

Resolution No. 08-143

**A resolution authorizing the amendment of the Arlington Tomorrow Foundation Program to include an additional special fund for the use of revenues from City owned historic pioneer cemeteries in which land is leased for mineral rights**

WHEREAS, on November 14, 2006, by Resolution No. 06-559, the City Council adopted the Arlington Tomorrow Foundation Program (Program) for public charitable, literary and educational programs; and

WHEREAS, on March 18, 2008 the City Council accepted a lease contract for 94.042 acres of land which included the Arlington Cemetery located at Mary Street and East Mitchell; and

WHEREAS, the Cemetery has no perpetual care arrangement and is currently maintained by the Parks and Recreation Department; and

WHEREAS, an amendment to the Arlington Tomorrow Foundation Program will allow for the creation of an additional and separate fund for revenues granted to the Arlington Tomorrow Foundation that are generated from City owned historic pioneer cemeteries in which land is leased for mineral rights;  
NOW THEREFORE

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ARLINGTON, TEXAS:

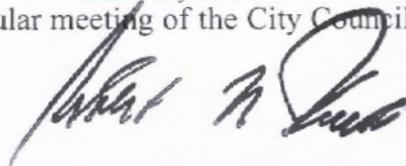
I.

That the City Council hereby amends the Arlington Tomorrow Foundation Program to include an additional special fund for the use of revenues from City owned historic pioneer cemeteries in which land is leased for mineral rights.

II.

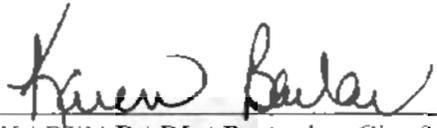
A substantial copy of the Arlington Tomorrow Foundation Program, as amended, is attached hereto and incorporated herein for all intents and purposes.

PRESENTED AND PASSED on this the 6th day of May, 2008, by a vote of 9 ayes and 0 nays at a regular meeting of the City Council of the City of Arlington, Texas.



ROBERT N. CLUCK, Mayor

ATTEST:



KAREN BARLAR, Acting City Secretary

APPROVED AS TO FORM:  
JAY DOEGEY, City Attorney

BY Jay Stull



# Staff Report

## Amendment to the Arlington Tomorrow Foundation Program

City Council Meeting Date: 5/6/08

Document Being Considered: Resolution

### **RECOMMENDATION**

Approve a resolution amending the Program that established the Arlington Tomorrow Foundation adopted by the City Council on November 14, 2006 to include an additional special fund for the use of revenues from City owned cemeteries.

### **PRIOR BOARD OR COUNCIL ACTION**

The original proposal from the Arlington Fund Committee was presented, discussed and reviewed during the October 17, 2006 Work Session, and a resolution to implement the proposal was passed on November 14, 2006. The program was previously amended on August 14, 2007 to create additional special funds for municipal workforce investment and aviation and development initiatives.

### **ANALYSIS**

On March 18, 2008 the City Council accepted a lease contract for 94.042 acres of land which included the Arlington Cemetery located at Mary Street and East Mitchell near downtown. The City of Arlington assumed ownership of the property in 1992, 19 years after the expiration of the Arlington Cemetery Association's charter in 1973. The Cemetery has no perpetual care arrangement and is currently maintained by the Parks and Recreation Department. The amendment to the Arlington Tomorrow Foundation Program creates an additional and separate fund for revenues granted to the Arlington Tomorrow Foundation that are generated from City owned cemetery property. The Arlington Cemetery property represents approximately 10 acres, or 10.5%, of the total lease. The other cemetery currently owned by the City, Tate Johnson Cemetery, is not under any gas lease at this time.

### **FINANCIAL IMPACT**

The Arlington Cemetery represents approximately \$192,250 of the Arlington Tomorrow Foundation's 90% bonus payment for the lease, which will be maintained as the principal for the Cemetery Maintenance Fund, and continue to grow with future royalty payments. Proposed uses for this fund will be presented and appropriated as part of the annual budget process, in support of overall budget priorities.

### **ADDITIONAL INFORMATION**

Attached:	Revised Program Description w/ Exhibit A-Grant Areas
	Exhibit B-Revised Foundation Fund Purposes
	Resolution
Under separate cover:	None
Available in the City Manager's office:	None

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Arlington Tomorrow Foundation Program  
Presented to Council October 2006  
Approved by Council November 2006  
Updated and Amended by Council August 2007  
Amended by Council May 2008

## I. Overview

The Arlington City Council approved the formation of a charitable fund established with gas well revenues through the creation of a 501(c)3 non-profit foundation. The foundation, officially named the Arlington Tomorrow Foundation, Inc., a Texas non-profit corporation, is separate from the City. However the Foundation and the City are closely linked, and the work of the Foundation will be consistent with the City's budget priorities and, therefore, the City Council's priorities. The Foundation's charitable fund will be an endowment, invested and managed by the Foundation, and the income generated will be used to award grants in specific areas established by the City Council through approval of a City to Foundation grant contract. This will ensure that the finite income from gas well leases on public property will continue to benefit the Arlington community long after the leases have ceased producing revenue.

## II. Mission and Purpose

The Arlington Tomorrow Foundation, Inc., is established to bring together a variety of resources for responsible investment and effective grant-making designed to have a positive impact on:

- quality, culture, leisure and learning opportunities
- safe and healthy neighborhoods
- municipal workforce investment
- aviation and development

The Arlington Tomorrow Foundation, Inc., serves indirectly to promote the quality of life, create lasting enhancements and address community needs in the City of and for the residents of Arlington, Texas.

The Arlington Tomorrow Foundation, Inc., is a vehicle for enhancing the City of Arlington's budget priorities. This very explicit purpose will be accomplished through numerous functions, including:

- investment and reinvestment of public funds into the community
- leveraging private funds for community services and capital improvements
- working closely with individual donors to connect their charitable goals with real community needs, while taking advantage of optimal tax benefits (tax deductible donations)
- providing opportunities for creative and flexible responses to unique community needs
- handling the administrative and investment related responsibilities of fund contributions
- providing financial support for vital non-profit organizations
- promoting collaborative solutions among local organizations
- empowering grassroots involvement in meeting community needs
- encouraging philanthropy in all forms
- ensuring that resources acquired today will remain relevant in the future

## III. Structure

Through formal adoption by the City Council of articles of incorporation and by-laws, the Foundation has been established and application is being made to the Internal Revenue Service for 501(c)3 non-profit status. Super majority,  $\frac{3}{4}$  vote of the City Council, is required to institute changes to the governance of the Foundation. The Foundation's activities will be overseen by a six member Board of Directors. Five

of the Board Members are nominated by the Mayor and confirmed by the entire City Council. The City Manager serves as an Ex-Officio board member. Of the five voting members, three are (and will be at all times) currently elected City Councilmembers. The two remaining board members are members of the community. The Board serves on a voluntary basis without compensation. Details on Board of Director issues such as terms of office and term limits, when nominations and appointments are made, how officers are chosen, resignation and removal, quorum, voting and procedures and other Board related items were determined by City Council upon the recommendation of the Foundation's Organizing Board of Directors through adoption of the Foundation's by-laws and articles of formation. The Foundation will be staffed by a City employee hired to serve as the Foundation's executive. This executive will be responsible for overseeing the administrative work of the foundation, investment of foundation funds and supporting the activities of the Foundation's Board of Directors. The position will be funded entirely by the Foundation, and a major job function will include bringing additional outside funding into the Foundation. Therefore, theoretically the position will more than pay for itself annually. The Board also has access to subject matter experts on the City staff for advice on an as needed basis and until an executive is hired, or until the Board finds it no longer necessary, the City will provide the Foundation with administrative support through a formal management agreement approved by the Foundation Board and City Council.

#### IV. Funding

##### A. Arlington Tomorrow Foundation

The Foundation's charitable fund is established with a significant portion of the gas well revenues already received by the City. The corpus will be expanded with additional gas well revenue received in future years. 90% of the gas lease bonus money is granted to the Foundation's charitable fund, along with 50% of subsequent royalties. Payments in lieu of royalties are equivalent to lease bonus money and will be divided as such. All money granted from the City to the Foundation will be held in an endowment. The interest income earned annually will be used to fund grants awarded by the Foundation Board in two main categories- quality culture, leisure, and learning opportunities; and neighborhood initiatives. The Foundation shall make grants from interest earnings on the endowment to support each area of the public purposes adopted by the Council, as described in the attached list, Exhibit A-Grant Areas. Money generated from parks will be granted to all program areas in the quality cultural, leisure and learning opportunities category, with 50% returned directly to the park system. The practice of returning parks revenues applies to interest income generated from the Foundation's park revenues endowed fund, as well as to the money in the City's designated "parks gas lease fund" account in the general fund. Revenue generated from the parks will be spent in the park system and related endeavors regardless whether it's done through the Foundation or through the City. One-time grants from park money have already been made in FY 2007 in the amount of \$1,000,000 to the River Legacy Foundation, Inc., \$100,000 for Heroes Park, and from non-parks money \$455,135 allocated for the Animal Services Center.

~~Two~~ Additional **special** fund areas are also established, including: municipal workforce investment, aviation and development at the City's airport, **and maintenance of City owned cemetery property**. The principal for the Municipal Workforce Investment Fund will be one-time, lease bonus only money of \$500,000. The Foundation will grant the City an amount equal to interest earned on an annual basis for activities that further the development of the municipal workforce. Aviation and development initiatives will be supported by revenue generated on airport property. On an annual basis, the Foundation will grant the City an amount equal to interest earned for the City's expenditure on the City owned airport property in compliance with FAA regulations. **City owned cemetery maintenance will be supported by revenue generated on City owned cemetery property. On an annual basis, the Foundation will grant the City an amount equal to interest earned for the City's expenditure on city owned cemetery property.** Proposed uses for all **special fund interest** (municipal workforce investment, aviation and development, **and cemetery maintenance**) will be appropriated as part of the annual budget in future years. See attached Exhibit B, for uses of all money granted from the City to the Foundation.

The original proposal presented to Council also included an Innovation and Venture Capital Fund of one-time lease bonus only money, in the amount \$2,000,000, used to support the economic development endeavors of the City of Arlington. Due to the Internal Revenue Service definition of "charitable purposes" for 501(c)3 organizations such as the Foundation, and the City's desire to use this resource for economic development activities, the Innovation and Venture Capital Fund will remain part of the City of Arlington portfolio, in a segregated revolving account, where both the interest and principal will be available for expenditure and any return on investment (such as the purchase of land for land banking then the eventual sale of the banked land) will be returned to the fund.

As mentioned before, the Foundation will be capable of, and expected to engage in, accepting other sources of funding, both public and private. Individual donations can be made to the Foundation, with the generated interest to be dispersed at the discretion of the Board or with designation by the donor for a specific area of interest already established as a Foundation objective in the by-laws. The Foundation can also serve in the capacity of fiscal agent for other charitable organizations, investing their endowment funds with the Foundation's funds to create a greater yield for both, but allowing the other organization to retain responsibility for how their fund's interest income is distributed.

#### **B. City of Arlington "Gas Fund"**

The remaining 10% of gas lease bonus revenue, and 50% of subsequent royalties, will be retained by the City of Arlington and used for today's needs. It is designated in three individual accounts as the "park gas lease fund" for revenue derived from park land, the "airport gas lease fund" for revenues derived from the airport, and the "general gas lease fund" for revenue derived from all other property, rather than simply being incorporated without distinction into the City's General Fund. This money, and the interest it generates, is used to fund one-time needs during the revenue generating life of the leases. A list of one-time, immediate, General Fund needs for the current fiscal year was identified and a budget amendment approved by the City Council for gas revenue expenditures. Proposed uses for these funds in future years will be presented as part of the annual budget proposal, in congruence with overall budget priorities.

### **V. Activities**

The Foundation Board will meet at least quarterly to receive financial information, and at least semi-annually to review and award grant requests. An invitation only grant procedure is being established. The process will be implemented by allowing open submission of letters that briefly outline proposals for grant funding. Based on those letters, invitations to submit full proposals will be extended by the Board to those whose objectives match the Foundation's mission and funding priorities. This saves grant requestors the time and expense of preparing a detailed proposal, and saves the Board the time required to review lengthy proposals that do not match the Foundation's objectives. Invitation to submit a full proposal is not indicative of actually receiving a grant. Requests will be funded only to tax-exempt non-profit or government organizations for proposals that serve a clear public purpose. An equivalent value match with the amount requested is required in some areas of the charitable fund, and preferred for all. Grants can be conditional on achievement of total fund goal or other events, and can be canceled if the grantee does not satisfy the grant conditions. The Organizing Foundation Board has been tasked with finalizing the details on the time or times of the year that letters and proposals will be reviewed and grants awarded. The Arlington Tomorrow Foundation, having public charity status rather than private foundation status from the IRS, in addition to being recognized as a 501(c)3, must disperse money annually to fulfill its charitable purposes. However, other than zero, there is no minimum spending requirement.

## Exhibit A

### Grant Areas

#### Quality, Culture, Leisure and Learning Opportunities Fund Project Areas

##### **Strengthening Children Youth and Families - 25%**

###### **Priorities for grant awards**

- o Develop support systems for children, youth and families
- o Nurture learning and growing in infants and young children
- o Promote positive youth development
- o Impact critical issues which negatively affect children, youth and family development
- o Support recreational activities

##### **Parks and Recreation - 50%**

###### **Priorities for grant awards**

- o Facility Upgrades
- o Facility maintenance (may include libraries)

##### **Arts and Culture - 10%**

###### **Priorities for grant awards**

- o Strengthen the artistic capacity of arts and cultural organizations, particularly projects that enhance earned revenue
- o Improve access to the arts through community outreach and education

##### **Libraries and Books - 10%**

###### **Priorities for grant awards**

- o Books
- o Reference Materials

##### **Beautification – 5%**

###### **Priorities for grant awards**

- o Build community through the implementation process and enhance the neighborhood once complete
- o Projects can be on street islands (medians), sidewalks (parkways), walls and entryways visible to the public, park property, library property, and public school campuses

## **Neighborhoods Fund Project Areas**

### **Safe Neighborhoods - 30%**

#### **Priorities for grant awards**

- o Public safety capital
- o Support lighting projects that can demonstrate a link to community design and crime prevention
- o Promote safety around schools
- o Support traffic calming plans and implementation when it has a direct effect on public safety

### **Strong Neighborhoods - 25%**

#### **Priorities for grant awards**

- o Support restoration projects that benefit the entire neighborhood (not just the one project)
- o Foster community involvement through inclusive programs
- o Strengthen the organizational capacity of community-based organizations and support neighborhood revitalization efforts

### **Animal Services - 20%**

#### **Priorities for grant awards -**

- o Support the creation of programs and new animal services
- o Promote responsible pet ownership through community outreach and education

### **Environment and Energy Conservation – 20%**

#### **Priorities for grant awards**

- o Improve the quality of the environment through reduced pollution and waste
- o Improve the quality of the environment through energy conservation
- o Promote the conservation and restoration of natural areas, habitats and green spaces, and protect wildlife and endangered species
- o Provide environmental education to young people and adults

### **Historic Preservation - 5%**

#### **Priorities for grant awards**

- o Foster preservation projects by contributing part of the cost of surveys, comprehensive historic preservation plans, National Register nominations, brochures and educational materials, as well as architectural plans, historic structure reports, and engineering studies necessary to repair listed properties
- o Support Restoration (“bricks and mortar”) development projects that preserve the history of the community

**Exhibit B- ARLINGTON TOMORROW FOUNDATION'S FUND PURPOSES (Amended 5-6-08)**

