



City of Bay City: Response Statement

Correcting misinformation and addressing recent accusations

The City of Bay City (City) is aware of false accusations and misinformation that have been recently circulating online through social media by individuals who may or may not understand the legal processes of municipal operations. In an effort to provide accurate information to the public in order to correct erroneous statements and inappropriate claims, the City is providing fact-based responses to preserve the fiscal and administrative reputation of the City, its employees, officials, and partners.

| Accusation/Claim | Fact |
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| <p>The City allocated \$975,000 in Hotel Occupancy Tax (HOT Tax) funds for an event center and is misapplying these funds.</p> <p><i>This statement is false.</i></p> | <p>The City follows state law regarding use of the HOT Tax funds. \$975,000 is the anticipated annual revenue for the HOT Tax fund and is not an expenditure or amount for the performance venue.</p> <p>The City budgeted for a performance venue at Le Tulle, however during July 2025, City staff researched the possible use of the HOT Tax funds for this project to ensure compliance prior to moving forward with the planned project. It was concluded that HOT Tax funds would be ineligible for this purpose as previously understood and will not be utilized for the performance venue.</p> |
| <p>The City’s bond rating has decreased.</p> <p><i>This statement is false.</i></p> | <p>The City’s bond rating was increased/enhanced in December 2024 by S&P Global Ratings from A+ to AA-. The report cited the City’s “consistently positive operating results, growing reserves, and formal management practices” among other factors in the rating.</p> |
| <p>Use of City’s reserve funds conflicts with the Government Finance Officers Association (GFOA) best practices.</p> <p><i>This statement is false.</i></p> | <p>In the last 9 years, the City has received various awards from GFOA each year for its financial stewardship, and the City incorporates best practices for use in its financial policies. In keeping with best practices, the City does not use reserves for recurring expenditures, and they have only been used for non-recurring expenditures such as capital projects, while maintaining a minimum of a 90-day fund balance set by City policy.</p> |

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| <p>Tax Increment Reinvestment Zone (TIRZ) funds are used for discretionary spending, including a transfer of \$204,000.</p> <p><i>This statement is false.</i></p> | <p>The use of TIRZ funds is recommended for approval by the TIRZ Board with final approval by the City Council.</p> <p>The \$204,000 represents the City’s participation amount as per the Participation Agreements related to TIRZ 1, TIRZ 2, TIRZ 2A, TIRZ 3, and TIRZ 4 Fiscal Year 2025. These funds are used as an economic development tool to finance public improvements such as water, sewer, and street infrastructure within the boundaries of the zone. The funds are limited to the categories and dollars approved in the Project and Financing Plan adopted by City Council.</p> <p>Meeting minutes are retained by the City Secretary’s Office. These can be obtained online.</p> |
| <p>Mayor Nelson received a payment of \$375,000 for clerical work completed on a \$3.2 million grant from the General Land Office (GLO).</p> <p><i>This statement is false and defamatory.</i></p> | <p>City officials and staff do not receive funds from any grants. The only compensation the Mayor receives from the City is \$600 per month for his mayoral duties.</p> <p>The Mayor signs all contracts over \$50,000 in his official capacity as signatory for City Council, who must first approve these contracts before the Mayor can sign. All federal contracts must be approved by City Council in a public setting, including this GLO grant that was awarded on September 27, 2022.</p> <p>Federal grants are reimbursement based, which requires the City to make eligible expenses first and then request reimbursement. The City utilizes a third-party grant administrator for this grant.</p> |
| <p>The City gave That Mexican OT Keys to the City and a holiday.</p> <p><i>This statement is false.</i></p> | <p>City proclamations are honorary in nature. Jessica Russell, BCCDC Executive Director submitted this proclamation to the Mayor to recognize “That Mexican OT”, a well-known area artist. The proclamation was in recognition of him as a “rap</p> |

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| | <p>superstar and trailblazer” in the Hip-Hop music industry. The artist did not receive the Keys to the City as Mayor Nelson has yet to present any Keys to the City during his tenure.</p> |
| <p>The City Manager instructed staff to withhold responses to a downtown business owner during the development process.</p> <p><i>This statement is false and defamatory.</i></p> | <p>The City Manager did not provide a directive or any instructions for staff not to respond to the downtown business owner.</p> <p>The City Manager and other City staff have corresponded with the business owner through numerous emails and at least two in-house meetings.</p> |
| <p>The City Manager was previously terminated for mismanagement of funds.</p> <p><i>This statement is false and defamatory.</i></p> | <p>The City does not typically comment on personnel matters of staff or employees. However, the City Manager has authorized the release of this information due to the defamatory statements. Her prior employment ended with her resignation to pursue a career opportunity as Finance Director in another city.</p> <p>To the contrary of the statement regarding mismanagement of funds, during her first tenure (2003 to 2006), she brought the first clean Audit opinion to the City in over 14 years. This is the highest recognition an audit can receive. In addition, the same year, the City gained its first audit award from the GFOA which includes 10 years of statistical data and a management discussion and analysis going over and beyond state requirements. Under her first tenure, the City adopted its first fund balance policy.</p> <p>She encourages anyone to stop by her office if they have any additional questions.</p> |
| <p>City refers/endorses specific businesses to permit applicants.</p> <p><i>This statement is false.</i></p> | <p>The City does not provide referrals or require the use of specific vendors. There is a list of registered contractors that is provided.</p> |
| <p>The City’s permitting process is corrupt, uses retaliatory actions against applicants, and has a history of unreasonably issuing stop work orders.</p> | <p>Ordinances are local laws and rules that guide processes and procedures of the City. The City Manager and staff follow and enforce policy set by the Council.</p> <p>Updated International Building Codes were adopted by the Council on November 12, 2024.</p> |

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| <p><i>This statement is false and defamatory.</i></p> | <p>The City will issue stop work orders if deemed necessary for non-compliance of clearly established rules and processes, such as not pulling permits, contractors not registering with the City, etc. Stop work orders are not issued as a retaliatory measure by the City, its departments or employees.</p> |
| <p>The City’s administration conducts practices regarding public meeting notices that are noncompliant with the Open Meetings Act.</p> <p><i>This statement is false.</i></p> | <p>State law determines the location and timing of notices. Agendas are posted on the City’s website and window at City Hall 72 hours before the meeting time. As of September 1, 2025, this requirement will be modified to 3 business days. Social media notices are not official notices of the meetings but simply reminders with links to the agenda and video. Additionally, the schedule of public meetings is posted on the City’s calendar.</p> |
| <p>If the City or staff don’t respond to comments on social media, it means they are ignoring concerns or hiding information.</p> <p><i>The statement is false.</i></p> | <p>City staff and officials are accountable to the public, but they cannot debate or resolve issues through social media. Proper channels, such as public records requests, Council meetings, or direct communication with City Administration, exist to ensure accountability, accuracy and fairness. Staff monitors feedback online, but official responses must follow established processes to prevent misinformation and maintain transparency.</p> <p>Staff responses are channeled through designated Public Information Officers.</p> |
| <p>The City “took away” Camofest from Main Street and seized \$70,000 for unrelated purposes.</p> <p><i>This statement is false and defamatory.</i></p> | <p>The Main Street Program has always been a City program with the official contract held between the Texas Historical Commission and the City of Bay City – not the BCCDC. While the BCCDC previously provided administrative support through a contract with the City, the Main Street Advisory Board has always been a City board, and Camofest has always been a City-sponsored event.</p> <p>The recent change only shifted administration back to the City. It had no impact on the festival planning committee’s role or operations; members were asked to continue serving, but some chose to resign.</p> <p>To support Camofest’s mission, beginning in Fiscal Year 2026 the Main Street Manager, with the support of the City Manager, restructured the proposed budget</p> |

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| | <p>so that administrative and routine maintenance costs are absorbed by the City’s general operations. This ensures that all festival proceeds are fully dedicated to downtown revitalization and special projects to make bigger impacts.</p> <p>These funds are secured in a restricted Special Revenue Fund and cannot be used for any other purposes.</p> |
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Bay City Community Development Corporation (BCCDC) Component Unit

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| <p>Bay City Community Development Corporation (BCCDC) credit card statements show the City’s misuse of credit card/budget.</p> | <p>The BCCDC is a component unit of the City that operates under a Board of Directors appointed by the City Council. Financial records are maintained by BCCDC.</p> <p><i>The BCCDC has issued a statement regarding the justification of credit card usage. Please refer to their statement attached</i></p> |
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Mission

The City of Bay City promotes economic growth and invests in quality-of-life initiatives through collaboration. We respond promptly and professionally to residents’ concerns and strive to deliver superior municipal services.

In Closing

The City of Bay City strives to reflect our core values of integrity, excellence, and transparency in the work and services provided to its residents.

Residents are encouraged to seek reputable and official sources when researching information. The City’s website contains a wealth of accurate information concerning policies, financial records, and more.