



COMMUNITY DEVELOPMENT CORPORATION COMMUNICATION

DATE: July 16, 2025

FROM: Shannon Montgomery, Town Secretary

AGENDA ITEM: Discuss and consider revising the Funding Guidelines Policy and Procedures.

SUMMARY:

At the June 11, 2025 meeting, Vice Chair Latham requested a future agenda item to review and align the Funding Guidelines Policy and Procedures with State law.

In response to questions raised at the previous meeting regarding whether expenditures under \$10,000 require Town Council approval, Staff consulted the Board's attorney, Jeff Moore.

For both Type A and Type B Economic Development Corporations, expenditures generally fall into two main categories - Projects and Marketing or Promotional Expenditures.

According to Board Attorney Moore, the current Funding Guidelines appear to reference Section 505.158 of the Texas Local Government Code, which addresses a specific type of "project." Under this statute, if an EDC expenditure qualifies as a "project" and exceeds \$10,000, it must be approved by the Town Council through two separate readings and a formal resolution.

In contrast, promotional expenditures are governed by Section 505.103 of the Texas Local Government Code. While these do not require two readings or a resolution, they do still require approval by the Town Council.

Sec. 505.158. PROJECTS RELATED TO BUSINESS DEVELOPMENT IN CERTAIN SMALL MUNICIPALITIES.

- (a) For a Type B corporation authorized to be created by a municipality with a population of 20,000 or less, "project" also includes the land, buildings, equipment, facilities, expenditures, targeted infrastructure, and improvements found by the corporation's board of directors to promote new or expanded business development.
- (b) A Type B corporation may not undertake a project authorized by this section that requires an expenditure of more than \$10,000 until the governing body of the corporation's authorizing municipality adopts a resolution authorizing the project after giving the resolution at least two separate readings.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 505.103. LIMITATION ON USE OF REVENUES FOR PROMOTIONAL PURPOSES.

A Type B corporation may spend not more than 10 percent of the corporate revenues for promotional purposes.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

ATTACHMENTS:

- Current Funding Guidelines Policy and Procedures