



**MINUTES OF THE MEETING OF THE
LEON VALLEY ECONOMIC DEVELOPMENT CORPORATION**

March 26, 2014

The regular meeting of the Leon Valley Economic Development Corporation (LVEDC) convened at 6:36 p.m. on **Wednesday, March 26, 2014**, in the City Council Chambers at 6400 El Verde Road, Leon Valley, Texas.

I. Call to Order and Determine if Quorum is Present

Present were Board President Ynostrosa, Board Secretary Gannon, Board Treasurer Mike McCarley, Board Member Rudy Garcia, Board Member Claude Guerra, and Board Member Dr. Georgia Zannaras. Also present were Steven Peña, Board Attorney, Economic Development Director Claudia Mora, acting as staff support and recording secretary, and Economic Development Assistant Rene' Raynes.

Due to scheduled presentations, items were not necessarily taken in chronological order. For the purposes of the minutes, the reporting of the LVEDC Board Meeting and actions taken during the meeting will be in the order of the posted Agenda.

II. Closed Session in Accordance with the Texas Government Code

The City of Leon Valley Economic Development Corporation Board will Convene in Closed Session:

- A. Pursuant to Tex. Gov't Code Ann. §551.071 (1),(2) update regarding Little v. Leon Valley EDC;
- B. The City of Leon Valley Economic Development Corporation Board will Reconvene into Open Session and may take action on the Closed Session Items.

Board Attorney Peña reported that there was no need for a closed session.

III. Citizens to be Heard

There were no citizens to be heard.

IV. Consider LVEDC Minutes – February 26, 2014

Board Secretary Gannon moved to accept the minutes of the February 26, 2014 LVEDC Board meeting. Board Member Guerra seconded the motion. The motion carried by voice vote.

V. Financial Report by LVEDC Treasurer and Consideration

Board Treasurer McCarley reported the LVEDC bank balance was \$581,741.58. The funds were \$543,270.86 in the money market account, and \$38,470.72. Mr. McCarley stated he transferred \$20,000 into the checking account to cover any obligations over the current amount in the checking account.

VI. Election of a Board Vice President

Board President Ynostrosa opened the floor for nominations for Board Vice President. Board Member Zannaras nominated Board Member Claude Guerra. Board Member McCarley seconded the nomination. There being no other nominations, the Board elected Mr. Guerra as LVEDC Board Vice President.

VII. Presentation, Discussion and Possible Action Regarding the Final 2013 IRS Form 990

Mr. Jorge Herrera of Jorge Herrera CPA CIA PC presented the draft return (IRS Form 990). Mr. Herrera explained that the correct year for the return was 2012 because the IRS goes by the beginning of the fiscal year. In this

case, the beginning of the fiscal year was 2012. The return was the IRS Form 990 for the Fiscal Year Ending September 2013.

Mr. Herrera informed the Board that the IRS requires the return be reviewed by the governing Board of the entity filing the Form 990. He commented that there were three (3) policies outstanding for the return – conflict of interest, whistle blower, and records retention and destruction. There are questions on the return asking if the LVEDC has the policies. Mr. Herrera stated that his firm did not want to check the “no” box if the Board had the policies or adopted them recently. If needed, his firm could provide boilerplate policies for the Board to tailor to their needs and adopt.

Staff Liaison Mora informed the Board and Mr. Herrera of what the City of Leon Valley had in the way of the three (3) policies. Basically, there are no formal policies for conflict of interest or whistleblower. The City was in the process of updating the records retention and destruction policy.

Board Attorney Peña explained that Chapter 505 of the Local Government Code is the statute which enables economic development corporations. As such, there are certain sections that apply to the LVEDC with regard to conflict of interest. Mr. Peña expressed concern about the Board adopting policies that were not in compliance with the Local Government Code. Discussion ensued on requirements for a policy.

Mr. Herrera recommended the Board obtain a copy of a publication entitled “Am I Liable?” This publication would be useful in assisting the Board with conflict issues. It is not a policy; it is supplemental information.

Mr. Herrera commented that there was no tax due. The Form 990 contained all the information regarding the deposits and expenditures the Board had during the fiscal year.

The Board discussed the 501(c)(6) designation that the LVEDC currently has. With the designation, the Board is required to file annual information returns (IRS Form 990) to the IRS. Board Member McCarley shared his understanding of the designation and why the Board had it – the Board would be able to get revenue or donations in addition to the sales tax. Mr. Herrera commented that the designation does not allow for the donations as a tax deduction for the contributor; only a 501(c)(3) designation enables a contributor to get a tax deduction. Discussion ensued on the designation. Mr. Herrera informed the Board that if the LVEDC wanted to discontinue the designation, they would have to pass a resolution saying that they no longer wanted to be a 501(c)(6) entity. The Board would then need to comply with the 2013 and 2014 IRS Form 990 and send a letter with the form stating that the LVEDC wished to withdraw the designation. Mr. Herrera stated that he and his firm would assist with that.

Mr. Peña and Ms. Mora indicated they wanted to research the conflict of interest policy. Mr. Herrera offered to send a boilerplate policy for review. The Board would receive the final IRS Form 990 at the next Board meeting.

VIII. Presentation by James F. Hoback, Alamo Area Virtual Tours

Mr. Hoback stated that his company hosts links on their website to the videos created by them for various communities. Their videos are designed to play continuously. Some communities have used Alamo Area Virtual Tours to create videos to promote their communities and feature businesses. Part of their work includes adding or deleting businesses from the videos so that the communities have current information playing on their websites. Mr. Hoback showed the current video for the City of Castroville.

Mr. Hoback stated that the cost for a virtual tour video would run between \$2,000 and \$3,000. It takes one (1) to two (2) months to produce a virtual tour video. Alamo Area Virtual Tours approaches all the businesses to be included in the virtual tour video.

IX. 7:00 P.M.: Public Hearing, Discussion and Consideration of Action on a Resolution by the Leon Valley Economic Development Corporation (LVEDC) Regarding the Expenditure of LVEDC Funds under the Façade and Signage Program to:

- A.) Henry A. Daughtry and Uhl's Ltd. (Leon Valley Storage) in the amount of \$10,000**
- B.) Joseph f. Nazaroff and Ideas Unlimited in the amount of \$577**
- C.) Adam Valenzuela and Sunset Plaza in the amount of \$10,000**

The Public Hearing was opened at 7:18 p.m. Staff presented the projects to the Board. Mr. Daughtry, representing Leon Valley Storage, answered questions on his project. Mr. Nazaroff was unable to attend the public hearing. Staff informed the Board that Mr. Nazaroff would need to apply for a variance from the City Council for his proposed LED sign, as LED signs are prohibited in Leon Valley. Mr. Valenzuela was not present. The Board asked staff to have Mr. Valenzuela attend the next public hearing. The Public Hearing was closed at 7:45 p.m.

X. 7:00 P.M.: Public Hearing, discussion and Consideration of Action on a Resolution by the Leon Valley Economic Development Corporation (LVEDC) Regarding the Expenditure of LVEDC Funds to Co-Sponsor the City of Leon Valley 4th of July Celebration and Fall Jazz Festival

The Public Hearing was opened at 7:45 p.m. Staff presented the proposed contribution by the LVEDC for the Co-Sponsorship of the City of Leon Valley 4th of July Celebration and Fall Jazz Festival. Ms. Mora stated that in addition to the original \$10,000 requested by the City at the last Board meeting, they were asking for \$5,000 to take care of advertising for the two events. Ms. Mora informed the Board that \$2,500 would be used to promote the 4th of July Celebration and \$2,500 would be used to promote the Fall Jazz Festival. The Board asked how much the consultants for each event were being paid. Staff did not know the answer. The Board commented that they want to see a budget for each event. The Public Hearing was closed at 7:59 p.m.

XI. Discussion and Possible Action Regarding a Budget Adjustment to the Fiscal Year 2013-2014 LVEDC Budget, Increasing the Advertising Line Item by \$11,834 and Decreasing the EDC Project funding Line Item by \$11,834
Staff presented the proposed budget adjustment for the FY 2013-2014 LVEDC Budget. The adjustment included increasing the Advertising line item by \$11,834, for a total of \$22,092 in Advertising. The EDC Project Funding line item would decrease by \$11,834, bringing the total in that line item to \$90,166.

The purpose for the budget adjustment was for the LVEDC and staff to perform advertising and promotion activities for the year. State law allows economic development corporations to designate 10% of their total annual budget to promotion.

Discussion ensued on the LVEDC budget. Staff reported that the LVEDC's spending for the fiscal year was on target. At this point in the year, the Board should have spent 48% of its budget. For the most part, the Board was below the 48% on several line items. The Membership line item was at 86% due to the membership renewals all being due early in the fiscal year.

Board Treasurer McCarley moved to accept the budget adjustment. Board Vice President Guerra seconded the motion. The motion carried by voice vote.

XII. Discussion and Possible Action Regarding the Surety Bond Coverage with Victor O. Schinnerer & Company, Inc.

Staff presented information on the Surety Bond coverage. Each Board member is covered for \$10,000. Ms. Mora stated that staff (including the City's Finance Director, Human Resources Director who serves in a Risk Manager capacity, and the Economic Development Director) strongly recommended that the LVEDC continue the coverage.

Board Member Gannon moved to continue the surety bond coverage with Victor O. Schinnerer & Company, Inc. Board Member Garcia seconded the motion. The motion carried by voice vote.

XIII. Discussion on Strategic Plan

Board Secretary Gannon, the LVEDC Board lead on the strategic plan, stated that developing the mission statement was the first step in the process. He suggested each Board member review the LVEDC's bylaws and articles of incorporation. He recommended that the Board have a work session to produce the plan or appoint a subcommittee to perform the work and return to the Board with the product. Mr. Gannon volunteered to lead the subcommittee. He asked staff to place on the agenda for the next Board meeting the formation of the subcommittee.

XIV. Staff Report on Economic Development Activity in Leon Valley

Economic Development Administrative Assistant Raynes gave the staff report on economic development activity. She provided a listing of the various businesses that applied for certificates of occupancy.

XV. Future Agenda Items

A.) Work Session(s) on Strategic Plan

B.) ICSC RECon (May 2014) – Staff was asked to place this item on the agenda for a special meeting; perhaps this can be an agenda item for April 8, when the Board will be conducting the second public hearing.

C.) FY2014-2015 Budget – Staff informed the Board that the draft budget for FY 2014-2015 will be presented in May so that the Board had at least two months to review and adopt the budget before August.

D.) TRC Webinar – The Retail Coach was available to demonstrate the use of their website with the Leon Valley demographics and other information at the next meeting.

XVI. Announcements

Staff presented a PowerPoint with all of the announcements for the month, including the dates of the Sales Tax Training put on by the Texas Economic Development Council (TEDC).

The Board was reminded of the Economic Development Course on April 3, Branding Subcommittee meeting on April 3, second public hearing on April 8, deadline for applications for LVEDC Board of Directors on April 10, Coffee with the Mayor and city Council on April 12, City Council meeting on April 14, and tentatively scheduled Special Joint Meeting of City Council and LVEDC on April 14.

XVII. Adjourn

Board Member Gannon moved to adjourn the meeting. Board Member Garcia seconded the motion. The motion passed by voice vote. Board President Ynostrosa adjourned the meeting at 9:24 p.m.



Stephen Ynostrosa, Board President



David J. Gannon, Board Secretary