



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

November 30, 2011

The regular meeting of the Leon Valley Economic Development Corporation (LVEDC) convened at 6:37 p.m. on **Wednesday, November 30, 2011** in City Council Chambers at 6400 El Verde Road, Leon Valley, Texas.

I. ROLL CALL

Present were Vice-President Abraham Diaz acting as Chairperson, Treasurer Michael McCarley, Secretary Nancy Marin, Board Member Dr. Georgia Zannaras and Board Member Claude Guerra III. Absent and properly excused was President Mike Davis. Absent and unexcused was Board Member Stephen Ynostrosa. Also present were Attorney Steven Pena and Kristie Flores, Director of Community Development and Interim Supervisor of Economic Development, acting as staff support and recording secretary.

II. CONSIDERATION FOR APPROVAL OF THE MINUTES OF: October 11, October 26 and November 9, 2011

Staff noted that there were audio problems with the minutes of October 11 and they would be presented to the Board for consideration as soon as possible. The Board considered the minutes of October 26. Board Member Nancy Marin noted an administrative correction. Board Member Claude Guerra III made a motion to approve the minutes as amended and Board Member Nancy Marin seconded the motion and the motion passed unanimously by voice vote. The Board considered the minutes of November 9. Board Member Claude Guerra III noted that the Executive Session motion needed to reflect a 50/50 cost share with the City for the appraisals of the noted lots and full funding for Lot 75 if the City did not want to participate. Board Member Claude Guerra III made a motion for the approval of the minutes as amended and Board Member Mike McCarley seconded the motion and the motion passed unanimously by voice vote.

III. FINANCIAL REPORT BY LVEDC TREASURER

Board Member and Treasurer Michael McCarley noted that there was approximately \$306,058.73 in the Money Market account and \$15,883.28 in the EDC checking account. Member McCarley also noted that of the \$200,000 amount budgeted for the fiscal year there was now approximately \$214,514.46.

Staff noted accounts payable items from Davidson Troilo (\$4,681.50), Golden, Stuart & Wolff (\$125.00), Documation (\$104.53), McKamie Krueger (\$835.40), and a large sum from Drenner and Golden of (\$8,626.40).

Board Member Nancy Marin asked staff for the total amount spent to date for Drenner and Golden and noted that as previously voted by the Board the amount paid out to Drenner and Golden was not to exceed \$15,000. Staff noted that the total was not available at the moment but the amount would be tallied and reported to the Board at the next meeting.

Board Member and Treasurer Michael McCarley explained that there was also paperwork regarding the investment portfolio which was an outstanding obligation payable to Frost Bank to secure the amount on deposit above \$250,000 to reinforce the accounts.

IV. PUBLIC INPUT

Acting Chair Abraham Diaz opened the public hearing input session at 6:50 p.m., there being no one present to speak during the public hearing, he closed the public input session at 6:50 p.m.

V. CONSIDER GRANT FUND REQUEST BY NORA PEREZ, APPLICANT, IN THE AMOUNT OF \$9,400 FOR TWO (2) REPLACEMENT SIGNS FOR GDA INSURANCE AGENCY, LOCATED AT 6420 BANDERA ROAD, SUITE B

Acting Chair Abraham Diaz opened the discussion of the grant fund request at 6:51 p.m.

Staff noted that in the future if assistance was still being provided to the Board by Community Development a summary would be done of all submittals along with a PowerPoint presentation for the Board to consider during a public hearing of the request.

Staff noted that the packet included a staff summary, exhibit of an ideal type of potential multi-tenant signage, information regarding insurance agents, the insurance market and agencies, photographs of the site and the applicant's application.

Acting Chair Abraham Diaz asked if the proposed signage was included in the packet. Staff noted that it was at the back of the packet. Presiding Chair Abraham Diaz and Claude Guerra III noted that the proposed signage did not come through. Staff presented the exhibits on screen for the Board's review.

Board Member Claude Guerra III noted that the application was incomplete and did not contain tax information for three (3) years. He also noted that the application did not have very much pertinent information but also noted that the request was just for signage. He further explained that the request was under \$10,000. Board Member Claude Guerra III noted that the application did not indicate any additional employment and explained that after careful review he did not feel that the request merited funding. Acting Chair Abraham Diaz agreed with Board Member Claude Guerra III's assessment.

Board Member Georgia Zannaras noted that having a sign does not necessary bring in business to an insurance agency because most agencies go to their clients for business.

Board Attorney Steven Pena noted that the Economic Development Corporation is funded by sales tax from public funds and further explained that insurance agencies do not generate sales. He further noted that the Board would not be getting anything in return for granting the request and elaborated by explaining that generally when these types of funds were awarded there would be job creation, sales tax or infrastructure in return to show for it.

Additionally, Board Attorney Steven Pena noted that if the proposed signage was for the entire area as indicated by staff for the benefit of the entire center that would be a different consideration. Mr. Pena cautioned the Board against setting a precedent that would encourage other single tenant business to submit similar requests.

Acting Chair Abraham Diaz asked if the Board wanted to table the discussion to get a completed application from the applicant. Board Member Marin noted that she could not fathom asking the applicant to put more information together in light of the sentiment from the Board.

It was noted to Staff that the application was incomplete. Staff explained that they were aware of the incomplete application and did what they could to gather information from the applicant. Staff wanted to bring the application to the Board's attention in light of the incomplete or not applicable responses

to get the Board's input into what they were looking for. Staff also noted that after programming was considered in 2012 that it may be possible for the applicant to reapply for funding depending on the categories selected for funding consideration.

Board Member Claude Guerra III noted that the Corporation draws so little sales tax and funds needed to be stretched as far as they could go. He also noted that qualified applicants would be partners with the LVEDC and would not be granted 100% allocation.

Board member Nancy Marin noted that through future strategic planning, the EDC would be able to follow the Plan and would eventually be fruitful.

Board Member Nancy Marin also noted that as far as the incompleteness of the application and comments to staff she noted the following: undocumented worker section is not provided, legal judgments and bankruptcy was not "n/a" as specified by the applicant and needed to be completed. She further explained that the application is not to pick and choose from.

Acting Chair Abraham Diaz asked if the Board should score the application. Board Member Claude Guerra III noted that he did not believe the scoring was necessary based on the discussion and made a recommendation to move on to a motion for the record.

Acting Chair Abraham Diaz opened the consideration for a motion. Board Member Claude Guerra III made a motion to deny the request for \$9,400 for Nora Perez for her insurance business and Board Member Dr. Georgia Zannaras seconded the motion.

As a point of order Board Member Michael McCarley asked the Board to specify the objection to the request. He explained that he wanted to be sure that it was clear he noted that he too objected to the request.

Acting Chair Abraham Diaz noted that the request did not provide sales tax revenue.

Board Attorney Steve Pena noted that the request is inconsistent with the purpose of the Economic Development Corporation to promote business development, sales tax generation and overall economic development. He also noted much of the Board's discussion was consistent with denial of the request.

Board Attorney Steve Pena noted that the applicant was not in attendance. Acting Chair Abraham Diaz asked if she was notified. Staff noted that Ms. Perez was aware of the meeting but explained that staff was not sure that she knew to attend. Staff explained the applicant was told that the request would be scored and if it received a 70 or better it would be considered for funding. Acting Chair Abraham Diaz asked if she was asked to come. Staff noted she was not formally invited to attend.

Board Attorney Steve Pena noted that per the application for the future it would be important to be clear on the criteria for consideration. He recommended that the Board rely on staff to screen applications to keep applicants who are not eligible for funding from applying. He also noted that in his opinion the Board should never pay 100% of anything unless it is specifically tied to providing jobs, building streets or installing water mains, or the like. He reiterated that the proposed signs for the insurance agency did not have direct benefit to the EDC and the business itself did not generate sales tax. He further explained that he felt that if someone was asking for money from the EDC, the EDC would be getting something in return, especially since they are stewards of the public's funds.

Board Member Georgia Zannaras noted that there were programs that other cities or states had funded which had processes for ensuring that businesses that received grants did what they said they were going to do were put to task to do what they were supposed to or have to return funds. Board Attorney Steven Pena noted that there are claw-back provisions to ensure that the Board get something in return in the case that a business does not follow through.

Claude Guerra III amended his motion to include that the application was denied because the application was incomplete and does not meet the overall purposes of the Economic Development Corporation of the City of Leon Valley. The motion was seconded by Mike McCarley and passed unanimously by voice vote, 5-0.

VI. CONSIDERATION AUTHORIZING AN AMENDED SERVICE AGREEMENT BETWEEN THE CITY OF LEON VALLEY AND THE LEON VALLEY ECONOMIC DEVELOPMENT CORPORATION (LVEDC), FOR SUPPORT SERVICES FOR A TWELVE MONTH PERIOD, IN AN AMOUNT NOT TO EXCEED \$38,019

Board Attorney Steven Pena noted that he had spoken to Mike Davis, President of the LVEDC earlier in the day and the only thing he asked was for an opt out provision and that Mr. Davis had suggested thirty (30) days. He also noted that before the meeting Staff informed him that thirty (30) days would be a hardship to the City because it was very short notice. He explained that the City provides many things for the LVEDC and the LVEDC may never want to opt out of the agreement but he noted that the specified time could be forty-five (45) days or whatever time frame the LVEDC felt appropriate.

Staff noted that she had spoken with Vickie Wallace, the City Finance Director, and Manny Longoria Jr., the City Manager, and they had requested perhaps 120-days, due to funding concerns and the fact that their banking cycles were at the minimum thirty (30) days.

Board Member Nancy Marin noted that she did not believe that it was ever the intention of the LVEDC to just terminate the service agreement. She explained that the LVEDC just wanted the flexibility to adjust the agreement so that the LVEDC could look for an Executive Director if they wished to do so, either on a full-time or part-time basis.

Board Member Claude Guerra III clarified noting that the service agreement covered: use of the building, copying and everything associated with the function of the LVEDC. Staff agreed. He further explained that he agreed with Board Member Nancy Marin and that the intent of the LVEDC was never to end the arrangement. He noted that the Board simply wanted to be able to adjust the amount of the contract to hire a Director. He further noted that as far as the opt out clause he did agree that thirty (30) days was too short but he also thought that one hundred twenty (120) days was too long and suggested sixty (60) days.

Board Members Claude Guerra III and Nancy Marin reiterated that the intent was always for modification of the contract and not termination.

Board Attorney Steven Pena noted that the way the contract was written it could be terminated at any time based on the fact that State law requires a specified term in the contract.

Acting Chair Abraham Diaz noted that the sixty (60) day opt out clause was not necessary then. Board Member Claude Guerra III agreed that if informal discussions began regarding employing an Executive Director the sixty (60) days would be sufficient.

Board Attorney Steven Pena noted that in many instances the Executive Director for the City is the City Manager. He further explained that it was to the Board's benefit to continue the agreement for all of the services, facility use and other support they currently received.

After much discussion by the Board it was clear that the Board certainly desired to explore hiring an Executive Director. Staff noted that in discussions with Kim Turner of Universal City she spoke of the great benefit of Economic Development and Community Development being combined into Development Services because the businesses that brought in or come forth for Economic Development have to overcome the stumbling blocks of permitting and regulation in Community Development. Board Attorney Steven Pena agreed that Economic Development and Development go hand in hand and the City has a vested interest in generating taxes as well.

Board Member Dr. Georgia Zannaras noted that Leon Valley needed additional attention in bringing businesses and suggested that there needs to be a person dedicated to promoting the City and talking to businesses. She noted that the Development Department already had a lot to do.

Board Member Michael McCarley reinforced Board Member Claude III and Board Member Dr. Georgia Zannaras noting that there needed to be an Economic representative for the City. He noted Kim Turner and her notation at a recent meeting that she would have spent more time with businesses if she had done anything differently. She also explained that she networked extensively with businesses.

Board Member Claude Guerra III noted that there needed to be a good, cooperative relationship between the City and anyone who does Economic Development. He further explained that although other areas have successful programs, Leon Valley needs to focus on itself. Acting Chair Abraham Diaz agreed that Economic Development Corporation was like a "marriage" of two (2) groups.

Board Member Claude Guerra III made a motion to approve the continued Service Agreement between the City and the LVEDC. Acting Vice Chair Diaz seconded the motion and the motion passed 3-0, with two (2) abstentions (Board Member Michael McCarley and Board Member Dr. Georgia Zannaras).

VII. DISCUSSION OF STANDARD OPERATING PROCEDURES

Board Member Claude Guerra III noted that there was an extensive amount of procedures that Mike Davis had created and he was not in attendance. The Board decided to wait for Mr. Davis to discuss the items. The discussion was tabled by the Board.

VIII. STAFF REPORT

Staff noted that the City Council was accepting applications to the Board of Directors. Staff noted that the following applications were completed: Rodolfo Garcia, Claude Guerra III, Michael McCarley, and Dr. Georgia Zannaras.

a. Priorities, Programs and Processes 2012

Staff gave a brief description of Programs to assist the LVEDC. Some examples noted by staff were priority projects and hybrid projects. Some of the specifics of the projects included sign revitalization, storefront, and relocation programs.

Staff noted that monies would be budgeted, taken to Council for approval and then the Program would be launched and applications taken. Staff noted that per the law there would be public hearings before the LVEDC and the City Council which would also add transparency to the process.

b. Texas Leverage Fund

Staff noted that the grant was for \$850,000 with a variable percentage rate of approximately 3% and had a deadline of December 21, 2011 but noted that the loan could be reapplied for if the deadline was missed. The Board was under the impression that the funds would not be available in the new year, staff stated they would verify. It was also noted to the Board that another amount could be requested.

c. Direction to Staff Regarding Continued EDC Business

- Strategic Plan
- Executive Director
- Appraisal Results

IX. EXECUTIVE SESSION

The Leon Valley Economic Development Corporation convened into Executive Session at 8:55 p.m. and reconvened into Open Session at 9:25 p.m.

No action was taken resulting from the Executive Session.

X. ADJOURN

Board Member Claude Guerra III made a motion to adjourn seconded by Board Member Dr. Georgia Zannaras. The motion carried by voice vote and the meeting was adjourned at 9:25 p.m.



CHAIRMAN



STAFF

Nancy Macin
Secretary