



**CITY OF LEON VALLEY
ECONOMIC DEVELOPMENT CORPORATION**
Leon Valley Fire Department Training Room
6300 El Verde Road, Leon Valley, Texas 78238
Wednesday, December 17, 2015

MINUTES

I. Call to Order and Determine if Quorum is Present

Board President Michael McCarley called the meeting to order at 11:30 a.m. Board members Monica Alcocer, David Jordan, Patty Manea, Gayle Monnig, Joseph Nazaroff, and Larry Proffitt were present. A quorum was determined to be present. Board alternates Manuel Rubio and Marian Slaughter were also present, along with Staff Liaison Claudia Mora and Economic Development Administrative Assistant Ana Federico.

II. Introduction of Board Members

Mr. McCarley asked the new board members to introduce themselves. Each gave a short description of their history with Leon Valley and their reason for wanting to serve on the Leon Valley Economic Development Corporation (LVEDC) board.

III. Briefing on LVEDC Articles of Incorporation

Ms. Mora gave an overview of each of the 15 Articles of Incorporation. She began by saying the City Council approved the LVEDC in 2008. The LVEDC is funded with one-eighth of one percent of the city sales tax. An amendment was passed in March 2009 to allow the LVEDC to issue bonds. The amendment also included corrections to grammatical errors. Texas law authorizing the LVEDC has been changed from Texas Civil Statute 5190.6 to Chapters 501-505 of the Texas Local Government Code (TLGC).

Language to amend the Articles has already been drawn up to allow alternates to be elected to the Board and to take care of identified word changes. For example, word changes that need to be made under Article 8, paragraph b. are as follows: (1) "The Council, may at its sole discretion, and at any time, amend these articles and later (change "later" to "alter")...." (2) "Restated Articles may be field (change "field" to "filed")...." Ms. Mora also mentioned the board could remove the name of a specific City Manager to include the title of City Manager only as the "Registered Agent". While reviewing the Articles, Ms. Mora emphasized that the LVEDC is a Type B corporation.

Ms. Mora discussed the need to amend the LVEDC Bylaws to allow alternates to serve on the Board and to add their duties and responsibilities as well. Newly appointed alternates are urged to attend meetings to ensure a quorum is present. Any board member who is unable to attend a particular meeting is requested to notify the Administrative Assistant or President of their expected absence as soon as possible.

IV. Briefing on LVEDC Bylaws

Ms. Mora gave an overview of each of the Bylaws. Section 2.1.b needs to be amended to allow inclusion of City Council members on the LVEDC Board. Section 2.2.a needs to be amended concerning the meeting place of the Board. The Board's recommendation is to officially move meetings from the Kinman House to City Hall. The LVEDC is a component part of the City's annual audit. Requests for City services must be approved by the City Manager. Chapter 504 of the TLGC describes how to amend the Articles and the Bylaws.

V. Briefing on LVEDC Activities



Ms. Mora presented the PowerPoint presentation titled "Activities" which was included as part of the LVEDC package issued for the 12/17/15 LVEDC meeting. Her PowerPoint presentation has been adjusted to correct math errors, which include the Total Project Funding on Slide 8 being changed to \$358,689.49. This change was the result of the General Grant Program total on Slide 9 being changed to \$295,022.50.

All grants require written agreements. Façade and Signage grant submissions are only accepted every six months. General grant submissions can be made at any time. Ms. Mora stated that grant agreements are pre-printed and then tailored to the specific terms and conditions for a particular grant seeker. Both stakeholders in the agreement are encouraged to become familiar with its content in order to protect their interests. Grants are not paid off until invoices are provided and sites are inspected. Ideally, before and after pictures and/or renderings are provided before payment. Businesses must comply with current code, including overlays, unless a variance is approved. Variance costs/fees are not eligible for reimbursement under the grant program.

Adding info for some of the slides, Ms. Mora stated, the grant for Jenfield, LLC (\$10,000) is contingent on how the funds are to be spent. The LVEDC has requested more detail before the grant can be approved. More detail is also required for Bring Your Own Parts (\$10,000) and Farmers Insurance (\$5,222.36) for those grants to go forward. LOQ Bandera Holdings (SA Aquarium and other former Fiesta Dodge buildings) has met its obligations, and its \$200,000 grant has been paid in full.

The LV Area Chamber of Commerce (CoC) has been approved for a \$57,000 grant, of which \$30,000 has been authorized but not paid. Approval of invoices is pending. Invoices submitted to date total <\$18,000. Ms. Mora recommended that the additional \$27,000 not be authorized until invoices matching the original \$30,000 have been validated.

Mr. Jordan asked if grants have an upper limit, and Ms. Mora responded they do not. She emphasized that the Board can set such limits. Mr. Nazaroff asked if there are penalty provisions for businesses that go out of business soon after a grant is paid off. Again, Ms. Mora said no, but indicated such penalties could also be set by the Board. Agreements require timelines for completion of work and mention is made of businesses remaining viable for 1-2 years after grants are paid off. Penalties, however, for failing to meet these criteria are not specified. Changes to tighten new agreements will certainly be considered. Overall funding limits for grants can also be addressed by the Board at a future date.

Mr. Jordan asked if the CoC's lease payments were included in the invoices. Ms. Mora responded that they were, but such payments are not in the agreement and currently appear as audit exceptions. A recap of the audit and its exceptions will be provided for the January meeting of the LVEDC. Mr. Proffitt asked if the labor specified in the agreement includes salaries for the CoC's staff. Labor as mentioned in the agreement is for contractors' labor used for renovation, not for staff salaries. Further, the Board concluded that staff labor is not a part of "hard costs" or "start-up" costs.

Mr. Jordan asked if the reports that have been paid for are still available. Ms. Mora responded that the data is available, but was already outdated at the time she took office. It will be put back on the website in .pdf format or emailed to the Board members. The LVEDC link will take you to the most recent reports of the Retail Coach. Ideally, the website should be updated every 6-12 months. Mr. Jordan asked if demographic information from the Retail Coach has been forwarded to individuals who have requested it. It has not, due to time limits and other LVEDC priorities. Forms and documents needed to apply for an LVEDC grant are available on the City's website.

Mr. Nazaroff asked if safeguards are now in place to prevent a recurrence of previous mistakes, which resulted in the current LVEDC lawsuit. Ms. Mora responded that the LVEDC Board can postpone approval of grants, if closer scrutiny is required. Another safeguard available is to have legal counsel (now the City



Attorney) determine whether or not the business applying is a legitimate and reasonably solvent business. Board members need to refrain from making any type of verbal agreements with grant applicants. All grants must be awarded in writing and must be approved by both the LVEDC and the City Council. Without these approvals, no monies can be released. Ms. Alcocer added that the LVEDC should always "Be careful of what you write, when you write it, and to whom you write it....Anyone can sue at any time." Not keeping proper LVEDC minutes and not producing them in a timely manner may have contributed to our loss in the Larry Little case. Mr. Nazaroff asked if the Board has "Errors and Omissions" liability insurance. Ms. Mora responded that the LVEDC does not.

Based on LVEDC-type meetings he had attended, Mr. Jordan emphasized the need for the LVEDC, the City, the County, and the CoC to work "from the same sheet of music" when soliciting new business and when trying to make it easier for new businesses to settle in Leon Valley (e.g. Permits, inspections, etc.).

Mr. Yarnell asked if members of the business community should be excluded from serving on the LVEDC Board. Board members agreed that there should not be exclusions per se. Ms. Manea suggested that should some apparent conflict of interest arise, the Board should turn to the State Attorney General for direction.

VI. Presentation, Discussion and Possible Action on Performance Measures or Goals for the LVEDC FY 2015-2016 Budget

A presentation of the revised 2015-2016 Budget was given by Ms. Mora. The presentation was in accordance with the slide package titled "Proposed FY 2015-2016 Budget" that was distributed as part of the slide package for the 12/17/16 EDC meeting. Ms. Mora asked that all board members further review the slide package and propose changes/improvements at the January board meeting. A general discussion of the Larry Little case took place with regard to attorney fees ITD and anticipated. More definitive budget info on attorney fees will be presented at the January 2016 meeting.

A brief discussion of Performance Measures and Goals was also conducted. It was determined that more metrics were needed, a suggestion was made for Board members to come back to the Board with their own ideas of what the performance measurements and goals should be for the FY 2015-2016 LVEDC Budget. Ms. Alcocer moved to table approval of the budget and performance measures/goals until the January 27, 2016 meeting. Her motion was seconded by Mr. Proffitt, and the motion was approved.

VII. Election of Board Officers

Currently, Mr. McCarley is the only signee on the Board's accounts. Since he has been reappointed to the Board, all other officers need to be elected or re-elected. Ms. Manea was nominated for President, Mr. Nazaroff was nominated for Vice-President, Mr. McCarley was nominated for Treasurer, and Mr. Proffitt was nominated for Secretary. All nominees were elected by unanimous votes.

VIII. Staff Report

Frost Bank will send new signature cards this week. Invoices to be paid include those for the attorney for appeal (Mr. Pozza), the TEDC for 2016 sales tax workshops, and Monarch Trophy for a nameplate. Checks for these invoices will be postmarked by end of December 2015.

Ms. Mora asked Tom Long of the San Antonio EDC what Leon Valley should do to recruit medical firms, such as medical billing, call centers, etc. The SAEDC does not currently pursue these types of businesses. Mr. Long also recommended we update our survey of vacant spaces and make a list of these properties available to realtors specializing in space for medical firms. Meetings with these realtors are expected to begin by January 2016.



Ms. Mora discussed how to track new businesses in Leon Valley. Certificates of Occupancy (COO) can be used, but upgrades to facilities for existing businesses can sometimes be confused with new businesses. To help improve on use of the COO's, Ms. Mora indicated that CPS connections and disconnections could be used to track new businesses and departing businesses. Use of zip codes alone can be misleading, since zip codes include businesses operating in both Leon Valley and San Antonio. Likewise, the State Comptroller's list of sales tax entities can be misleading, because not all businesses listed are based in Leon Valley. An example would be Whataburger, Church's, etc.

Currently, the appellate brief is scheduled to be submitted January 11, 2016. The initial brief is the most important aspect of the appeal process. There have been three mediation attempts, all ending without a resolution. The litigating attorney, Mr. Pozza has spoken with Mr. Griffin and Mr. Lopez to ensure the appellate brief is of the highest quality. Mr. Pozza will present a complete update on the Larry Little case at the January meeting of the LVEDC Board.

Today's meeting was held at mid-day to allow for holiday schedules. Meetings are usually held at 6:30 PM on the fourth Thursday of the month. The January 2016 meeting will be held at 6:30 PM on January 27, 2016. Ms. Manea indicated that an agenda item will be added for the January meeting, so that the Board can address a permanent meeting time for 2016. A request was made to circulate a current list of Board contact information.

Mr. Rubio asked if his request before the Zoning Commission to have the architectural overlay lifted from some of his properties would be considered a conflict of interest with regard to his being on the LVEDC Board. Current policy does not preclude community businesses from having a place on the board. The general feeling was that there would be no conflict of interest with Mr. Rubio serving on the LVEDC Board, as long as he realizes no direct benefit from his position. If his Board actions are deemed to be a conflict of interest, he should recuse himself from Board discussions and votes. The final approval of new grants rests with the City Council, not with the Board. If any questions regarding conflicts of interest should arise, they can be referred free of charge to the Texas Attorney General for answers.

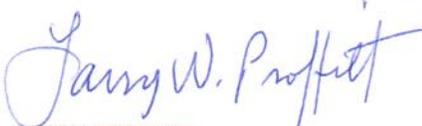
IX. Announcements

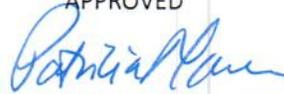
Mr. Yarnell announced that a tour of the new city hall will be conducted immediately prior to the 6:30 PM meeting of the Zoning Commission on January 26, 2016.

X. Adjourn

Ms. Manea adjourned the meeting at 2:11 PM.

These minutes approved by the City of Leon Valley Economic Development Corporation on the 27th of April, 2016.

ATTEST: 
LARRY PROFFITT
LVEDC SECRETARY

APPROVED

PATRICIA MANEA
LVEDC PRESIDENT