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September 26, 2000

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The Honorable John Cornyn
Attorney General of Texas
P.O. Box 12548
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OPINION

FILE # ML-41468-00
I.D. # 41468 dupl.

Re: Legality of proposed grant from Port Arthur Economic Development Corporation under the requirements and limitations of Section 4A, Development Corporation Act of 1979 (Article 5190.6, Vernon's Texas Civil Statutes).

Dear General Cornyn:

I have been asked to request your opinion on the following issue:

Is the City of Port Arthur Economic Development Corporation, established pursuant to Section 4A, Development Corporation Act of 1979 (Article 5190.6, Vernon's Texas Civil Statutes) to fund job training/educational facilities in the City of Port Arthur, authorized to provide a grant of \$51,500 to the Port Cities Rescue Mission for a rehabilitation and job training/educational facility?

As a matter of background, the following information has been provided to my office. The Port Arthur Economic Development Corporation (PAEDC) was established to generate new jobs, to help citizens retain existing jobs, and to stimulate industrial and commercial growth in the City of Port Arthur. The PAEDC is authorized to provide grants and/or loans for job training/educational facilities pursuant to certain limitations and requirements as set forth in Section 4A.

The Port Cities Rescue Mission (PCRM) is a non-profit organization in Port Arthur, established to provide shelter to families, women, children, and single men. The PCRM has created the "Lazarus Project" to rehabilitate substance abusers and train them in skills that will enable them to actively seek, obtain, and retain productive employment. The project takes hardened substance abusers who are ready to change their habits and to rid themselves of their addictions. It is a two-step process in which they live in two separate facilities, are constantly monitored,



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have varying degrees of privileges, and, subsequently, are placed into employment while still living in the facility.

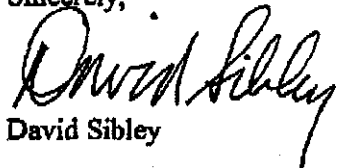
As of May 2000, the PCRM "Lazarus Project" has successfully placed twenty-two Port Arthur residents in gainful employment with plans to create an additional thirty new jobs through affiliated companies over the next three years. In addition, the PCRM has received continued support from several area companies for its programs to encourage alcohol and drug free individuals meeting hiring requirements to apply for employment.

In order to enter into the incentive contract with the PCRM on the "Lazarus Project," the PAEDC asked the Port Arthur City Council for approval. On June 6, 2000, the Port Arthur City Council adopted Resolution No. 00-142 authorizing a contract with the PCRM for \$51,500 to purchase a building, equipment, and supplies to provide clients with skills which will enable them to actively seek, obtain, and retain productive employment. The above-mentioned approval for expenditures of PAEDC funds for the "Lazarus Project" is contingent upon receiving a favorable Attorney General Opinion indicating that such action by the PAEDC would be in accordance with requirements and limitations set forth in Section 4A.

At this point, no further action has been taken because of the request by the Port Arthur City Council and PAEDC for an Attorney General Opinion on the legality of funding this project. The success of this project is dependent upon the speedy receipt of these monies, but PAEDC wants to make sure the proposed incentive contract is in full compliance with current state law. In addition, the City Manager of Port Arthur has also expressed concern about the expenditure of public funds for a private corporation to purchase a building which, after a certain time period, could be used for purposes other than job creation.

I hope this information is helpful to your office as it researches this request. If you have any questions, please feel free to contact my office. Thank you for your consideration of this request.

Sincerely,



David Sibley