT A PARTNERSHIP)

MARK G. DANIEL
BOARD CERTIFIED - CRIMINAL LAW
TEXAS BOARD OF LEGAL SPECIALIZATION

CRIMINAL TRIAL SPECIALIST-BOARD CERTIFIED
NATIONAL BOARD OF TRIAL ADVOCACY

SUNDANCE SQUARE
115 WEST SECOND STREET, SUITE 202
FORT WORTH, TEXAS 76102

(817) 332-3822
FACSIMILE (817) 332-2763

OF COUNSEL

TIM EVANS
TIM MOORE
LANCE T. EVANS
AL LAZARUS

August 14, 2012

Dr. Scott Neils
City Manager
7105 Whitley Road
Watauga, Texas 76148

Via Email

Re: *Whether tax revenue for the Park Development Corporation can be used to pay the salary of employees*

Dear Dr. Neils:

This letter is written pursuant to the attorney client privilege in rendition of professional legal services by myself to the City of Watauga. This communication shall remain confidential and is not intended to be disclosed to third persons or others than those to whom disclosure is made and in furtherance of the rendition of such professional legal services to the City of Watauga or its duly authorized representative.

You have sought my opinion on whether tax revenue for the Watauga Park Development Corporation (hereinafter "PDC"), can be used to pay the salary of City employees. You indicated that Section 505.303(a) of the Local Government Code provides that the costs of a publicly owned and operated project purchased or constructed under Chapter 505 included the maintenance and operating costs of the project. You further indicated that you felt that maintenance and operating costs would include salaries.

The term "maintenance and operating costs" is not defined in the Local Government Code. However, "operating costs" can include salaries of employees. Assuming that "operating costs" includes salaries, Section 505.303(a) only authorizes operating costs for authorized projects under Chapter 505. Therefore, it is my opinion that any salaries that are paid to employees out of PDC funds can only be paid from those funds for work performed by employees on "authorized" PDC projects. For example, the salary of a maintenance worker could be paid out of PDC funds for mowing the grass for an approved PDC project, with the remainder of the salary paid out of the general fund for time spent mowing the grass at municipal buildings that are not part of a PDC project.

I understand the practical problems that such an interpretation may present. I also understand that other cities may not utilize such a strict interpretation of Chapter 505. However, I believe this to be the intent of the Texas legislature when the statute was passed.

Thank you for your attention to the above and the opportunity to be of assistance. If you have any questions regarding this matter, please do not hesitate to contact my office.

Sincerely,

Mark G. Daniel

MARK G. DANIEL
City Attorney
City of Watauga

MGD/ram

Encl.

cc: Mayor Henry Jeffries
Ms. Zolaina Reyes

LAW OFFICES
EVANS, DANIEL, MOORE, EVANS, BIGGS & DECKER
(NOT A PARTNERSHIP)

MARK G. DANIEL

BOARD CERTIFIED - CRIMINAL LAW
TEXAS BOARD OF LEGAL SPECIALIZATION

CRIMINAL TRIAL SPECIALIST-BOARD CERTIFIED
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SUNDANCE SQUARE
115 WEST SECOND STREET, SUITE 202
FORT WORTH, TEXAS 76102

(817) 332-3822
FACSIMILE (817) 332-2763

OF COUNSEL:
TIM EVANS
TIM MOORE
LANCE T. EVANS
WILLIAM R. BIGGS
ANDREW J. DECKER

August 3, 2018

Via E-Mail

Mr. Art Miner
President
Watauga Parks Development Corporation
7105 Whitley Road
Watauga, Texas 76148

Re: Agreement to reimburse the City of Watauga for PDC administrative expenses

Dear Mr. Miner:

Please be advised that I represent the City of Watauga, Texas (hereinafter "City").

The Development Corporation Act of 1979 enables cities to finance new and expanded business enterprises in local communities through economic development corporations (EDCs). Chapters 501, 504 and 505 of the Local Government Code outline the characteristics of Type A and Type B EDCs, authorize cities to adopt a sales tax to fund the corporations and define projects EDCs are allowed to undertake. The Watauga Parks Development Corporation ("PDC") was created to encourage the development and advancement of the parks and recreation facilities in the City of Watauga. The PDC collects a 1/4-cent sales-tax for improvements.

Section 501.007 of the Local Government Code governs the lending of credit and granting of public money to EDCs. Pursuant to Section 501.007(a), "a unit may not lend its credit or grant public money or another thing of value in aid of a corporation." Section 501.002(17) defines "unit" as "a municipality, county, or district that may create and use a corporation under this subtitle." Thus, the Local Government Code requires that the City of Watauga charge the Watauga PDC for any and all administrative and clerical expenses associated with duties performed by City staff on behalf of the corporation.

Please accept this letter as the City's notice to begin collecting reimbursement fees related to administrative and clerical expenses provided by the City on behalf of the Watauga PDC pursuant to Section 501.007(c) of the Local Government Code, effective immediately. The City will provide a monthly statement to PDC detailing records and time logs for any administrative and clerical expenses associated with duties performed on behalf of the corporation and incurred within the preceding 30 days, including staff time. The Watauga PDC will be responsible for reimbursing the City for any expenses incurred within ten business days upon receipt of the monthly statement. The first report and time log shall be provided to the PDC on September 4, 2018, with the first reimbursement being due on or before September 18, 2018.

I would respectfully request that you sign and return this letter as confirmation of receipt and mutual understanding regarding the PDC's requirement to reimburse the City for administrative and clerical expenses. Thank you in advance for your prompt attention to this request. If you have any questions or concerns, please do not hesitate to contact my office.

Sincerely,

Mark G. Daniel

MARK G. DANIEL
City of Watauga, *City Attorney*

MGD/jjv

Enclosures
cc: Sandra Gibson, *Director of Finance & Administration*
Zolaina Parker, *City Secretary*
Andrea Gardner, *City Manager*
Patrick Shelbourne, *Mayor*

Acknowledged and agreed to by Patrick Shelbourne, Mayor of the City of Watauga, Texas, this

_____ day of _____________, 2018.

____
(Signature)

Acknowledged and agreed to by Art Miner, President of the Watauga Parks Development Corporation, this _____ day of _____________, 2018.

____
(Signature)