

AGENDA FOR REGULAR MEETING

KERRVILLE CITY COUNCIL

TUESDAY, JANUARY 12, 2016, 6:00 P.M.

KERRVILLE CITY HALL COUNCIL CHAMBERS

701 MAIN STREET, KERRVILLE, TEXAS

KERRVILLE CITY COUNCIL AGENDA
REGULAR MEETING, TUESDAY, JANUARY 12, 2016, 6:00 P.M.
CITY HALL COUNCIL CHAMBERS
701 MAIN STREET, KERRVILLE, TEXAS

CALL TO ORDER

INVOCATION: Reverend Tom Murray, Associate Rector, St. Peter's Episcopal Church.

PLEDGE OF ALLEGIANCE TO THE FLAG

Those in attendance may stand if they wish.

1. VISITORS/CITIZENS FORUM:

Any citizen with business not scheduled on the agenda may speak to the City Council. Prior to speaking, each speaker must fill out the speaker request form and give it to the City Secretary. City Council may not discuss or take any action on an item but may place the issue on a future agenda. The number of speakers will be limited to the first ten speakers and each speaker is limited to four minutes.

2. PRESENTATIONS:

2A. Acceptance of a gift from Dr. William Rector for the Butt-Holdsworth Memorial Library. (Mayor Pratt)

2B. Proclamation for National Law Enforcement Appreciation Day. (Mayor Pratt)

3. CONSENT AGENDA:

These items are considered routine and can be approved in one motion unless a councilmember asks for separate consideration of an item. It is recommended that City Council approve the following items which will grant the Mayor or City Manager the authority to take all actions necessary for each approval:

3A. Interlocal agreement between Kerr Emergency 9-1-1 Network and the City of Kerrville, Texas. (staff)

3B. Extension of temporary lease agreement requested by Walter and Barbara Schellhase for property located at 529 Water Street. (staff)

The facility is wheelchair accessible and accessible parking spaces are available. Requests for accommodations or interpretive services must be made 48 hours prior to this event. Please contact the City Secretary's Office at 830-257-8000 for further information.

I do hereby certify that this notice of meeting was posted on the bulletin board at the City hall of the City of Kerrville, Texas, and said notice was posted on the following date and time: January 8, 2016 at 4:00 p.m. and remained posted continuously for at least 72 hours preceding the scheduled time of the meeting.

Brenda Craig
City Secretary, City of Kerrville, Texas

3C. Resolution No. 01-2016 authorizing the filing of an application with the Alamo Area Council of Governments for a 2016/2017 solid waste pass through grant. (staff)

END OF CONSENT AGENDA

4. ORDINANCE, THIRD AND FINAL READING:

4A. Ordinance No. 2015-24 amending Ordinance No. 2006-01, which granted Atmos Energy Corporation a franchise to furnish, transport, and supply gas to the general public within the City of Kerrville, Kerr County, Texas, by extending the term of the franchise ordinance for an additional ninety (90) days through the end of March 29, 2016. (staff)

5. ORDINANCE, FIRST AND ONLY READING:

5A. Ordinance No. 2016-01 authorizing the issuance, sale and delivery of up to \$10,000,000 in aggregate principal amount of "City of Kerrville, Texas Combination Tax and Revenue Certificates of Obligation, Series 2016"; securing the payment thereof by authorizing the levy of an annual ad valorem tax and a pledge of certain surplus revenues of the city's waterworks and sewer system; and approving and authorizing the execution of a paying agent/registrar agreement, an official statement and all other instruments and procedures related thereto. (staff)

6. ORDINANCE, FIRST READING:

6A. Ordinance No. 2016-02 amending the budget for Fiscal Year 2016 to account for various changes to the city's operational budget, including additional revenues and allocations for capital improvement projects. (staff)

7. INFORMATION AND DISCUSSION:

7A. Main Street National Program. (Philip McKeon, Kerrville citizen)

8. CONSIDERATION AND POSSIBLE ACTION:

8A. Post agendas for the possible quorum of City Council at Water Reuse Advisory Committee meetings. (Councilmember White)

8B. Authorization to make application to the City of Kerrville, Texas Economic Improvement Corporation in the amount of \$500,000 for Interstate 10 Highway schematic and environmental studies. (staff)

The facility is wheelchair accessible and accessible parking spaces are available. Requests for accommodations or interpretive services must be made 48 hours prior to this event. Please contact the City Secretary's Office at 830-257-8000 for further information.

I do hereby certify that this notice of meeting was posted on the bulletin board at the City hall of the City of Kerrville, Texas, and said notice was posted on the following date and time: January 8, 2016 at 4:00 p.m. and remained posted continuously for at least 72 hours preceding the scheduled time of the meeting.

Brenda Craig
City Secretary, City of Kerrville, Texas

8C. Initiation of annexation proceedings on approximately 194.79 acres of land out of the William Watt Survey No. 69, Abstract No. 367 and the W.T. Crook Survey No. 70, Abstract No. 113, Kerr County, Texas, and being generally located on the south side of SH-27 and located between Oak Way Street and Splitrock Road. (Mayor Pratt)

9. APPOINTMENTS TO CITY BOARDS AND COMMISSIONS:

9A. Food Service Advisory Board. (staff)

9B. Main Street Advisory Board. (staff)

9C. Planning and Zoning Commission. (staff)

10. EXECUTIVE SESSION:

City Council may, as permitted by law, adjourn into executive session at any time to discuss any matter listed above including if they meet the qualifications in Sections 551.071 (consultation with attorney), 551.072 (deliberation regarding real property), 551.073 (deliberation regarding gifts), 551.074 (personnel matters), 551.076 (deliberation regarding security devices), and 551.087 (deliberation regarding economic development negotiations) of Chapter 551 of the Texas Government Code, including the following matters:

10A. Section 551.074:

- Appointments to the Planning and Zoning Commission.

10B. Sections 551.071 and 551.072:

Discuss the purchase, exchange, lease, sale, or value of real property, the public discussion of which would not be in the best interests of the City's bargaining position with third parties, regarding property interests related to the following:

- River trail.

11. ACTION ON ITEMS DISCUSSED IN EXECUTIVE SESSION

12. ADJOURNMENT.

The facility is wheelchair accessible and accessible parking spaces are available. Requests for accommodations or interpretive services must be made 48 hours prior to this event. Please contact the City Secretary's Office at 830-257-8000 for further information.

I do hereby certify that this notice of meeting was posted on the bulletin board at the City hall of the City of Kerrville, Texas, and said notice was posted on the following date and time: January 8, 2016 at 4:00 p.m. and remained posted continuously for at least 72 hours preceding the scheduled time of the meeting.

Brenda Craig
City Secretary, City of Kerrville, Texas

Agenda Item:

2A. Acceptance of a gift from Dr. William Rector for the Butt-Holdsworth Memorial Library. (Mayor Pratt)

**TO BE CONSIDERED BY THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS**

SUBJECT: Acceptance of a gift from Dr. William Rector for the Butt-Holdsworth Memorial Library.

FOR AGENDA OF: January 12, 2016 **DATE SUBMITTED:** January 5, 2016

SUBMITTED BY: Laura Bechtel **CLEARANCES:** Kimberly Meismer
Library Director Director of General Operations

EXHIBITS: None

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: 

Expenditure	Current Balance	Amount	Account
Required:	in Account:	Budgeted:	Number:
\$ 0	\$ 0	\$ 0	

PAYMENT TO BE MADE TO:

REVIEWED BY THE FINANCE DEPARTMENT:

SUMMARY STATEMENT

Dr. William Rector has presented the Butt-Holdsworth Memorial Library with an inscribed copy of the book, *The Western Cattle Trail 1874-1897* by Gary and Margaret Krasisinger. The book provides a detailed history of the Western Cattle Trail, which includes the history of the cattle trails through Kerrville and the Texas Hill Country.

RECOMMENDED ACTION

City staff recommends that the City Council accept the gift from Dr. William Rector for the Butt-Holdsworth Memorial Library.

Agenda Item:

2B. Proclamation for National Law Enforcement Appreciation Day. (Mayor Pratt

PROCLAMATION

WHEREAS

Each day 780,000 police officers across the country put a badge on and go to work knowing they may face extremely dangerous situations, and

WHEREAS

On average, between 105 and 203 officers die in the line of duty each year, and

WHEREAS

Each year 50,000 officers are assaulted in the line of duty, 14,000 are injured in the line of duty, and yet they go to work anyway because being a law enforcement officer is not just a job, it is a calling, and

WHEREAS

There is a need to show law enforcement officers and their families that Kerrville citizens recognize the difficult and sometimes challenging career they have chosen, in public service to all,

THEREFORE as Mayor of the City of Kerrville, Texas, and in conjunction with Concerns of Police Survivors, Inc., (C.O.P.S.), and partnering organizations nationwide, I hereby urge all citizens who are exposed to the unjust and negative attention being given law enforcement, to put those thoughts aside showing appreciation and support to our local men and women in blue,

I HEREBY declare January 9, 2016 as

NATIONAL LAW ENFORCEMENT APPRECIATION DAY (L.E.A.D.)

IN WITNESS WHEREOF, I have hereunto set my hand and caused the seal of the City of Kerrville to be affixed hereto, the 9th day of January, 2016.



Jack Pratt, Jr., Mayor

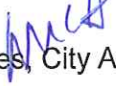
Agenda Item:

3A. Interlocal agreement between Kerr Emergency 9-1-1 Network and the City of Kerrville, Texas. (staff)

**TO BE CONSIDERED BY THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS**

SUBJECT: Inter-local Agreement with the Kerr Emergency 9-1-1 Network regarding the purchase of hardware, licensing and maintenance agreement for a replacement 9-1-1 call recording system.

FOR AGENDA OF: January 12, 2016 **DATE SUBMITTED:** December 30, 2015

SUBMITTED BY: Chief David Knight  **CLEARANCES:** Mike Hayes , City Attorney

EXHIBITS: Inter-local Agreement

AGENDA MAILED TO: Mark W. Del Toro, Kerr Emergency 9-1-1 Network, 819 Water Street, Suite 270, Kerrville, Texas 78028

APPROVED FOR SUBMITTAL BY CITY MANAGER: 

Expenditure Required:	Current Balance in Account:	Amount Budgeted:	Account Number:
\$	\$	\$	

PAYMENT TO BE MADE TO:

REVIEWED BY THE FINANCE DIRECTOR:

SUMMARY STATEMENT

Kerr 9-1-1 and the City of Kerrville share a collective need for 9-1-1 call recording. 9-1-1 call recordings are currently accomplished with an existing Eventide VR 725 Digital Voice Logging Recorder located in the Kerrville Police Department Communications Center with associated licenses and maintenance support provided through VistaCom. This equipment has become obsolete due to age and is no longer supportable under the current maintenance contract. The inter-local agreement provides for the purchase of replacement hardware, licensing and maintenance agreement for the continued recording of 9-1-1 calls through an agreement to equitably share the expenses involved between the Kerr Emergency 9-1-1 Network and the City of Kerrville.

Our current vendor, VistaCom annual software maintenance cost is \$5,700.00 annually. With the implementation of a new inter-local agreement the cost to the City of Kerrville for annual software maintenance would be reduced to \$3,829.00 annually beginning in the second year of implementation with an annual cost increase of 1% annually thereafter.

RECOMMENDED ACTION

The Chief of Police recommends the city council approve the inter-local agreement with the Kerr Emergency 9-1-1 Network.

**INTERLOCAL AGREEMENT
BETWEEN KERR EMERGENCY 9-1-1 NETWORK
AND THE CITY OF KERRVILLE, TEXAS
(Call Recording System)**

This Agreement is made between Kerr Emergency 9-1-1 Network, an emergency communications district organized under the laws of the State of Texas ("KERR 9-1-1") and the City of Kerrville, Texas ("KERRVILLE"). Pursuant to the authority granted by the "Texas Interlocal Cooperation Act," Chapter 791, Texas Government Code, as amended, providing for the cooperation between local governmental bodies, the Parties, in consideration of the premises and mutual promises contained herein, agree as follows:

1. Entity. Each Party is a local government within the State of Texas.
2. Public Benefit and Purpose. The respective governing body of each Party finds that: the subject of this Agreement is necessary for the benefit of the public; that each Party has the legal authority to perform and to provide the governmental function or service which is the subject matter of this Agreement; that the division of cost, if any or greater than a nominal amount, fairly compensates the performing Party for the services performed under this Agreement; and, the performance of this Agreement is in the common interest of both Parties.
3. Current revenues. Both Parties, in the performance of governmental functions or services shall, respectively, render performance and make payments from current revenues legally available to the Party.
4. Kerr 9-1-1 Obligation. KERR 9-1-1 shall perform its obligations in accordance with **Exhibit A**.
5. Kerrville Obligation. KERRVILLE shall perform its obligations in accordance with **Exhibit A**.
6. Exhibit incorporation. The provisions of **Exhibit A** are incorporated herein by this reference as though stated verbatim. The governing body of each Party authorizes its point-of-contact official, as named herein, to mutually agree, without the need of further approval by either Party, to make minor adjustments in the operational procedures, allocated duties, and rights described in **Exhibit A** to facilitate greater efficiencies, reduce opportunity for errors, and better serve the public, so long as such adjustments do not require or constitute an imposition of fees or a significant change in costs, or creates a material change in the performance required of a Party.
7. Liability. The purpose of this Agreement is only to set forth the rights and duties of the Parties with regard to the governmental function or services described. This Agreement does not create any right, benefit, or cause of action for any third party. By executing this Agreement, neither Party waives, nor shall be deemed to have waived, any immunity or defense that would otherwise be available to it against claims arising in the exercise of

governmental powers and functions. Each Party shall be solely responsible for any loss, damage, injury, or death to any third party arising out of or related to the acts or omissions of its employees or agents and not those of any other Party.

8. Venue. If a legal action is brought under this Agreement, then exclusive venue shall lie in Kerr County.
9. Effective date and Term. This Agreement shall become effective on the first day after it has received approval of both governing bodies. This Agreement shall remain in full force and effect for a term of one (1) year from the effective date hereof. This Agreement shall automatically be renewed for additional one-year terms unless and until a Party cancels it by giving thirty (30) days written notice to the other Party.
10. Contacts. The point of contact for each Party shall be as specified in **Exhibit A**.
11. Severance and Survival. In the event any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision contained herein and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained. The provisions of paragraphs 7 and 8 shall survive termination, cancellation, expiration, or non-renewal of this Agreement.
12. Amendments. This Agreement contains all the commitments and the agreements of the Parties and any oral or written commitments not contained herein shall have no force or affect to alter any term or condition of this Agreement. This Agreement may be amended or modified in writing by the mutual agreement of the Parties. In the event of a conflict between the terms of this Agreement and **Exhibit A**, then the terms of **Exhibit A** shall control.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their authorized officers the day and year written below.

KERR EMERGENCY 9-1-1 NETWORK

CITY OF KERRVILLE, TEXAS

By: 
Mark W. Del Toro, Executive Director

By: _____
Jack Pratt, Jr., Mayor

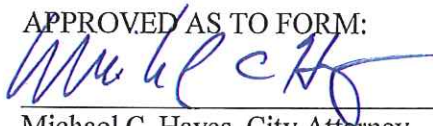
Date: 7 January 2016

Date: _____

ATTEST:

Brenda G. Craig, City Secretary

APPROVED AS TO FORM:



Michael C. Hayes, City Attorney

Exhibit A

[to the Interlocal Agreement between Kerr Emergency 9-1-1 Network and City of
Kerrville, Texas regarding Call Recording System]

A. Contact Information:

KERR 9-1-1's Contact:

Mark Del Toro, Executive Director
819 Water Street
Kerrville, Texas 78028
(830) 792-5911
mdeltoro@kerr911.org

KERRVILLE's Contact:

Todd Parton, City Manager or designee
City Hall
701 Main Street
Kerrville, TX 78028
(830) 258-1110
todd.parton@kerrvilletx.gov

B. KERR 9-1-1 shall fulfill the following obligations:

KERR 9-1-1 shall purchase the hardware and licensing which are necessary to acquire and operate the 9-1-1 Recording System, which is an Eventide NEXLOG 740 Voice Recorder (the "System"). KERR 9-1-1 shall comply with all applicable laws with respect to such purchase. The total cost for the System is \$16,841.00, with a yearly maintenance cost of \$3,829.00. The purchase of the System includes one year of maintenance. Should these costs for the System increase prior to KERR 9-1-1's purchase, KERR 9-1-1 shall notify KERRVILLE in writing of any such new costs and KERRVILLE shall thereafter have the right to approve, such approval not to be unreasonably withheld or delayed.

C. CITY shall fulfill the following obligations:

KERRVILLE shall enter into a yearly maintenance agreement for the System and shall pay the yearly maintenance cost until the time that such costs equals the initial cost of the hardware and licensing spent by KERR 9-1-1. Kerrville understands and agrees that the yearly maintenance agreement is subject to an annual increase of 1% beginning in the third year.

D. The Parties agree to the following with respect to payment of shared costs:

Upon KERR 9-1-1 and KERRVILLE reaching financial parity with respect to the purchase and maintenance of the System, the Parties will then equally share the cost of the yearly maintenance agreement and any other maintenance expenses until the System is replaced or becomes obsolete. When financial parity is reached, KERRVILLE shall supply KERR 9-1-1 with a copy of the invoice for the yearly maintenance services and KERR 9-1-1 shall remit payment of half of the maintenance agreement to KERRVILLE with enough time for KERRVILLE to comply with the time limits set forth in the invoice. If before financial parity is reached, either (a) the System becomes obsolete or otherwise needs to be replaced; or (b) the maintenance agreement is terminated for any reason, KERRVILLE shall pay KERR 9-1-1 such amounts as necessary to equalize the Parties' expenditures on hardware, licensing, and maintenance.

Agenda Item:

3B. Extension of temporary lease agreement requested by Walter and Barbara Schellhase for property located at 529 Water Street. (staff)

**TO BE CONSIDERED BY THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS**

SUBJECT: Extension of Temporary Lease Agreement requested by Walter and Barbara Schellhase for property located at 529 Water Street

FOR AGENDA OF: Jan. 12, 2016 **DATE SUBMITTED:** Jan. 8, 2016

SUBMITTED BY: Todd Parton **CLEARANCES:**
City Manager

EXHIBITS: Request for Extension – December 9, 2015
Temporary Lease Agreement

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: 

Expenditure	Current Balance	Amount	Account
Required:	in Account:	Budgeted:	Number:
\$0	\$0	\$0	

PAYMENT TO BE MADE TO:

REVIEWED BY THE FINANCE DEPARTMENT:

SUMMARY STATEMENT

The City of Kerrville executed a Temporary Lease Agreement with WRS Enterprises, Inc., on October 26, 2015, upon finalizing the city's purchase of the property and improvements at 529 Water Street. The property was the primary residence of Walter and Barbara Schellhase and the Temporary Lease Agreement provided for their transition to a new primary residence.

The initial term of Temporary Lease Agreement expires on January 24, 2016. A written request to extend the term of the lease agreement to March 26, 2016, was submitted on December 9, 2015. According to the lease agreement (Paragraph 2.(a)) the tenant may seek an extension, which is subject to written approval of the City Council.

The requested extension is to provide for the additional time needed by the tenant to complete the construction of their new residence.

RECOMMENDED ACTION

City staff recommends that the requested extension to March 26, 2016, be granted and to direct the city manager to prepare and execute a letter confirming this action.

Walter & Barbara Schellhase

529 Water Street
Kerrville, Texas 78028

9 December 2015

Todd Pardon, City Manager
City of Kerrville
701 Main Street
Kerrville, TX 78028

Dear Todd:

Per our "Temporary Lease Agreement" paragraph 2, "tenant has the right to seek an extension of the terms of the lease ---- ", **we request that our lease be extended until March 26, 2016.**

This extension is requested due to the difficulty we are having with the construction of our condo's interior finish at Palacios del Guadalupe at 521 Guadalupe Street. This is the last unit in this condo building to be finished out. It was assumed this would be a simple process that has extended our planning process over 90 days.

This extension will benefit us in that we would not have to relocate twice waiting for the completion and issue of occupancy permit.

It would benefit the City to have the home occupied during the winter to keep the heat operational to prevent any pipe freezing (gas and electrical during the winter months usually runs \$500 to \$700), maintain the lawn care (we use Total Lawn Care Service at a cost of \$325 per month) and general maintenance on the ponds and pumps is always required during this time of year.

Regards,


Walter & Barbara Schellhase

**EXTENSION OF TERM TO THE
TEMPORARY LEASE AGREEMENT BETWEEN
THE CITY OF KERRVILLE, TEXAS, AND WALTER R. SCHELLHASE**

This *Extension of Term to the Temporary Lease Agreement*, which had an effective date of October 27, 2015, is made and entered into by and between the CITY OF KERRVILLE, a Texas municipality, hereinafter called Landlord, and Walter R. Schellhase, hereinafter called Tenant, and does the following:

1. Pursuant to Section 2. of the Temporary Lease Agreement ("Lease"), the Lease is hereby extended through March, 26, 2016.

2. Except as provided hereby, Landlord and Tenant agree that the Lease is and shall remain in full force and effect in accordance with its terms.

SIGNED this the _____ day of _____, 2016.

LANDLORD:
City of Kerrville

By: _____
Name: _____
Title: _____

TENANT:
Walter R. Schellhase

By: _____
Name: _____

TEMPORARY LEASE AGREEMENT

THIS TEMPORARY LEASE AGREEMENT ("*Lease*") dated effective as of the 26TH day of October, 2015 ("*Effective Date*"), is between THE CITY OF KERRVILLE, a Texas municipality ("*Landlord*"), and WRS ENTERPRISES, INC. ("*Tenant*"). For valuable consideration the parties agree and act as follows:

1. Definitions. The following terms have the meanings set forth below:

(a) Leased Premises. The real property more particularly described on Exhibit A attached hereto, together with any and all improvements (the "*Improvements*"), fixtures, personal property, and equipment situated thereon.

(b) Permittees. All partners, officers, directors, employees, agents, contractors, customers, visitors, and invitees of a party to this Lease.

2. Demise, Term.

(a) Demise. Landlord hereby leases to Tenant and Tenant hereby accepts from Landlord, subject to the terms, provisions, and conditions of this Lease, the Leased Premises commencing on the Effective Date and continuing for a period of ninety (90) days (the "*Term*"). Tenant has the right to seek an extension of the term, which will be subject to written approval of the City Council.

(b) Quiet Enjoyment. Upon Tenant's observance and performance of all of the covenants, terms, and conditions to be observed and performed by Tenant pursuant to this Lease, Tenant shall have throughout the Term the peaceful, quiet, and undisturbed use and possession of the Leased Premises and all rights and privileges pertaining thereto, subject to the terms, conditions, and provisions of this Lease.

3. Rent/Deposit.

(a) Rent. There is no rent due under this Lease.

(b) Deposit. There is no deposit due under this Lease.

4. Tenant Expenses. It is the intent of Landlord and Tenant that, with the exception of Real Property Taxes, all costs, expenses, or charges with respect to the Leased Premises incurred during the Term are the responsibility of Tenant, which includes all utilities.

5. Delivery of Leased Premises. The Leased Premises are being leased "AS IS -- WHERE IS," with Tenant accepting all defects, if any, and Landlord makes no warranty of any kind, express, or implied, with respect to the physical condition of the Leased Premises (without limitation, Landlord makes no warranty as to the habitability, fitness, or suitability of the Leased Premises for a particular purpose nor as to the absence of any toxic or other hazardous substances). Tenant acknowledges that as of the Effective Date, Tenant has been in possession

of the Leased Premises and Tenant has had full opportunity to inspect the Leased Premises and to have qualified experts inspect the Leased Premises prior to the Effective Date. Tenant acknowledges that neither Landlord nor its agents have made any representations or promises with respect to the Leased Premises, and no rights, easements, or licenses are acquired by Tenant by implication or otherwise. The taking of possession of the Leased Premises by Tenant shall be conclusive evidence that the Tenant has accepted the Leased Premises "AS IS - WHERE IS".

6. Alterations and Repairs.

(a) Alterations. Tenant shall not make any alterations, additions, or changes to the interior or exterior of the Improvements situated on the Leased Premises without the prior written consent of Landlord, which consent may be withheld in Landlord's sole discretion.

(b) Tenant's Repairs. Commencing from and after the Effective Date, Tenant shall, at its sole cost and expense, repair and maintain the Leased Premises in the same condition and repair existing on the date hereof, and in accordance with all applicable laws, rules, ordinances, orders, and regulations of any federal, state, county, municipal, and other governmental entities having jurisdiction over the Leased Premises (collectively, the "Laws"); provided however, that Tenant shall not be required to make any repairs to cause the buildings situated on the Leased Premises to comply with the Laws to the extent such repairs pertain to defects or conditions existing on the date hereof. Tenant shall, at its sole cost and expense, diligently and promptly make or cause to be made all necessary repairs and replacements to the Leased Premises to maintain or comply with the foregoing sentence. Tenant shall not be required to make any repairs or replacements to the Leased Premises as to defects or conditions existing on the date hereof or damage to the Leased Premises existing on the date hereof not caused by Tenant or its employees, permittees, invitees, visitors, licensees, customers, agents, or contractors, the Leased Premises being "AS IS - WHERE IS". Landlord shall not be required to (i) furnish any services or facilities to the Leased Premises during the Term, including but not limited to providing security and lighting or otherwise maintaining a safe environment, or (ii) make any repairs to the Leased Premises during the Term. Without diminishing the foregoing obligations of Tenant, should Tenant fail to make any repairs which it is obligated to perform under this paragraph 6(b), Landlord may, but shall in no event be required to, make such repairs for Tenant's benefit and the expense thereof shall be immediately paid by Tenant to Landlord upon demand. In addition, Landlord shall have any and all other remedies provided hereunder for a default by Tenant, should Tenant fail to comply with the foregoing.

7. Utilities. Following the Effective Date, Tenant shall, at its expense, continue providing to the Leased Premises such utility facilities as are necessary for water, gas, electricity, telephone, and sanitary sewer service (collectively, the "Utilities") in sufficient capacity for Tenant's intended use. Tenant shall arrange with the appropriate utility suppliers for the continuation of the Utilities to the Leased Premises, pay all connection, meter, and service charges and deposits required to maintain the Utilities to the Leased Premises, and pay such Utility suppliers directly for such services.

8. Taxes.

(a) Real Property Taxes. Landlord shall be responsible for all real property taxes and assessments ("Real Property Taxes") assessed against the Leased Premises by governmental authorities for each tax year during the Term.

(b) Personal Property Taxes. Tenant shall before delinquency pay all taxes and assessments levied or assessed against Tenant's trade fixtures, stock-in-trade and other personal property placed in the Leased Premises; and upon request of Landlord, deliver to Landlord receipts from the applicable taxing authority to evidence that such taxes have been paid.

9. Use, Transfers, or Assignments.

(a) Tenant's Use. Tenant may use the Leased Premises only for single-family residential use, in the same manner as exists on the date hereof, and Tenant shall comply with all applicable governmental laws, ordinances and regulations in its use of the Leased Premises.

(b) Assignment, Subletting. Tenant shall have no right to assign this Lease or sublet all or any part of the Leased Premises, without the prior written approval of Landlord, which approval may be given or withheld in Landlord's sole discretion.

10. Landlord's Right of Access. Landlord, and its Permittees, shall have the right to enter upon the Leased Premises during normal business hours with twenty four (24) hour notice or such other time as is mutually agreed upon by Landlord and Tenant (or at any time in the event of an emergency) for the purpose of conducting inspections, investigations, and construction activities on the Leased Premises; provided, that Landlord shall not unreasonably interfere with Tenant's use and occupancy thereof.

11. Indemnification, Insurance.

(a) Indemnification. Tenant waives any and all claims against Landlord for property damages and/or personal injury arising from Tenant's use or occupancy of the Leased Premises. Tenant shall indemnify, defend, and hold Landlord harmless from any and all claims arising from Tenant's (or any Permittee of Tenant) use or occupancy of the Leased Premises, including claims of personal injury, damage to property, and violation of laws arising from or attributable to events first occurring after the date hereof, and Tenant will bear all costs in connection with such claims, including reasonable attorneys' fees. This paragraph shall survive the expiration or termination of this Lease.

(b) Insurance. During the Term of this Lease, Tenant shall, at its sole cost and expense, maintain comprehensive general liability insurance against all claims on account of bodily injury and personal injury, with limits of not less than (i) \$500,000.00 for bodily injury to or death of any one person, (ii) \$500,000.00 for any one occurrence for bodily injury to or death of one or more persons arising out of any one occurrence, and (iii) \$500,000.00 for property damage.

(c) Scope. Each policy to be provided by Tenant hereunder shall name the Landlord or its designee as an additional insured and shall also contain a provision whereby the insurer agrees that such policy shall not be canceled except after thirty (30) days' written notice to the Landlord or its designee. The insurance policies or duly executed certificates thereof, together with satisfactory evidence that the premium has been paid, shall be deposited with the Landlord on the date hereof; and, thereafter, evidence of continuing insurance and premium payment shall be delivered to the Landlord not less than thirty (30) days prior to the expiration of each policy required to be in force hereunder. If Tenant fails to maintain the required insurance, the Landlord may, but shall not be obligated to, obtain such insurance and be reimbursed upon demand.

(d) Waiver of Subrogation. Neither Landlord nor Tenant shall be liable by way of subrogation or otherwise to the other party or to any insurance company insuring the other party for any loss or damage to any of the property of the Landlord or Tenant covered by insurance even though such loss or damage might have been occasioned by the negligence of the Landlord or Tenant or their respective Permittees. This release shall be in effect only so long as the applicable insurance policies shall contain a clause or endorsement to the effect that the waiver shall not affect the right of the insured to recover under such policies. Each party shall use its reasonable efforts, including payment of any additional premium, to have its insurance policies contain the standard waiver of subrogation clause. In the event Landlord's or Tenant's insurance carrier declines to include in such carrier's policies a standard waiver of subrogation clause, Landlord or Tenant shall promptly notify the other party.

12. Destruction, Condemnation.

(a) Destruction. If the Improvements are damaged or destroyed ("Casualty") during the Term of this Lease, this Lease shall automatically terminate and both Landlord and Tenant shall be released from any further obligations hereunder.

(b) Condemnation.

(i) Taking of Leased Premises. In the event of a taking by the power of eminent domain or conveyance in lieu thereof ("Taking") of the whole or any part of the Leased Premises, this Lease shall automatically terminate.

(ii) Awards. All compensation awarded for any Taking shall be the property of Landlord, and Tenant hereby assigns to Landlord any interest to which Tenant may be entitled thereto.

13. Default.

(a) Events of Default. The following are events of default ("Events of Default"):

(i) Other Obligations. Tenant fails to perform any obligation, covenant or condition or to comply with any provisions of this Lease (other than the payment of monetary obligations) and such failure continues for five (5) days after written notice from the Landlord, unless said default reasonably requires more than five (5) days to cure and the Tenant commences a cure within five (5) days after written notice and thereafter diligently pursues the same to completion within a reasonable time thereafter not to exceed thirty (30) days.

(ii) Bankruptcy. Tenant files in any court pursuant to any statute a petition in bankruptcy or insolvency or for reorganization or arrangement or makes an assignment for the benefit of creditors or any such petition is filed against Tenant and a receiver or trustee of all or any portion of Tenant's property is appointed and such proceeding is not dismissed or the trusteeship discontinued within thirty (30) days after such appointment.

(b) Landlord's Remedies. Upon the occurrence of an Event of Default by Tenant, Landlord shall have one or more of the following remedies:

(i) Termination. Landlord may terminate this Lease by written notice to Tenant. No re-entry or other act performed or omitted by Landlord shall be deemed to have terminated this Lease or any obligation of Tenant for payment of money or otherwise unless Landlord shall expressly notify Tenant in writing that Landlord has elected to terminate this Lease. In the event Landlord elects to terminate the Lease as provided above, Tenant shall be liable for and shall pay to Landlord at the address specified for notice to Landlord herein the sum of all amounts payable to Landlord pursuant to the terms of this Lease which have accrued to date of such termination.

(ii) Re-Entry. Landlord may re-enter the Leased Premises and cause Tenant to be removed with or without legal process. Landlord may recover from Tenant all expenses of any nature incurred by Landlord in re-entering the Leased Premises, including attorneys' fees, together with interest on all delinquent unpaid amounts at the rate of the lesser of (i) twelve percent (12%) per annum and (ii) the highest rate permitted by applicable law from the date accrued.

(c) Remedies Cumulative. Except as provided herein, no remedy herein conferred upon or reserved to Landlord shall exclude any other remedy herein or by law provided, but each shall be cumulative and in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

14. General Provisions.

(a) Notice. "Notice" shall mean any notice, notification, consent, approval, request, designation, submission, specification, election or other communication required or permitted under this Lease. All notices shall be in writing and shall be deemed to have been given and received the earlier of (i) the date the notice is delivered by one party to the other party personally or delivered to the party's address by a party or by a delivery service which records delivery dates, or (ii) the date upon which the notice is placed in the mail addressed to the other

party at the party's address, properly stamped, certified or registered mail, return receipt requested. A party's address shall be as follows or as set forth in a notice to the other party:

Tenant: WRS Enterprises, Inc.
529 Water Street
Kerrville, Texas 78028-5364

Landlord: City of Kerrville
City Hall; Attn: City Manager
701 Main Street
Kerrville, Texas 78028

(b) Entire Agreement. Tenant acknowledges that neither Landlord nor any one on Landlord's behalf has made any representation, warranty or promise with respect to the Leased Premises except as expressly set forth in this Lease. This Lease embodies the entire agreement and understanding as to the leasing of the Leased Premises and supersedes all prior negotiations, agreements, and understandings, written or oral. Any provision of this Lease may be modified, waived, or discharged only by an instrument in writing signed by the party against which enforcement of such modification, waiver, or discharge is sought.

(c) Brokerage Commission. Landlord and Tenant acknowledge and agree that no brokerage fee or commission is owing in connection with this Lease. Tenant and Landlord shall indemnify and hold the other harmless against any commission, payment, interest or participation claimed on account of this Lease under any alleged agreement or understanding entered into between or on that party's behalf with the person or entity claiming the commission, payment, interest, or participation.

(d) Surrender. Upon the expiration of the Term or earlier termination of this Lease, or upon the date that Tenant vacates the Leased Premises, Tenant shall surrender the Leased Premises to Landlord in a neat and safe condition and otherwise in compliance with paragraph 6(b) above. Any of Tenant's property not removed by Tenant by the expiration of this Lease may, at Landlord's option, be deemed abandoned by Tenant and may be retained or disposed of by Landlord as it desires in its sole discretion without any liability to Tenant, its successors or assigns, and without any claim by Tenant, its successors or assigns.

(e) Holding Over. In the event Tenant fails to vacate the Leased Premises prior to the expiration of the Term or an extension of the Term as contemplated above, then Landlord shall have the right to charge Tenant holdover rent at the rate of \$50.00 per day for each day beyond the expiration of the Term that Tenant remains in possession of the Premises. In addition to the remedy of holdover rent as set forth above, Landlord shall have all remedies available at law or in equity, and Tenant shall indemnify Landlord against all losses, costs, damages, and attorneys' fees arising from Tenant's failure to surrender the Leased Premises following the expiration of the Term. This indemnification shall survive the termination or expiration of this Lease. Tenant expressly waives any defenses, claims or counterclaims that Tenant may have to any suit or action by Landlord to recover possession of the Leased Premises after the expiration of the Term.

(f) Applicable Law, Construction. The laws of the State of Texas shall govern the validity, performance, and enforcement of this Lease. The invalidity or unenforceability of any provision of this Lease shall not affect or impair any other provision. If any provision of this Lease is capable of two constructions, one of which would render the provision invalid and the other of which would make the provision valid, the provision shall have the meaning which renders it valid. The submission of this document for examination does not constitute an offer to lease, this document being effective only upon execution and delivery by Landlord, Tenant and any guarantors.

(g) Attorneys' Fees. If either party hereto brings an action to enforce the terms hereof or declare rights hereunder, the prevailing party in such action shall be entitled to attorneys' fees and costs of suit.

(h) Time of the Essence. Time is of the essence with respect to each provision, term, and covenant of this Lease.

(i) Captions. The captions are for convenience and do not limit or define the provisions of this Lease.

(j) Gender, Number. Whenever the sense of this Lease requires it, the use of (i) singular number shall be deemed to include the plural, (ii) the masculine gender shall be deemed to include the feminine or neuter gender, and (iii) the neuter gender shall be deemed to include the masculine and feminine gender.

(k) Binding Effect. All provisions of this Lease shall be binding upon and inure to the benefit of the parties and their respective successors and assigns. This Lease may be executed by facsimile or electronic transmission in two or more counterparts, each of which shall be deemed to be an original, but all of which taken together shall constitute but one and the same instrument.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease to become effective as of the date first written above.

LANDLORD:

City of Kerrville, a Texas municipality

By: _____

Name: _____

Title: _____

TENANT:

WRS Enterprises, Inc.,
a Louisiana Corporation

By: _____

Name: _____

Title: _____

EXHIBIT A
Legal Description

OF A 1.32 ACRE TRACT LOCATED IN THE CITY OF KERRVILLE, KERR COUNTY, TEXAS, SAID 1.32 ACRES BEING ALL OF A CALLED 1.33 ACRE TRACT VESTED TO W.R.S. ENTERPRISES, INC AND DESCRIBED IN VOLUME 661, PAGE 772 OF THE DEED RECORDS OF KERR COUNTY, TEXAS; SAID 1.32 ACRES BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS, WITH ALL BEARINGS BEING REFERENCED TO THE NORTH AMERICAN DATUM OF 1983, TEXAS COORDINATE SYSTEM, SOUTH CENTRAL ZONE, USING A COMBINED SCALE FACTOR OF 1.00017;

BEGINNING, AT A FOUND 1/2 INCH REBAR IN THE WESTERLY RIGHT-OF-WAY LINE OF WATER ST. S MARKING THE EASTERLY CORNER OF BLOCK 1, LOT 1, BUTT-HOLDSWORTH MEMORIAL LIBRARY, AS DESCRIBED IN VOLUME 127, PAGE 246 OF THE MAP AND PLAT RECORDS OF KERR COUNTY, TEXAS, FOR THE NORTHERLY CORNER OF HEREIN DESCRIBED TRACT OF LAND HAVING A GRID COORDINATE OF N: 13,928,666.21, E: 1,923,245.49;

THENCE, LEAVING THE WESTERLY RIGHT-OF-WAY LINE OF WATER ST. S, S 48° 09' 48" W, A DISTANCE OF 197.00 FEET TO A SET 1/2" IRON ROD WITH A "BPI" CAP FOR A CORNER OF HEREIN DESCRIBED TRACT;

THENCE, S 48° 09' 48" W, AT 37.86 FEET PASSING A FOUND 5/8 INCH IRON ROD CONTINUING FOR A TOTAL DISTANCE OF 112.50 FEET TO A SET 1/2" IRON ROD WITH A "BPI" CAP IN THE NORTHERLY BANK OF GUADALUPE RIVER FOR THE EASTERLY CORNER OF HEREIN DESCRIBED TRACT;

THENCE, ALONG THE MEANDERS OF GUADALUPE RIVER, S 42° 37' 28" E, A DISTANCE OF 222.83 FEET TO A FOUND 5/8" IRON ROD, BEING THE MOST WESTERLY CORNER OF A CERTAIN TRACT VESTED TO CAILLOUX FOUNDATION PROPERTIES, LLC AS DESCRIBED IN VOLUME 1828, PAGE 87 OF THE DEED RECORDS OF KERR COUNTY, TEXAS, FOR THE SOUTHERLY CORNER OF HEREIN DESCRIBED TRACT;

THENCE, LEAVING THE NORTHERLY BANK OF GUADALUPE RIVER, N 45° 00' 49" W, A DISTANCE OF 213.96 FEET TO A SET PK NAIL IN COLUMN IN THE WESTERLY RIGHT-OF-WAY LINE OF WATER ST. S BEING A POINT OF CURVATURE FOR THE EASTERLY CORNER OF HEREIN DESCRIBED TRACT;

THENCE, ALONG THE ARC OF A CURVE TO THE RIGHT, HAVING A CHORD OF N 15° 51' 25" W, 101.73 FEET, A RADIUS OF 339.40 FEET AND A CENTRAL ANGLE OF 17° 14' 17", A DISTANCE OF 102.11 FEET TO A SET PK NAIL IN CONCRETE FOR A POINT OF REVERSE CURVATURE;

THENCE, ALONG THE ARC OF A CURVE TO THE LEFT, HAVING A CHORD OF N 19° 52' 19" W, 128.97 FEET, A RADIUS OF 279.66 FEET AND A CENTRAL ANGLE OF 26° 39' 45", A DISTANCE OF 130.14 FEET TO THE POINT OF BEGINNING, CONTAINING AN AREA OF 1.32 ACRES (57,327 SQ. FT.) OF LAND, MORE OR LESS.
CONTAINING AN AREA OF 28.199 ACRES (1,228,359.75 SQ. FT.) OF LAND, MORE OR LESS.

Agenda Item:

3C. Resolution No. 01-2016 authorizing the filing of an application with the Alamo Area Council of Governments for a 2016/2017 solid waste pass through grant. (staff)

**BUSINESS OF THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS**

SUBJECT: Alamo Area Council of Governments (AACOG) solid waste grant application submittal

FOR AGENDA OF: January 12, 2016

DATE SUBMITTED: December 31, 2015

SUBMITTED BY: Stuart Barron
Director of Public Works

CLEARANCES: Kristine Day
Deputy City Manager

EXHIBITS: N/A

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER:



Expenditure

Current Balance

Amount

Account

Required:

in Account:

Budgeted:

Number:

\$2,250.00

\$35,000.00

\$

\$

PAYMENT TO BE MADE TO:

REVIEWED BY THE FINANCE DIRECTOR:

SUMMARY STATEMENT

AACOG allocates funds from solid waste fees paid to the Texas Commission on Environmental Quality. These fees make grant funding available to public entities in this region. The AACOG is currently accepting applications for its 2016/2017 biennium. The Solid Waste Division would like to apply for a grant to fund two tire collection events and distribute educational literature on recycling to residents. Hosting collection events gives citizens an opportunity to discard tires properly and aids in eliminating tires from being disposed of in unwanted areas. In addition to collecting tires, City staff plans to include unwanted electronics as part of the collection. Since there aren't any direct expenses for the collection and disposal of electronics, this portion of the collections will not be included in the grant application. Distributing educational information will aid in increasing the recycling rate for this community and divert recyclables from being sent to the landfill.

RECOMMENDED ACTION

Adopt Resolution supporting the application to AACOG/TCEQ for a Solid Waste grant.

**CITY OF KERRVILLE, TEXAS
RESOLUTION NO. 01-2016**

**A RESOLUTION AUTHORIZING THE FILING OF AN APPLICATION
WITH THE ALAMO AREA COUNCIL OF GOVERNMENTS FOR A
2016/2017 SOLID WASTE PASS THROUGH GRANT**

WHEREAS, the Alamo Area Council of Governments ("AACOG") is directed by the Texas Commission on Environmental Quality to administer solid waste grant funds for implementation of AACOG's adopted regional solid waste management plan; and

WHEREAS, the City of Kerrville is qualified to apply for grant funds; and

WHEREAS, the City Council of the City of Kerrville, Texas, finds it to be in the public interest to authorize the filing of a grant application with AACOG that if awarded will be utilized by the City to purchase equipment and/or services to help improve the City's solid waste management service;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF KERRVILLE, KERR COUNTY, TEXAS:

SECTION ONE. The City Council of the City of Kerrville, Texas, authorizes the City Manager, or designee, to request grant funding under the Alamo Area Council of Governments 2016/2017 Solid Waste Pass Through Grant and act on behalf of the City in all matters related to the grant application.

SECTION TWO. If the grant is awarded, City will comply with the grant requirements of AACOG, the Texas Commission on Environmental Quality and the State of Texas; the grant funds and any grant-funded equipment will be used only for those purposes specified under the grant; and, the activities will comply with and support the adopted regional and local solid waste management plans adopted for the City's geographical area in which the activities will be performed.

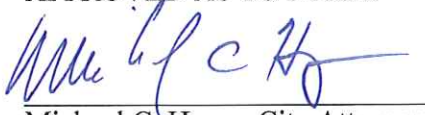
PASSED AND APPROVED ON this the ____ day of _____, A.D., 2016.

Jack Pratt, Jr., Mayor

ATTEST:

Brenda G. Craig, City Secretary

APPROVED AS TO FORM:



Michael C. Hayes, City Attorney

Agenda Item:

4A. Ordinance No. 2015-24 amending Ordinance No. 2006-01, which granted Atmos Energy Corporation a franchise to furnish, transport, and supply gas to the general public within the City of Kerrville, Kerr County, Texas, by extending the term of the franchise ordinance for an additional ninety (90) days through the end of March 29, 2016. (staff)

**TO BE CONSIDERED BY THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS**

SUBJECT: Ordinance No. 2015-24 amending Ordinance No. 2006-01, which granted Atmos Energy Corporation a franchise to furnish, transport, and supply gas to the general public within the City of Kerrville, Kerr County, Texas, by extending the term of the Franchise Ordinance for an additional ninety (90) days through the end of March 29, 2016 [**THIRD OF THREE ORDINANCE READINGS**]

FOR AGENDA OF: Jan. 12, 2016 **DATE SUBMITTED:** Jan. 5, 2016

SUBMITTED BY: Mike Hayes *mkh* **CLEARANCES:**
City Attorney

EXHIBITS: Ordinance No. 2015-24; letter from Atmos Energy Corp.

AGENDA BILL MAILED TO: Atmos Energy Corp. c/o Erikka L. Hise, attorney; Randy Hartford, Manager Public Affairs

APPROVED FOR SUBMITTAL BY CITY MANAGER: *[Signature]*

Expenditure	Current Balance	Amount	Account
Required:	in Account:	Budgeted:	Number:
\$ 0	\$ 0	\$ 0	NA

PAYMENT TO BE MADE TO: NA

REVIEWED BY THE FINANCE DEPARTMENT:

SUMMARY STATEMENT

The City is currently engaged in negotiations with Atmos Energy Corporation ("Atmos"), with respect to a new franchise agreement between the City and Atmos. The agreement, in the form of an ordinance, is necessary to authorize Atmos to continue utilizing City property (rights-of-way) for the transport and delivery of natural gas to their customers within the City.

The City charter requires three readings for each new franchise ordinance. Based upon this requirement, the number of Council meetings in November and December of 2015, newspaper notice requirements, and other timing issues, representatives of each party agreed to postpone the adoption of a new franchise and to extend the existing franchise agreement for ninety days.

The attached ordinance will amend the existing franchise ordinance by extending its term for ninety days, through March 29, 2016. In the meantime, the City will continue seeking a new franchise agreement with Atmos and believes one will be presented to Council before the expiration of the 90-day time period.

RECOMMENDED ACTION

Adoption of Ordinance on 3rd reading.

**CITY OF KERRVILLE, TEXAS
ORDINANCE NO. 2015-24**

AN ORDINANCE AMENDING ORDINANCE 2006-01, WHICH GRANTED ATMOS ENERGY CORPORATION A FRANCHISE TO FURNISH, TRANSPORT, AND SUPPLY GAS TO THE GENERAL PUBLIC WITHIN THE CITY OF KERRVILLE, KERR COUNTY, TEXAS, BY EXTENDING THE TERM OF THE FRANCHISE ORDINANCE FOR AN ADDITIONAL NINETY DAYS THROUGH THE END OF MARCH 29, 2016

WHEREAS, Atmos Energy Corporation ("Atmos"), is authorized to furnish, transport, and supply gas to the general public in the City of Kerrville pursuant to Ordinance No. 2006-01, adopted by City Council following the third reading of said franchise ordinance (the "Franchise") on January 10, 2006; and

WHEREAS, representatives for both the City and Atmos are seeking the renewal of the Franchise, which will expire on January 1, 2016, and are engaged in ongoing negotiations; and,

WHEREAS, despite these negotiations, the representatives for each party have yet to reach an agreement on a new Franchise but believe that a new deal is imminent, but in any event, can be reached on or before the extension of the Franchise by ninety days; and

WHEREAS, based upon this recommendation, both the City and Atmos wish to extend the term of the Franchise for ninety days through March 29, 2016;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF KERRVILLE, KERR COUNTY, TEXAS:

The term of the Franchise, as adopted by the City Council pursuant to Ordinance No. 2006-01, as between the City of Kerrville, Texas, and Atmos Energy Corporation, which is to terminate on December 31, 2015, shall be extended for an additional ninety days through March 29, 2016, unless sooner terminated by either party.

PASSED AND APPROVED ON FIRST READING, this the 10th day of November, 2015.

PASSED AND APPROVED ON SECOND READING, this the 8th day of December, 2015.

PASSED AND APPROVED ON SECOND READING AND FINAL READING, this the ____ day of _____, 2016.

Jack Pratt, Jr., Mayor

ATTEST:

Brenda G. Craig, City Secretary

APPROVED AS TO FORM:



Michael C. Hayes, City Attorney



Randy Hartford
Manager, Public Affairs
Atmos Energy Corporation
Mid-Tex Division
3110 North I35
Round Rock, Texas 78681

October 26, 2015

Todd Parton
City Manager
City of Kerrville
701 Main Street
Kerrville, Texas 78028

RE: Extension of Ordinance No. 2006-01

Dear Mr. Parton:

Atmos Energy Corporation hereby confirms its commitment to continue to operate in the City of Kerrville under and be bound by the terms and conditions of Ordinance No. 2006-01.

This commitment shall be in effect for the duration of negotiations leading up to final passage and approval of a new franchise ordinance. Please let me know if you have additional questions or concerns regarding this Letter of Commitment.

Sincerely,

A handwritten signature in blue ink, appearing to be "Randy Hartford", with a long, sweeping horizontal line extending to the right.

Randy Hartford
Manager of Public Affairs

CITY OF KERRVILLE

Received by: _____ Date: _____, 2015

Printed Name: _____ Title: _____

Agenda Item:

5A. Ordinance No. 2016-01 authorizing the issuance, sale and delivery of up to \$10,000,000 in aggregate principal amount of "City of Kerrville, Texas Combination Tax and Revenue Certificates of Obligation, Series 2016"; securing the payment thereof by authorizing the levy of an annual ad valorem tax and a pledge of certain surplus revenues of the city's waterworks and sewer system; and approving and authorizing the execution of a paying agent/registrars agreement, an official statement and all other instruments and procedures related thereto. (staff)

**TO BE CONSIDERED BY THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS**

SUBJECT: ORDINANCE AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF APPROXIMATELY \$10,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF "CITY OF KERRVILLE, TEXAS COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2016; SECURING THE PAYMENT THEREOF BY AUTHORIZING THE LEVY OF AN ANNUAL AD VALOREM TAX AND A PLEDGE OF CERTAIN SURPLUS REVENUES OF THE CITY'S WATERWORKS AND SEWER SYSTEM; AND APPROVING AND AUTHORIZING THE EXECUTION OF A PAYING AGENT/REGISTRAR AGREEMENT, AN OFFICIAL STATEMENT AND ALL OTHER INSTRUMENTS AND PROCEDURES RELATED THERETO

FOR AGENDA OF: January 12, 2016 

DATE SUBMITTED: January 4, 2016

SUBMITTED BY: Sandra Yarbrough
Director of Finance

CLEARANCES: Todd Parton
City Manager

EXHIBITS: Preliminary Ordinance No. 2016-01, Updated ordinance and agreements will be completed after the January 12, 2016 pricing and will be provided at the meeting.

APPROVED FOR SUBMITTAL BY CITY MANAGER: 

Expenditure Required:	Current Balance in Account:	Amount Budgeted:	Account Number:
\$	\$	\$	

PAYMENT TO BE MADE TO:

REVIEWED BY THE DIRECTOR OR FINANCE:

SUMMARY STATEMENT

The FY16 budget includes CIP projects funded by Certificates of Obligation (COs). While COs are backed by the full faith and credit of the City, the water/wastewater debt issued for the water and wastewater projects will be funded with revenue from the water/wastewater fund which is dedicated to these specific purposes. The debt will be used to acquire, construct, and equip extensions and/or improvements to the City's water and wastewater systems, specifically construction of a storage pond, pump station, gravity pipeline from the wastewater treatment plant, pipeline connections to the existing reuse system, and distribution mains for the delivery of reuse water, with the ability to utilize any remaining funds for water and sewer utility projects, and for paying professional services related thereto.

The aggregate amount of Certificates of Obligation will not exceed \$10,000,000. Because the total issued by the City in calendar year 2016 is less than \$10,000,000, this issue will be bank qualified which should make it more attractive to banks because of the tax benefits associated with this type of issue and may mean lower interest rates. .

RECOMMENDED ACTION

Approve first and only reading of Ordinance No. 2016-01 authorizing issuance of 2016 Certificates of Obligation in the amount of up to \$10,000,000.

ORDINANCE NO. 2016-01

ORDINANCE AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF \$ _____ IN AGGREGATE PRINCIPAL AMOUNT OF "CITY OF KERRVILLE, TEXAS COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2016"; SECURING THE PAYMENT THEREOF BY AUTHORIZING THE LEVY OF AN ANNUAL AD VALOREM TAX AND A PLEDGE OF CERTAIN SURPLUS REVENUES OF THE CITY'S WATERWORKS AND SEWER SYSTEM; AND APPROVING AND AUTHORIZING THE EXECUTION OF A PAYING AGENT/REGISTRAR AGREEMENT, AN OFFICIAL STATEMENT AND ALL OTHER INSTRUMENTS AND PROCEDURES RELATED THERETO

DATE OF APPROVAL: JANUARY 12, 2016

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ORDINANCE NO. 2016-01

**ORDINANCE AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF
\$ _____ IN AGGREGATE PRINCIPAL AMOUNT OF "CITY OF
KERRVILLE, TEXAS COMBINATION TAX AND REVENUE
CERTIFICATES OF OBLIGATION, SERIES 2016"; SECURING THE
PAYMENT THEREOF BY AUTHORIZING THE LEVY OF AN ANNUAL
AD VALOREM TAX AND A PLEDGE OF CERTAIN SURPLUS REVENUES
OF THE CITY'S WATERWORKS AND SEWER SYSTEM; AND
APPROVING AND AUTHORIZING THE EXECUTION OF A PAYING
AGENT/REGISTRAR AGREEMENT, AN OFFICIAL STATEMENT AND
ALL OTHER INSTRUMENTS AND PROCEDURES RELATED THERETO**

**THE STATE OF TEXAS
COUNTY OF KERR
CITY OF KERRVILLE**

**§
§
§**

WHEREAS, the CITY OF KERRVILLE, TEXAS (the "*City*") in Kerr County, Texas, is a political subdivision of the State of Texas operating as a home-rule city pursuant to the Texas Local Government Code and its City Charter which was initially approved by the qualified voters of the City on February 24, 1942, and which has been amended from time to time, with the most recent amendments being approved by the qualified voters of the City on May 4, 1999; and

WHEREAS, the City Council of the City hereby determines that it is necessary and desirable to plan, acquire, construct, and equip extensions and improvements to the City's waterworks and sewer system, including but not limited to wastewater effluent reuse treatment, storage and delivery facilities (the "*Projects*"); and

WHEREAS, the City Council of the City intends to finance the Projects from proceeds derived from the sale of Certificates of Obligation issued by the City pursuant to Sections 271.041 - 271.065, Texas Local Government Code, as amended; and

WHEREAS, on November 10, 2015, the City Council adopted a resolution authorizing and directing the City Secretary to give notice of intention to issue Certificates of Obligation; and

WHEREAS, said notice has been duly published in the *Hill Country Community Journal*, which is a newspaper of general circulation in the City in its issues of December 2, 2015, and December 9, 2015; and

WHEREAS, the City received no petition signed by at least five percent of the qualified electors of the City protesting the issuance of such Certificates of Obligation; and

WHEREAS, it is considered to be in the best interest of the City that said interest bearing Certificates of Obligation be issued; and

WHEREAS, it is hereby officially found and determined that the meeting at which this Ordinance was passed was open to the public, and public notice of the time, place and purpose of said meeting was given, all as required by Chapter 551, Texas Government Code;

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF KERRVILLE, KERR COUNTY, TEXAS, THAT:

SECTION ONE. AMOUNT AND PURPOSE OF THE CERTIFICATES OF OBLIGATION. The certificate of obligation or certificates of obligation of the City further described in Section 2 of this Ordinance and referred to herein as the "Certificates of Obligation" are hereby authorized to be issued and delivered in the aggregate principal amount of \$ _____ ***FOR THE PURPOSE OF PAYING, IN WHOLE OR IN PART, CONTRACTUAL OBLIGATIONS TO BE INCURRED TO PLAN, ACQUIRE, CONSTRUCT, AND EQUIP EXTENSIONS AND IMPROVEMENTS TO THE CITY'S WATERWORKS AND SEWER SYSTEM, INCLUDING BUT NOT LIMITED TO WASTEWATER EFFLUENT REUSE TREATMENT, STORAGE AND DELIVERY FACILITIES, TO PAY ALL OR A PORTION OF THE LEGAL, FISCAL AND ENGINEERING FEES IN CONNECTION THEREWITH, AND TO PAY COSTS OF ISSUANCE.***

SECTION TWO. DESIGNATION, DATE, DENOMINATIONS, NUMBERS AND MATURITIES OF THE CERTIFICATES OF OBLIGATION. Each certificate of obligation issued pursuant to and for the purpose described in Section 1 of this Ordinance shall be designated: **CITY OF KERRVILLE, TEXAS COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2016**, and initially there shall be issued, sold and delivered hereunder one fully registered certificate of obligation, without interest coupons, dated January 1, 2016, in the aggregate principal amount of \$ _____, numbered T-1 (the "***Initial Certificate of Obligation***"), with certificates of obligation issued in replacement thereof being in the denomination of \$5,000 or any integral multiple thereof and numbered consecutively from R-1 upward, all payable to the initial registered owner thereof (with the Initial Certificate of Obligation being payable to the initial purchaser designated in Section 16 hereof), or to the registered assignee or assignees of said certificates of obligation or any portion or portions thereof (in each case, the "***Registered Owner***"), and the certificates of obligation shall mature and be payable serially on ***August 15*** in each of the years and in the principal amounts, respectively, as set forth in the following schedule:

<u>YEAR OF MATURITY</u>	<u>PRINCIPAL AMOUNT (\$)</u>	<u>YEAR OF MATURITY</u>	<u>PRINCIPAL AMOUNT (\$)</u>	<u>YEAR OF MATURITY</u>	<u>PRINCIPAL AMOUNT (\$)</u>
2016		2023		2030	
2017		2024		2031	
2018		2025		2032	
2019		2026		2033	
2020		2027		2034	
2021		2028		2035	
2022		2029			

The term "*Certificates of Obligation*" as used in this Ordinance shall mean and include the Certificates of Obligation initially issued and delivered pursuant to this Ordinance and all substitute certificates of obligation exchanged therefor, as well as all other substitute certificates of obligation and replacement certificates of obligation issued pursuant hereto, and the term "*Certificate of Obligation*" shall mean any of the Certificates of Obligation.

SECTION THREE. INTEREST. The Certificates of Obligation shall bear interest calculated on the basis of a 360-day year composed of twelve 30-day months from the dates specified in the FORM CERTIFICATE OF OBLIGATION set forth in this Ordinance to their respective dates of maturity or prior redemption at the following rates per annum:

<u>YEAR OF MATURITY</u>	<u>INTEREST RATE (%)</u>	<u>YEAR OF MATURITY</u>	<u>INTEREST RATE (%)</u>	<u>YEAR OF MATURITY</u>	<u>INTEREST RATE (%)</u>
2016		2023		2030	
2017		2024		2031	
2018		2025		2032	
2019		2026		2033	
2020		2027		2034	
2021		2028		2035	
2022		2029			

Said interest shall be payable in the manner provided and on the dates stated in the FORM OF CERTIFICATE OF OBLIGATION set forth in this Ordinance.

SECTION FOUR. CHARACTERISTICS OF THE CERTIFICATES OF OBLIGATION; APPROVAL OF PAYING AGENT/REGISTRAR AGREEMENT.

(a) Registration, Transfer, and Exchange; Authentication. The City shall keep or cause to be kept at the designated corporate trust or commercial banking office (currently located in Houston, Texas) of U.S. BANK NATIONAL ASSOCIATION (the "**Paying Agent/Registrar**") books or records for the registration of the transfer and exchange of the Certificates of Obligation (the "**Registration Books**"), and the City hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such registrations of transfers and exchanges under such reasonable regulations as the City and Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such registrations, transfers and exchanges as herein provided. Attached hereto as *Exhibit A* is a copy of the Paying Agent/Registrar Agreement between the City and the Paying Agent/Registrar which is hereby approved in substantially final form, and the Mayor, Mayor Pro-Tem and City Secretary of the City are hereby authorized to execute the Paying Agent/Registrar Agreement and approve any changes in the final form thereof.

The Paying Agent/Registrar shall obtain and record in the Registration Books the address of the registered owner of each Certificate of Obligation to which payments with respect to the Certificates of Obligation shall be mailed, as herein provided; but it shall be the duty of each registered owner to notify the Paying Agent/Registrar in writing of the address to which payments shall be mailed, and such interest payments shall not be mailed unless such notice has been given. To the extent possible and under reasonable circumstances, all transfers of Certificates of Obligation shall be made within three business days after request and presentation thereof. The City shall have the right to inspect the Registration Books during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity. The Paying Agent/Registrar's standard or customary fees and charges for making such registration, transfer, exchange and delivery of a substitute Certificate of Obligation or Certificates of Obligation shall be paid as provided in the FORM CERTIFICATE OF OBLIGATION set forth in this Ordinance. Registration of assignments, transfers and exchanges of Certificates of Obligation shall be made in the manner provided and with the effect stated in the FORM OF CERTIFICATE OF OBLIGATION set forth in this Ordinance. Each substitute Certificate of Obligation shall bear a letter and/or number to distinguish it from each other Certificate of Obligation.

Except as provided in (c) below, an authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Certificate of Obligation, date and manually sign the Paying Agent/Registrar's Authentication Certificate, and no such Certificate of Obligation shall be deemed to be issued or outstanding unless such Certificate is so executed. The Paying Agent/Registrar promptly shall cancel all paid Certificates of Obligation and Certificates of Obligation surrendered for transfer and exchange. No additional ordinances, orders, or resolutions need be passed or adopted by the governing body of the City or any other body or person so as to accomplish the foregoing transfer and exchange of any Certificate of Obligation or portion thereof, and the Paying Agent/Registrar shall provide for the printing, execution, and delivery of the substitute Certificates of Obligation in the manner prescribed herein, and said Certificates of Obligation shall be of type composition printed on paper with lithographed or steel engraved borders of customary weight and strength. Pursuant to Chapter 1201, Texas Government Code, and particularly Subchapter D and

Section 1201.067 thereof, the duty of transfer and exchange of Certificates of Obligation as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of said Certificate, the transferred and exchanged Certificate of Obligation shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Certificates of Obligation which initially were issued and delivered pursuant to this Ordinance, approved by the Attorney General, and registered by the Comptroller of Public Accounts.

(b) Payment of Certificates of Obligation and Interest. The City hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest on the Certificates of Obligation, all as provided in this Ordinance. The Paying Agent/ Registrar shall keep proper records of all payments made by the City and the Paying Agent/Registrar with respect to the Certificates of Obligation.

(c) In General. The Certificates of Obligation (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Certificates of Obligation to be payable only to the registered owners thereof, (ii) may be redeemed prior to their scheduled maturities (notice of which shall be given to the Paying Agent/Registrar by the City at least 50 days prior to any such redemption date), (iii) may be transferred and assigned, (iv) may be exchanged for other Certificates of Obligation, (v) shall have the characteristics, (vi) shall be signed, sealed, executed and authenticated, (vii) shall be payable as to principal and interest, and (viii) shall be administered and the Paying Agent/Registrar and the City shall have certain duties and responsibilities with respect to the Certificates of Obligation, all as provided, and in the manner and to the effect as required or indicated, in the FORM OF CERTIFICATE OF OBLIGATION set forth in this Ordinance. The Initial Certificate of Obligation is not required to be, and shall not be, authenticated by the Paying Agent/Registrar, but on each substitute Certificate of Obligation issued in exchange for the Initial Certificate of Obligation issued under this Ordinance the Paying Agent/Registrar shall execute the PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE, in the form set forth in the FORM OF CERTIFICATE OF OBLIGATION. In lieu of the executed Paying Agent/Registrar's Authentication Certificate described above, the Initial Certificate of Obligation delivered on the closing date (as further described in subparagraph (i) below) shall have attached thereto the Comptroller's Registration Certificate substantially in the form set forth in the FORM OF CERTIFICATE OF OBLIGATION below, manually executed by the Comptroller of Public Accounts of the State of Texas or by her duly authorized agent, which certificate shall be evidence that the Initial Certificate of Obligation has been duly approved by the Attorney General of the State of Texas and that it is a valid and binding obligation of the City, and has been registered by the Comptroller.

(d) Substitute Paying Agent/Registrar. The City covenants with the registered owners of the Certificates of Obligation that at all times while the Certificates of Obligation are outstanding the City will provide a competent and legally qualified bank, trust company, financial institution, or other entity to act as and perform the services of Paying Agent/Registrar for the Certificates of Obligation under this Ordinance, and that the Paying Agent/Registrar will be one entity and shall be an entity registered with the Securities and Exchange Commission. The City reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than 120 days written notice to the Paying Agent/Registrar, to be effective not later than 60 days prior to the next principal or interest payment date after such notice. In the event that the entity at any time acting as Paying

Agent/Registrar (or its successor by merger, acquisition, or other method) should resign or otherwise cease to act as such, the City covenants that promptly it will appoint a competent and legally qualified bank, trust company, financial institution, or other agency to act as Paying Agent/Registrar under this Ordinance. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall transfer and deliver the Registration Books (or a copy thereof), along with all other pertinent books and records relating to the Certificates of Obligation, to the new Paying Agent/Registrar designated and appointed by the City. Upon any change in the Paying Agent/Registrar, the City promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to each registered owner of the Certificates of Obligation, by United States mail, first-class postage prepaid, which notice also shall give the address of the new Paying Agent/Registrar. By accepting the position and performing as such, each Paying Agent/Registrar shall be deemed to have agreed to the provisions of this Ordinance, and a certified copy of this Ordinance shall be delivered to each Paying Agent/Registrar.

(e) Book-Entry Only System for Certificates of Obligation. The Certificates of Obligation issued in exchange for the Certificates of Obligation initially issued to the purchaser specified in Section 16 herein shall be initially issued in the form of a separate single fully registered Certificate of Obligation for each of the maturities thereof. Upon initial issuance, the ownership of each such Certificate of Obligation shall be registered in the name of Cede & Co., as nominee of The Depository Trust Company of New York ("**DTC**"), and except as provided in subsection (i) hereof, all of the outstanding Certificates of Obligation shall be registered in the name of Cede & Co., as nominee of DTC.

With respect to Certificates of Obligation registered in the name of Cede & Co., as nominee of DTC, the City and the Paying Agent/Registrar shall have no responsibility or obligation to any securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created ("**DTC Participant**") to hold securities to facilitate the clearance and settlement of securities transaction among DTC Participants or to any person on behalf of whom such a DTC Participant holds an interest in the Certificates of Obligation. Without limiting the immediately preceding sentence, the City and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Certificates of Obligation, (ii) the delivery to any DTC Participant or any other person, other than a registered owner of the Certificates of Obligation, as shown on the Registration Books, of any notice with respect to the Certificates of Obligation, or (iii) the payment to any DTC Participant or any other person, other than a registered owner of Certificates of Obligation, as shown in the Registration Books of any amount with respect to principal of or interest on the Certificates of Obligation. Notwithstanding any other provision of this Ordinance to the contrary, the City and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Certificate of Obligation is registered in the Registration Books as the absolute owner of such Certificate of Obligation for the purpose of payment of principal and interest with respect to such Certificate of Obligation, for the purpose of registering transfers with respect to such Certificate of Obligation, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of and interest on the Certificates of Obligation only to or upon the order of the registered owners, as shown in the Registration Books as provided in this Ordinance, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to payment of

principal of and interest on the Certificates of Obligation to the extent of the sum or sums so paid. No person other than a registered owner, as shown in the Registration Books, shall receive a Certificate of Obligation certificate evidencing the obligation of the City to make payments of principal and interest pursuant to this Ordinance. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Ordinance with respect to interest checks being mailed to the registered owner at the close of business on the Record Date, the words "Cede & Co." in this Ordinance shall refer to such new nominee of DTC.

(f) Successor Securities Depository; Transfers Outside Book-Entry Only Systems. In the event that the City determines that DTC is incapable of discharging its responsibilities described herein and in the representation letter of the City to DTC or that it is in the best interest of the beneficial owners of the Certificates of Obligation that they be able to obtain certificated Certificates of Obligation, the City shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Certificates of Obligation to such successor securities depository or (ii) notify DTC and DTC Participants of the availability through DTC of Certificates of Obligation and transfer one or more separate Certificates of Obligation to DTC Participants having Certificates of Obligation credited to their DTC accounts. In such event, the Certificates of Obligation shall no longer be restricted to being registered in the Registration Books in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names registered owners transferring or exchanging Certificates of Obligation shall designate, in accordance with the provisions of this Ordinance.

(g) Payments to Cede & Co. Notwithstanding any other provision of this Ordinance to the contrary, so long as any Certificate of Obligation is registered in the name of Cede & Co., as nominee for DTC, all payments with respect to principal of and interest on such Certificate of Obligation and all notices with respect to such Certificate of Obligation shall be made and given, respectively, in the manner provided in the representation letter of the City to DTC.

(h) DTC Letter of Representations. The officers of the City are herein authorized for and on behalf of the City and as officers of the City to enter into one or more Letters of Representations with DTC establishing the book-entry only system with respect to the Certificates of Obligation.

(i) Delivery of Initial Certificate of Obligation. On the closing date, one Initial Certificate of Obligation representing the entire principal amount of the respective series of Certificates of Obligation, payable in stated installments to the initial registered owner named in Section 16 of this Ordinance or its designee, executed by manual or facsimile signature of the Mayor or Mayor Pro-Tem and City Secretary of the City, approved by the Attorney General of Texas, and registered and manually signed by the Comptroller of Public Accounts of the State of Texas, will be delivered to the initial purchaser or its designee. Upon payment for the Initial Certificate of Obligation, the Paying Agent/Registrar shall cancel the Initial Certificate of Obligation and deliver to the initial registered owner or its designee one registered definitive Certificate of Obligation for each year of maturity of the Certificates of Obligation, in the aggregate principal amount of all of the Certificates of Obligation for such maturity.

SECTION FIVE. FORM OF CERTIFICATE OF OBLIGATION. The form of the Certificates of Obligation, including the form of Paying Agent/Registrar's Authentication Certificate, the form of Assignment, and the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas (to be attached only to the Certificates of Obligation initially issued and delivered pursuant to this Ordinance), shall be, respectively, substantially as follows, with such appropriate variations, omissions, or insertions as are permitted or required by this Ordinance.

FORM OF CERTIFICATE OF OBLIGATION

R-__ UNITED STATES OF AMERICA PRINCIPAL
STATE OF TEXAS AMOUNT
COUNTY OF KERR \$_____
CITY OF KERRVILLE, TEXAS
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION
SERIES 2016

INTEREST RATE	MATURITY DATE	DATE OF SERIES	CUSIP NO.
___%	August 15, 20__	January 1, 2016	492422 __

REGISTERED OWNER:

PRINCIPAL AMOUNT: DOLLARS

ON THE MATURITY DATE specified above, the **CITY OF KERRVILLE, TEXAS** (the "City"), being a political subdivision and home-rule municipality of the State of Texas, hereby promises to pay to the Registered Owner specified above, or registered assigns (hereinafter called the "*Registered Owner*"), the Principal Amount specified above, and to pay interest thereon (calculated on the basis of a 360-day year of twelve 30-day months) from January 1, 2016 at the Interest Rate per annum specified above, payable on August 15, 2016 and semiannually on each February 15 and August 15 thereafter to the Maturity Date specified above, or the date of redemption prior to maturity; except that if this Certificate of Obligation is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such Principal Amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Certificate of Obligation or Certificates of Obligation, if any, for which this Certificate of Obligation is being exchanged is due but has not been paid, then this Certificate of Obligation shall bear interest from the date to which such interest has been paid in full.

THE PRINCIPAL OF AND INTEREST ON this Certificate of Obligation are payable in lawful money of the United States of America, without exchange or collection charges. The

principal of this Certificate of Obligation shall be paid to the Registered Owner hereof upon presentation and surrender of this Certificate of Obligation at maturity or upon the date fixed for redemption prior to maturity, at the designated corporate trust or commercial banking office (currently located in Houston, Texas) of U.S. BANK NATIONAL ASSOCIATION, which is the "**Paying Agent/Registrar**" for this Certificate of Obligation. The payment of interest on this Certificate of Obligation shall be made by the Paying Agent/Registrar to the Registered Owner hereof on each interest payment date by check, dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the City required by the Ordinance authorizing the issuance of this Certificate of Obligation (the "**Ordinance**") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the Registered Owner hereof, at its address as it appeared on the last business day of the month next preceding each such date (the "**Record Date**") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "**Special Record Date**") will be established by the Paying Agent/Registrar if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "**Special Payment Date**" which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class, postage prepaid, to the address of each Registered Owner appearing on the Registration Books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice. Any accrued interest due upon the redemption of this Certificate of Obligation prior to maturity as provided herein shall be paid to the Registered Owner upon presentation and surrender of this Certificate of Obligation for redemption and payment at the designated corporate trust office of the Paying Agent/Registrar (unless the redemption date is a regularly scheduled interest payment date, in which case accrued interest on such redeemed Certificates of Obligation shall be payable in the regular manner described above). The City covenants with the Registered Owner of this Certificate of Obligation that on or before each principal payment date, interest payment date and accrued interest payment date for this Certificate of Obligation it will make available to the Paying Agent/Registrar, from the "Interest and Sinking Fund" created by the Ordinance, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Certificates of Obligation, when due.

IF THE DATE FOR THE PAYMENT OF the principal of or interest on this Certificate of Obligation shall be a Saturday, Sunday, legal holiday, or day on which banking institutions in the city where the Paying Agent/Registrar is located are authorized by law or executive order to close, or the United States Postal Service is not open for business, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day on which banking institutions are authorized to close, or the United States Postal Service is not open for business; and payment on such date shall have the same force and effect as if made on the original date payment was due.

THIS CERTIFICATE OF OBLIGATION is one of a series of Certificates of Obligation dated as of January 1, 2016, authorized in accordance with the Constitution and laws of the State of Texas in the aggregate principal amount of \$ _____ **FOR THE PURPOSE OF PAYING,**

IN WHOLE OR IN PART, CONTRACTUAL OBLIGATIONS TO BE INCURRED TO PLAN, ACQUIRE, CONSTRUCT, AND EQUIP EXTENSIONS AND IMPROVEMENTS TO THE CITY'S WATERWORKS AND SEWER SYSTEM, INCLUDING BUT NOT LIMITED TO WASTEWATER EFFLUENT REUSE TREATMENT, STORAGE AND DELIVERY FACILITIES, TO PAY ALL OR A PORTION OF THE LEGAL, FISCAL AND ENGINEERING FEES IN CONNECTION THEREWITH, AND TO PAY COSTS OF ISSUANCE.

ON AUGUST 15, 20__ , OR ON ANY DATE THEREAFTER, the Certificates of Obligation of this Series maturing on and after August 15, 20__, may be redeemed prior to their scheduled maturities, at the option of the City, with funds derived from any available and lawful source, as a whole, or in part (provided that a portion of a Certificate of Obligation may be redeemed only in an integral multiple of \$5,000), at the redemption price of the principal amount of Certificates of Obligation called for redemption, plus accrued interest thereon to the date fixed for redemption. The City shall determine the maturity or maturities, and the principal amount of Certificates of Obligation within each maturity, to be redeemed. If less than all Certificates of Obligation of a maturity are to be redeemed, the particular Certificates of Obligation to be redeemed shall be selected by the Paying Agent/Registrar at random and by lot.

ADDITIONALLY, THE CERTIFICATES OF OBLIGATION MATURING on August 15 in the years 20__, 20__, and 20__ (the "**Term Certificates**") are subject to mandatory redemption prior to maturity in part by lot, at a price equal to the principal amount thereof plus accrued interest to the date of redemption, on the dates and in the respective principal amounts shown below:

TERM CERTIFICATES MATURING AUGUST 15, 20__		TERM CERTIFICATES MATURING AUGUST 15, 20__	
Mandatory Redemption Date	Redemption Amount (\$)	Mandatory Redemption Date	Redemption Amount (\$)
August 15, 20__		August 15, 20__	
August 15, 20__		August 15, 20__	
August 15, 20__ (maturity)		August 15, 20__ (maturity)	

TERM CERTIFICATES MATURING AUGUST 15, 20__	
Mandatory Redemption Date	Redemption Amount (\$)
August 15, 20__	
August 15, 20__	
August 15, 20__ (maturity)	

The principal amount of the Term Certificates required to be redeemed pursuant to the operation of such mandatory redemption requirements may be reduced, at the option of the City, by the principal

amount of any such Term Certificates which, prior to the date of the mailing of notice of such mandatory redemption, (i) shall have been acquired by the City and delivered to the Paying Agent/Registrar for cancellation, (ii) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the City, or (iii) shall have been redeemed pursuant to the optional redemption provisions described in the preceding paragraph and not theretofore credited against a mandatory redemption requirement.

AT LEAST 30 DAYS PRIOR TO THE DATE FIXED for any redemption of Certificates of Obligation or portions thereof prior to maturity, a written notice of such redemption shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid to the Registered Owner of each Certificate of Obligation to be redeemed at its address as it appeared on the Registration Books maintained by the Paying Agent/Registrar on the day such notice of redemption is mailed. Any notice of redemption so mailed shall be conclusively presumed to have been duly given irrespective of whether received by the Registered Owner. The notice with respect to an optional redemption of Certificates of Obligation may state (1) that it is conditioned upon the deposit of moneys, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar no later than the redemption date, or (2) that the City retains the right to rescind such notice at any time prior to the scheduled redemption date if the City delivers a certificate of an authorized representative to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice, and such notice and optional redemption shall be of no effect if such moneys are not so deposited or if such notice is so rescinded. By the date fixed for any such redemption, due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Certificates of Obligation or portions thereof which are to be so redeemed. If such written notice of redemption is mailed (and not rescinded), and if due provision for such payment is made, all as provided above, the Certificates of Obligation or portions thereof which are to be so redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the Registered Owner to receive the redemption price from the Paying Agent/Registrar out of the funds provided for such payment. If a portion of any Certificate of Obligation shall be redeemed a substitute Certificate of Obligation or Certificates of Obligation having the same maturity date, bearing interest at the same rate, in any denomination or denominations in any integral multiple of \$5,000, at the written request of the Registered Owner, and in an aggregate principal amount equal to the unredeemed portion thereof, will be issued to the Registered Owner upon the surrender thereof for cancellation, at the expense of the City, all as provided in the Ordinance.

ALL CERTIFICATES OF OBLIGATION OF THIS SERIES are issuable solely as fully registered Certificates of Obligation, without interest coupons, in the denomination of any integral multiple of \$5,000. As provided in the Ordinance, this Certificate of Obligation, may, at the request of the Registered Owner or the assignee or assignees hereof, be assigned, transferred and exchanged for a like aggregate principal amount of fully registered Certificates of Obligation, without interest coupons, payable to the appropriate Registered Owner, assignee or assignees, as the case may be, having the same denomination or denominations in any integral multiple of \$5,000 as requested in writing by the appropriate Registered Owner, assignee or assignees, as the case may be, upon surrender of this Certificate of Obligation to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Ordinance. Among other requirements for such assign-

ment and transfer, this Certificate of Obligation must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Certificate of Obligation or any portion or portions hereof in any integral multiple of \$5,000 to the assignee or assignees in whose name or names this Certificate of Obligation or any such portion or portions hereof is or are to be registered. The form of Assignment printed or endorsed on this Certificate of Obligation may be executed by the Registered Owner to evidence the assignment hereof, but such method is not exclusive, and other instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Certificate of Obligation or any portion or portions hereof from time to time by the Registered Owner. The Paying Agent/Registrar's reasonable standard or customary fees and charges for transferring and exchanging any Certificate of Obligation or portion thereof shall be paid by the City, but any taxes or governmental charges required to be paid with respect thereto shall be paid by the one requesting such assignment, transfer or exchange as a condition precedent to the exercise of such privilege. The Paying Agent/Registrar shall not be required to make any such transfer or exchange during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date.

WHENEVER THE BENEFICIAL OWNERSHIP of this Certificate of Obligation is determined by a book entry at a securities depository for the Certificates of Obligation, the foregoing requirements of holding, delivering or transferring this Certificate of Obligation shall be modified to require the appropriate person or entity to meet the requirements of the securities depository as to registering or transferring the book entry to produce the same effect.

IN THE EVENT ANY PAYING AGENT/REGISTRAR for the Certificates of Obligation is changed by the City, resigns, or otherwise ceases to act as such, the City has covenanted in the Ordinance that it promptly will appoint a competent and legally qualified substitute therefor, and cause written notice thereof to be mailed to the Registered Owners of the Certificates of Obligation.

IT IS HEREBY CERTIFIED, RECITED, AND COVENANTED that this Certificate of Obligation has been duly and validly authorized, issued, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Certificate of Obligation have been performed, existed, and been done in accordance with law; that this Certificate of Obligation is a general obligation of the City, issued on the full faith and credit thereof; and that ad valorem taxes sufficient to provide for the payment of the interest on and principal of this Certificate of Obligation, as such interest comes due, and as such principal matures, have been levied and ordered to be levied against all taxable property in the City, and have been pledged for such payment, within the limits prescribed by law and that this Certificate of Obligation is additionally secured by a lien on and pledge of Surplus Revenues received by the City from the ownership and operation of the City's Waterworks and Sewer System, all as provided in the Ordinance authorizing the Certificates of Obligation.

THE CITY ALSO HAS RESERVED THE RIGHT TO AMEND the Ordinance as provided therein, and under some (but not all) circumstances amendments thereto must be approved by the registered owners of a majority in aggregate principal amount of the outstanding Certificates of Obligation.

BY BECOMING THE REGISTERED OWNER of this Certificate of Obligation, the Registered Owner thereby acknowledges all of the terms and provisions of the Ordinance, agrees to be bound by such terms and provisions, acknowledges that the Ordinance is duly recorded and available for inspection in the official minutes and records of the governing body of the City, and agrees that the terms and provisions of this Certificate of Obligation and the Ordinance constitute a contract between each Registered Owner hereof and the City.

IN WITNESS WHEREOF, the City has caused this Certificate of Obligation to be signed with the manual or facsimile signature of the Mayor or Mayor Pro-Tem of the City, and countersigned with the manual or facsimile signature of the City Secretary of the City, and the official seal of the City has been duly impressed, or placed in facsimile, on this Certificate of Obligation.

Countersigned:

(facsimile signature)
City Secretary, City of Kerrville, Texas

(facsimile signature)
Mayor [Pro-Tem], City of Kerrville, Texas

(CITY SEAL)

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**FORM OF REGISTRATION CERTIFICATE
OF THE COMPTROLLER OF PUBLIC ACCOUNTS:**

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO. _____

I hereby certify that this Certificate of Obligation has been examined, certified as to validity, and approved by the Attorney General of the State of Texas, and that this Certificate of Obligation has been registered by the Comptroller of Public Accounts of the State of Texas.

Witness my signature and seal this

(COMPTROLLER'S SEAL)

Comptroller of Public Accounts
of the State of Texas

FORM OF PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

*(To be executed if this Certificate of Obligation is not accompanied by an executed
Registration Certificate of the Comptroller of Public Accounts of the State of Texas)*

It is hereby certified that this Certificate of Obligation has been issued under the provisions of the Ordinance described in the text of this Certificate of Obligation; and that this Certificate of Obligation has been issued in exchange for a certificate of obligation or certificates of obligation, or a portion of a certificate of obligation or certificates of obligation of a series which originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

Dated

U.S. BANK NATIONAL ASSOCIATION
Houston, Texas
Paying Agent/Registrar

By _____
Authorized Representative

[The remainder of this page intentionally left blank]

FORM OF ASSIGNMENT:

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned Registered Owner of this Certificate of Obligation, or duly authorized representative or attorney thereof, hereby sells, assigns and transfers this Certificate of Obligation and all rights hereunder unto _____

_____/

(Assignee's Social Security or
Taxpayer Identification Number)

(Please print or typewrite Assignee's name and address,
including zip code)

and hereby irrevocably constitutes and appoints _____
attorney to transfer the registration of this Certificate of Obligation on the Paying Agent/Registrar's
Registration Books with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by
a member firm of the New York Stock
Exchange or a commercial bank or trust
company.

NOTICE: The signature above must
correspond with the name of the Registered
Owner as it appears upon the front of this
Certificate of Obligation in every particular,
without alteration or enlargement or any
change whatsoever.

INITIAL CERTIFICATE OF OBLIGATION INSERTIONS

The Initial Certificate of Obligation shall be in the form set forth above except that:

- (A) Immediately under the name of the Certificate of Obligation, the headings "INTEREST RATE" and "MATURITY DATE" shall be completed with the words "As shown below" and "CUSIP NO. ____" shall be deleted.
- (B) The first paragraph shall be deleted and the following shall be inserted:

"ON THE RESPECTIVE MATURITY DATES specified below, the ***CITY OF KERRVILLE, TEXAS*** (the "*City*"), being a political subdivision and municipal corporation of the State of Texas, hereby promises to pay to the Registered Owner specified above, or registered assigns (hereinafter called the "***Registered Owner***"), the respective Principal Installments specified below, and to pay interest thereon (calculated on the basis of a 360-day year composed of twelve 30-day months) from January 1, 2016, at the respective Interest Rates per annum specified below, payable on August 15, 2016 and semiannually on each February 15 and August 15 thereafter to the

respective Maturity Dates specified below, or the date of redemption prior to maturity. The respective Maturity Dates, Principal Installments and Interest Rates for this Certificate of Obligation are set forth in the following schedule:

<u>MATURITY DATE (AUGUST 15)</u>	<u>PRINCIPAL INSTALLMENT (\$)</u>	<u>INTEREST RATE (%)</u>	<u>MATURITY DATE (AUGUST 15)</u>	<u>PRINCIPAL INSTALLMENT (\$)</u>	<u>INTEREST RATE (%)</u>
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

[Insert principal and interest information from Sections 2 and 3 above]"

(C) The Initial Certificate of Obligation shall be numbered "T-1."

SECTION SIX. INTEREST AND SINKING FUND; TAX LEVY; SECURITY INTEREST.

(a) Interest and Sinking Fund, Tax Levy. A special Interest and Sinking Fund for the Certificates of Obligation (the "***Interest and Sinking Fund***") is hereby created solely for the benefit of the Certificates of Obligation, and the Interest and Sinking Fund shall be established and maintained by the City at an official depository bank of the City. The Interest and Sinking Fund shall be kept separate and apart from all other funds and accounts of the City, and shall be used only for paying the interest on and principal of the Certificates of Obligation. All ad valorem taxes levied and collected for and on account of the Certificates of Obligation shall be deposited, as collected, to the credit of the Interest and Sinking Fund. During each year while any of the Certificates of Obligation or interest thereon are outstanding and unpaid, the City shall compute and ascertain a rate and amount of ad valorem tax which, together with "Surplus Revenues" with respect to the Certificates of Obligation (as described in Section 7 below) budgeted to pay principal and interest coming due during such fiscal year, will be sufficient to raise and produce the money required to pay the interest on the Certificates of Obligation as such interest comes due, and to provide and maintain a sinking fund adequate to pay the principal of its Certificates of Obligation as such principal matures (but never less than 2% of the original principal amount of the Certificates of Obligation as a sinking fund each year); and said tax shall be based on the latest approved tax rolls of the City, with full allowance being made for tax delinquencies and the cost of tax collection. Said rate and amount of ad valorem tax is hereby levied, and is hereby ordered to be levied, against all taxable property in the City for each year while any of the Certificates of Obligation or interest thereon are outstanding and unpaid; and said tax shall be assessed and collected each such year and deposited to the credit of the respective Interest and Sinking Fund. Said ad valorem taxes sufficient to provide for the payment of the interest on and principal of the Certificates of Obligation, as such interest comes due and such principal matures, are hereby pledged for such payment, within the limit prescribed by law.

(b) *Security Interest.* Chapter 1208, Texas Government Code, applies to the issuance of the Certificates of Obligation and the pledge of the ad valorem taxes and Surplus Revenues granted by the City under Sections 6(a) and 7 of this Ordinance, and is therefore valid, effective, and perfected. If Texas law is amended at any time while the Certificates of Obligation are outstanding and unpaid such that the pledge of the ad valorem taxes or Surplus Revenues granted by the City under Sections 6(a) and 7 of this Ordinance is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, then in order to preserve to the registered owners of the Certificates of Obligation the perfection of the security interest in said pledge, the City agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Texas Business & Commerce Code, and enable a filing to perfect the security interest in said pledge to occur.

SECTION SEVEN. SURPLUS REVENUES. Pursuant to Section 271.052, Texas Local Government Code, as amended, and Chapter 1502, Texas Government Code, as amended, the Certificates of Obligation additionally shall be payable from and secured by surplus revenues derived by the City from the City's Waterworks and Sewer System remaining after (a) payment of all amounts constituting operation and maintenance expenses of said Waterworks and Sewer System, and (b) payment of all debt service, reserve, and other requirements and amounts required to be paid under all ordinances heretofore or hereafter authorizing (i) all bonds, and (ii) all other obligations not on a parity with the Certificates of Obligation, which are payable from and secured by any Waterworks and Sewer System revenues, and (c) payment of all amounts payable from any Waterworks and Sewer System revenues pursuant to contracts heretofore or hereafter entered into by the City in accordance with law (the "*Surplus Revenues*"). If for any reason the City fails to deposit ad valorem taxes levied pursuant to Section 6 hereof to the credit of the Interest and Sinking Fund in an amount sufficient to pay, when due, the principal of and interest on the Certificates of Obligations, then Surplus Revenues may be deposited to the credit of the Interest and Sinking Fund and used to pay such principal and/or interest. The City reserves, and shall have, the right to issue bonds and other obligations not on a parity with the Certificates of Obligation, and to enter into contracts, in accordance with applicable laws, to be payable from and secured by any Waterworks and Sewer System revenues.

SECTION EIGHT. CONSTRUCTION FUND. There is hereby created and established in the depository of the City, a fund to be called the *City of Kerrville, Texas Combination Tax and Revenue Certificates of Obligation (Series 2016) Construction Fund* (herein called the "*Construction Fund*"). Proceeds from the sale and delivery of the Certificates of Obligation (other than proceeds representing accrued interest on the Certificates of Obligation and any premium on the Certificates of Obligation that is not used by the City to pay costs of issuance in accordance with the provisions of Section 1201.042(d), Texas Government Code, as amended, which shall be deposited in the Interest and Sinking Fund) shall be deposited in the Construction Fund. Money in the Construction Fund shall be subject to disbursements by the City for payment of all costs incurred in carrying out the purpose for which the Certificates of Obligation are issued, including but not limited to costs for construction, engineering, architecture, financing, financial consultants and legal services related to the project being financed with proceeds of the Certificates of Obligation and the issuance of the Certificates of Obligation. All funds remaining on deposit in the Construction Fund upon completion of the projects being financed with the proceeds from the Certificates of Obligation, if any, shall be transferred to the Interest and Sinking Fund.

SECTION NINE. INVESTMENTS. Funds on deposit in the Interest and Sinking Fund and the Construction Fund shall be secured by the depository bank of the City in the manner and to the extent required by law to secure other public funds of the City and may be invested from time to time in any investment authorized by applicable law, including but not limited to the Public Funds Investment Act (Chapter 2256, Texas Government Code), and the City's investment policy adopted in accordance with the provisions of the Public Funds Investment Act; provided, however, that investments purchased for and held in the Interest and Sinking Fund shall have a final maturity no later than the next principal or interest payment date for which such funds are required, and investments purchased for and held in the Construction Fund shall have a final maturity of not later than the date the City reasonably expects the funds from such investments will be required to pay costs of the projects for which the Certificates of Obligation were issued. Income and profits from such investments shall be deposited in the respective Fund which holds such investments; however, any such income and profits from investments in the Construction Fund may be withdrawn by the City and deposited in the Interest and Sinking Fund to pay all or a portion of the interest next coming due on the Certificates of Obligation. It is further provided, however, that any interest earnings on Certificate of Obligation proceeds which are required to be rebated to the United States of America pursuant to Section 14 hereof in order to prevent the Certificates of Obligation from being arbitrage bonds shall be so rebated and not considered as interest earnings for the purposes of this Section.

SECTION TEN. EMPOWERED. The City Manager and Director of Finance are hereby ordered to do any and all things necessary to accomplish the transfer of monies to the Interest and Sinking Fund of this issue in ample time to pay such items of principal and interest.

SECTION ELEVEN. DEFEASANCE OF THE CERTIFICATES OF OBLIGATION.

(a) Defeasance. Any Certificate of Obligation and the interest thereon shall be deemed to be paid, retired and no longer outstanding (a "**Defeased Certificate of Obligation**") within the meaning of this Ordinance, except to the extent provided in subsection (d) of this Section, when payment of the principal of such Certificate of Obligation, plus interest thereon to the due date (whether such due date be by reason of maturity or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar in accordance with an escrow agreement or other instrument (the "**Future Escrow Agreement**") for such payment (1) lawful money of the United States of America sufficient to make such payment and/or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to provide for such payment, and when proper arrangements have been made by the City with the Paying Agent/Registrar for the payment of its services until all Defeased Certificates of Obligation shall have become due and payable. Thereafter, the City will have no further responsibility with respect to amounts available to the Paying Agent/Registrar for the payment of such Defeased Certificate of Obligation, including any insufficiency therein caused by the failure of the escrow agent under such Future Escrow Agreement to receive payment when due on the Defeasance Securities. At such time as a Certificate of Obligation shall be deemed to be a Defeased Certificate of Obligation hereunder, as aforesaid, such Certificate of Obligation and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the ad valorem taxes or

revenues herein levied and pledged as provided in this Ordinance, and such principal and interest shall be payable solely from such money or Defeasance Securities. Notwithstanding any other provision of this Ordinance to the contrary, it is hereby provided that any determination not to redeem Defeased Certificates of Obligation that is made in conjunction with the payment arrangements specified in subsection (a)(i) or (ii) of this Section shall not be irrevocable, provided that: (1) in the proceedings providing for such payment arrangements, the City expressly reserves the right to call the Defeased Certificates of Obligation for redemption; (2) gives notice of the reservation of that right to the owners of the Defeased Certificates of Obligation immediately following the making of the payment arrangements; and (3) directs that notice of the reservation be included in any redemption notices that it authorizes.

(b) Investment of Funds in Defeasance Securities. Any moneys so deposited with the Paying Agent/Registrar may at the written direction of the City be invested in Defeasance Securities, maturing in the amounts and times as hereinbefore set forth, and all income from such Defeasance Securities received by the Paying Agent/Registrar that is not required for the payment of the Certificates of Obligation and interest thereon, with respect to which such money has been so deposited, shall be turned over to the City, or deposited as directed in writing by the City. Any Future Escrow Agreement pursuant to which the money and/or Defeasance Securities are held for the payment of Defeased Certificates of Obligation may contain provisions permitting the investment or reinvestment of such moneys in Defeasance Securities or the substitution of other Defeasance Securities upon the satisfaction of the requirements specified in subsection (a)(i) or (ii) of this Section. All income from such Defeasance Securities received by the Paying Agent/Registrar which is not required for the payment of the Defeased Certificates of Obligation, with respect to which such money has been so deposited, shall be remitted to the City or deposited as directed in writing by the City.

(c) Definition of Defeasance Securities. The term "**Defeasance Securities**" means (i) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of the purchase thereof are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date on the date the governing body of the City adopts or approves the proceedings authorizing the financial arrangements are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (iv) any other then authorized securities or obligations under applicable state law that may be used to defease obligations such as the Certificates of Obligation.

(d) Duties of Paying Agent/Registrar. Until all Defeased Certificates of Obligation shall have become due and payable, the Paying Agent/Registrar shall perform the services of Paying Agent/Registrar for such Defeased Certificates of Obligation the same as if they had not been defeased, and the City shall make proper arrangements to provide and pay for such services as required by this Ordinance.

(e) Selection of Certificates of Obligation to be Defeased. In the event that the City elects to defease less than all of the principal amount of Certificates of Obligation of a maturity, the Paying Agent/Registrar shall select, or cause to be selected, such amount of Certificates of Obligation by such random method as it deems fair and appropriate.

SECTION TWELVE. DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED CERTIFICATES OF OBLIGATION.

(a) Replacement Certificates of Obligation. In the event any outstanding Certificate of Obligation is damaged, mutilated, lost, stolen, or destroyed, the Paying Agent/Registrar shall cause to be printed, executed, and delivered, a new certificate of obligation of the same principal amount, maturity, and interest rate, as the damaged, mutilated, lost, stolen, or destroyed Certificate of Obligation, in replacement for such Certificate of Obligation in the manner hereinafter provided.

(b) Application for Replacement Certificates of Obligation. Application for replacement of damaged, mutilated, lost, stolen, or destroyed Certificates of Obligation shall be made by the registered owner thereof to the Paying Agent/Registrar. In every case of loss, theft, or destruction of a Certificate of Obligation, the registered owner applying for a replacement certificate of obligation shall furnish to the City and to the Paying Agent/Registrar such security or indemnity as may be required by them to save each of them harmless from any loss or damage with respect thereto. Also, in every case of loss, theft, or destruction of a Certificate of Obligation, the registered owner shall furnish to the City and to the Paying Agent/Registrar evidence to their satisfaction of the loss, theft, or destruction of such Certificate of Obligation, as the case may be. In every case of damage or mutilation of a Certificate of Obligation, the registered owner shall surrender to the Paying Agent/Registrar for cancellation the Certificate of Obligation so damaged or mutilated.

(c) No Default Occurred. Notwithstanding the foregoing provisions of this Section, in the event any such Certificate of Obligation shall have matured, and no default has occurred which is then continuing in the payment of the principal of, redemption premium, if any, or interest on the Certificate of Obligation, the City may authorize the payment of the same (without surrender thereof except in the case of a damaged or mutilated Certificate of Obligation) instead of issuing a replacement Certificate of Obligation, provided security or indemnity is furnished as above provided in this Section.

(d) Charge for Issuing Replacement Certificates of Obligation. Prior to the issuance of any replacement certificate of obligation, the Paying Agent/Registrar shall charge the registered owner of such Certificate of Obligation with all legal, printing, and other expenses in connection therewith. Every replacement certificate of obligation issued pursuant to the provisions of this Section by virtue of the fact that any Certificate of Obligation is lost, stolen, or destroyed shall constitute a contractual obligation of the City whether or not the lost, stolen, or destroyed Certificate of Obligation shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits of this Ordinance equally and proportionately with any and all other Certificates of Obligation duly issued under this Ordinance.

(e) Authority for Issuing Replacement Certificates of Obligation. In accordance with Chapter 1201, Texas Government Code, as amended, this Section of this Ordinance shall constitute

authority for the issuance of any such replacement certificate of obligation without necessity of further action by the governing body of the City or any other body or person, and the duty of the replacement of such certificates of obligations is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such Certificates of Obligation in the form and manner and with the effect, as provided in Section 4(a) of this Ordinance for Certificates of Obligation issued in exchange for other Certificates of Obligation.

SECTION THIRTEEN. CUSTODY, APPROVAL, AND REGISTRATION OF THE CERTIFICATES OF OBLIGATION; BOND COUNSEL'S OPINION, BOND INSURANCE, AND CUSIP NUMBERS. The Mayor or Mayor Pro-Tem of the City is hereby authorized to have control of the Certificates of Obligation initially issued and delivered hereunder and all necessary records and proceedings pertaining to the Certificates of Obligation pending their delivery and their investigation, examination, and approval by the Attorney General of the State of Texas, and their registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of the Certificates of Obligation said Comptroller of Public Accounts (or a deputy designated in writing to act for said Comptroller) shall manually sign the Comptroller's Registration Certificate attached to such Certificates of Obligation, and the seal of said Comptroller shall be impressed, or placed in facsimile, on such Certificate. The approving legal opinion of the City's Bond Counsel (with an appropriate certificate pertaining thereto executed by facsimile signature of the City Secretary of the City), a statement regarding the issuance of a municipal bond insurance policy to secure payment of debt service on the Certificates of Obligation, if any, and the assigned CUSIP numbers may, at the option of the City, be printed on the Certificates of Obligation issued and delivered under this Ordinance, but neither shall have any legal effect, and shall be solely for the convenience and information of the registered owners of the Certificates of Obligation.

SECTION FOURTEEN. COVENANTS REGARDING TAX-EXEMPTION OF INTEREST ON THE CERTIFICATES OF OBLIGATION.

(a) Covenants. The City covenants to take any action necessary to assure, or refrain from any action which would adversely affect, the treatment of the Certificates of Obligation as obligations described in section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, the City covenants as follows:

(1) to take any action to assure that no more than 10 percent of the proceeds of the Certificates of Obligation or the projects financed therewith (less amounts deposited to a reserve fund, if any) are used for any "private business use," as defined in section 141(b)(6) of the Code or, if more than 10 percent of the proceeds of the Certificates of Obligation or the projects financed therewith are so used, such amounts, whether or not received by the City, with respect to such private business use, do not, under the terms of this Ordinance or any underlying arrangement, directly or indirectly, secure or provide for the payment of more than 10 percent of the debt service on the Certificates of Obligation, in contravention of section 141(b)(2) of the Code;

(2) to take any action to assure that in the event that the "private business use" described in subsection (1) hereof exceeds 5 percent of the proceeds of the Certificates of

Obligation or the projects financed therewith (less amounts deposited into a reserve fund, if any) then the amount in excess of 5 percent is used for a "private business use" which is "related" and not "disproportionate," within the meaning of section 141(b)(3) of the Code, to the governmental use;

(3) to take any action to assure that no amount which is greater than the lesser of \$5,000,000, or 5 percent of the proceeds of the Certificates of Obligation (less amounts deposited into a reserve fund, if any) is directly or indirectly used to finance loans to persons, other than state or local governmental units, in contravention of section 141(c) of the Code;

(4) to refrain from taking any action which would otherwise result in the Certificates of Obligation being treated as "private activity bonds" within the meaning of section 141(b) of the Code;

(5) to refrain from taking any action that would result in the Certificates of Obligation being "federally guaranteed" within the meaning of section 149(b) of the Code;

(6) to refrain from using any portion of the proceeds of the Certificates of Obligation, directly or indirectly, to acquire or to replace funds which were used, directly or indirectly, to acquire investment property (as defined in section 148(b)(2) of the Code) which produces a materially higher yield over the term of the Certificates of Obligation, other than investment property acquired with --

(A) proceeds of the Certificates of Obligation invested for a reasonable temporary period of three years or less until such proceeds are needed for the purpose for which the Certificates of Obligation are issued,

(B) amounts invested in a bona fide debt service fund, within the meaning of section 1.148-1(b) of the Treasury Regulations, and

(C) amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed 10 percent of the proceeds of the Certificates of Obligation;

(7) to otherwise restrict the use of the proceeds of the Certificates of Obligation or amounts treated as proceeds of the Certificates of Obligation, as may be necessary, so that the Certificates of Obligation do not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage) and, to the extent applicable, section 149(d) of the Code (relating to advance refundings); and

(8) to pay to the United States of America at least once during each five-year period (beginning on the date of delivery of the Certificates of Obligation) an amount that is at least equal to 90 percent of the "Excess Earnings," within the meaning of section 148(f) of the Code and to pay to the United States of America, not later than 60 days after the Certificates of Obligation have been paid in full, 100 percent of the amount then required to be paid as a result of Excess Earnings under section 148(f) of the Code.

(b) Rebate Fund. In order to facilitate compliance with the above covenant (8), a "**Rebate Fund**" is hereby established by the City for the sole benefit of the United States of America, and such fund shall not be subject to the claim of any other person, including without limitation the holders. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

(c) Proceeds. The City understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations. It is the understanding of the City that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto. In the event that regulations or rulings are hereafter promulgated which modify or expand provisions of the Code, as applicable to the Certificates of Obligation, the City will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Certificates of Obligation under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated which impose additional requirements which are applicable to the Certificates of Obligation, the City agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Certificates of Obligation under section 103 of the Code. In furtherance of such intention, the City hereby authorizes and directs the Mayor, the City Manager or the Director of Finance of the City to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the City, which may be permitted by the Code as are consistent with the purpose for the issuance of the Certificates of Obligation.

(d) Allocation of, and Limitation on, Expenditures for the Project. The City covenants to account for the expenditure of sale proceeds and investment earnings to be used for the purposes described in Section 1 of this Ordinance (collectively referred to herein as the "**Project**") on its books and records in accordance with the requirements of the Internal Revenue Code. The City recognizes that in order for the proceeds to be considered used for the reimbursement of costs, the proceeds must be allocated to expenditures within 18 months of the later of the date that (1) the expenditure is made, or (2) the Project is completed; but in no event later than three years after the date on which the original expenditure is paid. The foregoing notwithstanding, the City recognizes that in order for proceeds to be expended under the Internal Revenue Code, the sale proceeds or investment earnings must be expended no more than 60 days after the earlier of (1) the fifth anniversary of the delivery of the Certificates of Obligation, or (2) the date the Certificates of Obligation are retired. The City agrees to obtain the advice of nationally-recognized bond counsel if such expenditure fails to comply with the foregoing to assure that such expenditure will not adversely affect the tax-exempt status of the Certificates of Obligation. For purposes hereof, the City shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

(e) Disposition of Project. The City covenants that the property constituting the Projects will not be sold or otherwise disposed in a transaction resulting in the receipt by the City of cash or other compensation, unless any action taken in connection with such disposition will not adversely affect the tax-exempt status of the Certificates of Obligation. For purpose of the foregoing, the City

may rely on an opinion of nationally-recognized bond counsel that the action taken in connection with such sale or other disposition will not adversely affect the tax-exempt status of the Certificates of Obligation. For purposes of the foregoing, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes hereof, the City shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

(f) Written Procedures. Unless superseded by another action of the City, to ensure compliance with the covenants contained herein regarding private business use, remedial actions, arbitrage and rebate, the City Council hereby adopts and establishes the instructions attached hereto as *Exhibit B* as the City's written procedures.

(g) Designation as Qualified Tax-Exempt Obligations. The City hereby designates the Certificates of Obligation as "qualified tax-exempt obligations" as defined in section 265(b)(3) of the Code. In furtherance of such designation, the City represents, covenants and warrants the following: (i) that during the calendar year in which the Certificates of Obligation are issued, the City (including any subordinate entities) has not designated nor will designate obligations, which when aggregated with the Certificates of Obligation, will result in more than \$10,000,000 of "qualified tax-exempt obligations" being issued; (ii) that the City reasonably anticipates that the amount of tax-exempt obligations issued, during the calendar year in which the Certificates of Obligation are issued, by the City (or any subordinate entities) will not exceed \$10,000,000; and (iii) that the City will take such action or refrain from such action as necessary, and as more particularly set forth in this Section, in order that the Certificates of Obligation will not be considered "private activity bonds" within the meaning of section 141 of the Code.

SECTION FIFTEEN. CONTINUING DISCLOSURE UNDERTAKING.

(a) Definitions. As used in this Section, the following terms have the meanings ascribed to such terms below:

"**EMMA**" means the Electronic Municipal Market Access system being established by the MSRB.

"**MSRB**" means the Municipal Securities Rulemaking Board.

"**Rule**" means SEC Rule 15c2-12, as amended from time to time.

"**SEC**" means the United States Securities and Exchange Commission.

(b) Annual Reports. The City shall provide annually to the MSRB through EMMA within six months after the end of each fiscal year ending in or after, financial information and operating data with respect to the City of the general type included in the final Official Statement authorized by this Ordinance being the information described in *Exhibit C* hereto. Any financial statements so to be provided shall be (1) prepared in accordance with the accounting principles described in *Exhibit C* hereto, or such other accounting principles as the City may be required to employ from

time to time pursuant to state law or regulation, and (2) audited, if the City commissions an audit of such statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within such period, then the City shall provide (1) unaudited financial statements for such fiscal year within such six month period, and (2) audited financial statements for the applicable fiscal year to the MSRB through EMMA when and if the audit report on such statements become available.

If the City changes its fiscal year, it will notify the MSRB through EMMA of the date of the new fiscal year end prior to the next date by which the City otherwise would be required to provide financial information and operating data pursuant to this paragraph (b).

The financial information and operating data to be provided pursuant to this paragraph (b) may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document, if it is available from the MSRB) that theretofore has been provided to the MSRB through EMMA or filed with the SEC.

(c) Event Notices.

(i) The City shall notify the MSRB through EMMA in an electronic format as prescribed by the MSRB, in a timely manner (but not in excess of ten business days after the occurrence of the event) of any of the following events with respect to the Certificates of Obligation, if such event is material within the meaning of the federal securities laws:

1. Non-payment related defaults;
2. Modifications to rights of holders;
3. Redemption calls;
4. Release, substitution, or sale of property securing repayment of the Certificates of Obligation;
5. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; and
6. Appointment of a successor or additional trustee or the change of name of a trustee.

(ii) The City shall notify the MSRB through EMMA in an electronic format as prescribed by the MSRB, in a timely manner (but not in excess of ten business days after the occurrence of the event) of any of the following events with respect to the Certificates of

Obligation, without regard to whether such event is considered material within the meaning of the federal securities laws:

1. Principal and interest payment delinquencies;
2. Unscheduled draws on debt service reserves reflecting financial difficulties;
3. Unscheduled draws on credit enhancements reflecting financial difficulties;
4. Substitution of credit or liquidity providers, or their failure to perform;
5. Adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Certificates of Obligation, or other events affecting the tax-exempt status of the Certificates of Obligation;
6. Tender offers;
7. Defeasances;
8. Rating changes; and
9. Bankruptcy, insolvency, receivership or similar event of an obligated person.

(iii) The City shall notify the MSRB through EMMA, in a timely manner, of any failure by the City to provide financial information or operating data in accordance with subsection (b) of this Section by the time required by such subsection.

(d) Limitations, Disclaimers, and Amendments. The City shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the City remains an "obligated person" with respect to the Certificates of Obligation within the meaning of the Rule, except that the City in any event will give notice of any deposit made in accordance with Section 11 of this Ordinance that causes Certificates of Obligation no longer to be outstanding.

The provisions of this Section are for the sole benefit of the holders and beneficial owners of the Certificates of Obligation, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The City undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the City's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. The City does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Certificates of Obligation at any future date.

UNDER NO CIRCUMSTANCES SHALL THE CITY BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY CERTIFICATE OF OBLIGATION OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE CITY, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

No default by the City in observing or performing its obligations under this Section shall comprise a breach of or default under this Ordinance for purposes of any other provision of this Ordinance.

Nothing in this Section is intended or shall act to disclaim, waive, or otherwise limit the duties of the City under federal and state securities laws.

The provisions of this Section may be amended by the City from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Certificates of Obligation in the primary offering of the Certificates of Obligation in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Ordinance that authorizes such an amendment) of the outstanding Certificates of Obligation consent to such amendment or (b) a person that is unaffiliated with the City (such as nationally recognized bond counsel) determined that such amendment will not materially impair the interest of the holders and beneficial owners of the Certificates of Obligation. The City may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Certificates of Obligation in the primary offering of the Certificates of Obligation. If the City so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with paragraph (b) of this Section an explanation, in narrative form, of the reason for the amendment and of the impact of any change in the type of financial information or operating data so provided.

SECTION SIXTEEN. SALE AND DELIVERY OF THE CERTIFICATES OF OBLIGATION. The Certificates of Obligation are hereby initially sold and shall be delivered to _____ for cash at a purchase price to \$ _____ (which amount is equal to the par value thereof, plus/less an original issue premium/discount of \$ _____, and less a discount retained by the purchaser of \$ _____), plus accrued interest to the date of delivery thereof. The Certificates of Obligation initially shall be registered in the name of _____. It is hereby officially found, determined, and declared that said purchaser is the highest bidder for the Certificates of Obligation as a result of invitations for competitive bids. It is further officially found, determined, and declared that the Certificates of Obligation have been

sold at public sale to the bidder offering the lowest interest cost, after receiving sealed bids pursuant to an Official Notice of Sale and Bidding Instructions and the Preliminary Official Statement, dated January __, 2016, prepared and distributed in connection with the sale of the Certificates of Obligation. In satisfaction of Section 1201.022(a)(3), Texas Government Code, and upon consultation with the City's Financial Advisor, the City Council hereby determines that the final terms of the Certificates of Obligation as set forth in this Ordinance and resulting from the receipt of such competitive bids are in the City's best interests.

The City (i) shall utilize \$ _____ of the \$ _____ that the City will receive as "original issue premium" on the sale of the Certificates of Obligation as described in the preceding paragraph and apply such amount against the \$10,000,000 of the maximum amount stated in the notice of intention to be used for the purposes described therein and in Section 1 hereof, and (ii) shall apply the remaining balance of such original issue premium as follows: (A) \$ _____ shall be applied as a discount retained by the purchaser as consideration for purchasing the Certificates of Obligation as described in the preceding paragraph, and (B) \$ _____ shall be used to pay other costs of issuance of the Certificates of Obligation, all as permitted by Section 1201.042(d), Texas Government Code, as amended.

SECTION SEVENTEEN. APPROVAL OF OFFICIAL STATEMENT. The City hereby approves the form and content of the Official Statement relating to the Certificates of Obligation and any addenda, supplement, or amendment thereto, and approves the distribution of the Official Statement in the reoffering of the Certificates of Obligation by the Underwriters in final form, with such changes therein or additions thereto as the officer executing the same may deem advisable, such determination to be conclusively evidenced by his execution thereof. The distribution and use of the Preliminary Official Statement for the Certificates of Obligation, dated January __, 2016, prior to the date hereof is hereby ratified and confirmed. The City Council finds and determines that the Preliminary Official Statement and the Official Statement were and are "deemed final" as of each of their respective dates within the meaning, and for the purpose, of Rule 15c2-12 promulgated under authority granted by the Federal Securities and Exchange Act of 1934.

SECTION EIGHTEEN. AUTHORITY FOR OFFICERS TO EXECUTE DOCUMENTS AND APPROVE CHANGES. The Mayor, Mayor Pro-Tem, City Secretary, City Manager and Director of Finance of the City, and all other officers, employees, and agents of the City, and each of them, shall be and they are hereby expressly authorized, empowered, and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge, and deliver in the name and under the corporate seal and on behalf of the City all such instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Ordinance, the Certificates of Obligation, the sale of the Certificates of Obligation, the Official Statement, the Purchase Contract, and the Paying Agent/Registrar Agreement. In addition, prior to the initial delivery of the Certificates of Obligation, the Mayor, Mayor Pro-Tem, City Secretary, City Manager, Director of Finance, the City Attorney and Bond Counsel are hereby authorized and directed to approve any technical changes or correction to this Ordinance or to any of the instruments authorized and approved by this Ordinance necessary in order to (i) correct any ambiguity or mistake or properly or more completely document the transactions contemplated and approved by this Ordinance and as described in the Official Statement, (ii) obtain a rating from any of the national bond rating agencies or satisfy any requirements of the provider

of a municipal bond insurance policy, if any, or (iii) obtain the approval of the Certificates of Obligation by the Attorney General's office. In case any officer whose signature shall appear on any Certificate of Obligation shall cease to be such officer before the delivery of such Certificate of Obligation, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery. The Director of Finance of the City is further authorized to pay to the Attorney General of Texas prior to the delivery of the Certificates of Obligation, for the Attorney General's review of the transcript of proceedings related to the Certificates of Obligation, the amount required pursuant to Section 1202.004, Texas Government Code, as amended.

SECTION NINETEEN. ORDINANCE A CONTRACT; AMENDMENTS. This Ordinance shall constitute a contract with the Registered Owners of the Certificates of Obligation, binding on the City and its successors and assigns, and shall not be amended or repealed by the City as long as any Certificate of Obligation remains outstanding except as permitted in this Section. The City may, without the consent of or notice to any Registered Owners, amend, change, or modify this Ordinance as may be required (i) by the provisions hereof, (ii) for the purpose of curing any ambiguity, inconsistency, or formal defect or omission herein, or (iii) in connection with any other change which is not to the prejudice of the Registered Owners. The City may, with the written consent of the Registered Owners of a majority in aggregate principal amount of the Certificates of Obligation then outstanding affected thereby, amend, change, modify, or rescind any provisions of this Ordinance; provided that without the consent of all of the Registered Owners affected, no such amendment, change, modification, or rescission shall (i) extend the time or times of payment of the principal of and interest on the Certificates of Obligation, reduce the principal amount thereof or the rate of interest thereon, (ii) give any preference to any Certificate of Obligation over any other Certificate of Obligation, (iii) extend any waiver of default to subsequent defaults, or (iv) reduce the aggregate principal amount of Certificates of Obligation required for consent to any such amendment, change, modification, or rescission. Whenever the City shall desire to make any amendment or addition to or rescission of this Ordinance requiring consent of the Registered Owners, the City shall cause notice of the amendment, addition, or rescission to be sent by first class mail, postage prepaid, to the Registered Owners at the respective addresses shown on the Registration Books. Whenever at any time within one year after the date of the giving of such notice, the City shall receive an instrument or instruments in writing executed by the Registered Owners of a majority in aggregate principal amount of the Certificates of Obligation then outstanding affected by any such amendment, addition, or rescission requiring the consent of the Registered Owners, which instrument or instruments shall refer to the proposed amendment, addition, or rescission described in such notice and shall specifically consent to and approve the adoption thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the City may adopt such amendment, addition, or rescission in substantially such form, except as herein provided. No Registered Owner may thereafter object to the adoption of such amendment, addition, or rescission, or to any of the provisions thereof, and such amendment, addition, or rescission shall be fully effective for all purposes.

SECTION TWENTY. REMEDIES IN EVENT OF DEFAULT. In addition to all the rights and remedies provided by the laws of the State of Texas, it is specifically covenanted and agreed particularly that in the event the City (i) defaults in the payment of the principal, premium, if any, or interest on the Certificates of Obligation, (ii) defaults in the deposits and credits required

to be made to the Interest and Sinking Fund, or (iii) defaults in the observance or performance of any other of the covenants, conditions or obligations set forth in this Ordinance and the continuation thereof for 30 days after the City has received written notice of such defaults, the Holders of any of the Certificates of Obligation shall be entitled to seek a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the governing body of the City and other officers of the City to observe and perform any covenant, condition or obligation prescribed in this Ordinance.

No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient. The specific remedy herein provided shall be cumulative of all other existing remedies, and the specification of such remedy shall not be deemed to be exclusive.

SECTION TWENTY-ONE. INTERESTED PARTIES. Nothing in this Ordinance expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the City, the Underwriters and the registered owners of the Certificates of Obligation, any right, remedy or claim under or by reason of this Ordinance or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Ordinance contained by and on behalf of the City shall be for the sole and exclusive benefit of the City, the Underwriters and the registered owners of the Certificates of Obligation.

SECTION TWENTY-TWO. APPROPRIATION TO PAY PRINCIPAL AND INTEREST. The City Council hereby finds that there are sufficient funds available to pay the principal and interest on the Certificates of Obligation coming due on August 15, 2016, and hereby directs the Director of Finance to transfer on or before such date available funds to the Interest and Sinking Fund in an amount sufficient to pay such principal and interest coming due on such dates.

SECTION TWENTY-THREE. INCORPORATION OF RECITALS. The City hereby finds that the statements set forth in the recitals of this Ordinance are true and correct, and the City hereby incorporates such recitals as a part of this Ordinance.

SECTION TWENTY-FOUR. SEVERABILITY. If any provision of this Ordinance or the application thereof to any circumstance shall be held to be invalid, the remainder of this Ordinance and the application thereof to other circumstances shall nevertheless be valid, and this governing body hereby declares that this Ordinance would have been enacted without such invalid provision.

SECTION TWENTY-FIVE. EFFECTIVE DATE. Pursuant to the provisions of Section 1201.028, Texas Government Code, this Ordinance shall become effective immediately after its adoption by the City Council.

[The remainder of this page left blank intentionally.]

PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF
KERRVILLE, TEXAS AT A REGULAR MEETING ON THE 12TH DAY OF JANUARY,
2016, AT WHICH MEETING A QUORUM WAS PRESENT.

Jack Pratt, Mayor

ATTEST:

Brenda G. Craig, City Secretary

APPROVED AS TO FORM:



Michael C. Hayes, City Attorney

(CITY SEAL)

** ** *

EXHIBIT A

FORM OF PAYING AGENT/REGISTRAR AGREEMENT

THE PAYING AGENT/REGISTRAR AGREEMENT IS OMITTED AT THIS POINT
AS IT APPEARS IN EXECUTED FORM ELSEWHERE IN THIS TRANSCRIPT.

EXHIBIT B

WRITTEN PROCEDURES RELATING TO CONTINUING COMPLIANCE WITH FEDERAL TAX COVENANTS

A. Arbitrage. With respect to the investment and expenditure of the proceeds of the Certificates, the City's chief financial officer (the "*Responsible Person*"), which currently is the City's Director of Finance, will:

- (i) instruct the appropriate person or persons that the construction, renovation or acquisition of the facilities must proceed with due diligence and that binding contracts for the expenditure of at least 5% of the proceeds of the Certificates will be entered into within six (6) months of the date of delivery of the Certificates (the "*Issue Date*");
- (ii) monitor that at least 85% of the proceeds of the Certificates to be used for the construction, renovation or acquisition of any facilities are expended within three (3) years of the Issue Date;
- (iii) restrict the yield of the investments to the yield on the Certificates after three (3) years of the Issue Date;
- (iv) monitor all amounts deposited into a sinking fund or funds (e.g., the Interest and Sinking Fund), to assure that the maximum amount invested at a yield higher than the yield on the Certificates does not exceed an amount equal to the debt service on the Certificates in the succeeding 12 month period plus a carryover amount equal to one-twelfth of the principal and interest payable on the Certificates for the immediately preceding 12-month period;
- (v) ensure that no more than 50% of the proceeds of the Certificates are invested in an investment with a guaranteed yield for 4 years or more;
- (vi) maintain any official action of the City (such as a reimbursement resolution) stating its intent to reimburse with the proceeds of the Certificates any amount expended prior to the Issue Date for the acquisition, renovation or construction of the facilities;
- (vii) ensure that the applicable information return (e.g., IRS Form 8038-G, 8038-GC, or any successor forms) is timely filed with the IRS; and
- (viii) assure that, unless excepted from rebate and yield restriction under section 148(f) of the Code, excess investment earnings are computed and paid to the U.S. government at such time and in such manner as directed by the IRS (A) at least every 5 years after the Issue Date and (B) within 30 days after the date the Certificates are retired.

B. Private Business Use. With respect to the use of the facilities financed or refinanced with the proceeds of the Certificates the Responsible Person will:

- (i) monitor the date on which the facilities are substantially complete and available to be used for the purpose intended;
- (ii) monitor whether, at any time the Certificates are outstanding, any person, other than the City, the employees of the City, the agents of the City or members of the general public has any contractual right (such as a lease, purchase, management or other service agreement) with respect to any portion of the facilities;
- (iii) monitor whether, at any time the Certificates are outstanding, any person, other than the City, the employees of the City, the agents of the City or members of the general public has a right to use the output of the facilities (e.g., water, gas, electricity);
- (iv) monitor whether, at any time the Certificates are outstanding, any person, other than the City, the employees of the City, the agents of the City or members of the general public has a right to use the facilities to conduct or to direct the conduct of research;
- (v) determine whether, at any time the Certificates are outstanding, any person, other than the City, has a naming right for the facilities or any other contractual right granting an intangible benefit;
- (vi) determine whether, at any time the Certificates are outstanding, the facilities are sold or otherwise disposed of; and
- (vii) take such action as is necessary to remediate any failure to maintain compliance with the covenants contained in the Ordinance related to the public use of the facilities.

C. Record Retention. The Responsible Person will maintain or cause to be maintained all records relating to the investment and expenditure of the proceeds of the Certificates and the use of the facilities financed or refinanced thereby for a period ending three (3) years after the complete extinguishment of the Certificates. If any portion of the Certificates is refunded with the proceeds of another series of tax-exempt obligations, such records shall be maintained until the three (3) years after the refunding obligations are completely extinguished. Such records can be maintained in paper or electronic format.

D. Responsible Person. The Responsible Person shall receive appropriate training regarding the City's accounting system, contract intake system, facilities management and other systems necessary to track the investment and expenditure of the proceeds and the use of the facilities financed or refinanced with the proceeds of the Certificates. The foregoing notwithstanding, the Responsible Person is authorized and instructed to retain such experienced advisors and agents as may be necessary to carry out the purposes of these instructions.

EXHIBIT C

DESCRIPTION OF ANNUAL FINANCIAL INFORMATION

The following information is referred to in Section 15 of this Ordinance.

Annual Financial Statements and Operating Data

The financial information and operating data with respect to the City to be provided annually in accordance with such Section are as specified (and included in the Appendix or under the headings of the Official Statement referred to) below:

1. The annual audited financial statements of the City or the unaudited financial statements of the City in the event audited financial statements are not completed within six months after the end of any fiscal year.

2. All quantitative financial information and operating data with respect to the City of the general type included in the Official Statement under Tables 1 through 6 and 8 through 15.

Accounting Principles

The accounting principles referred to in such Section are the accounting principles described in the notes to the financial statements referred to in paragraph 1 above.

Agenda Item:

6A. Ordinance No. 2016-02 amending the budget for Fiscal Year 2016 to account for various changes to the city's operational budget, including additional revenues and allocations for capital improvement projects. (staff)

**TO BE CONSIDERED BY THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS**

SUBJECT: First reading of an ordinance amending the FY2016 Budget

FOR AGENDA OF: January 12, 2016 *dy* **DATE SUBMITTED:** December 16, 2015

SUBMITTED BY: Sandra Yarbrough **CLEARANCES:** Todd Parton
Director of Finance City Manager

EXHIBITS: Ordinance Amending FY2016 Budget
Attachment A – detailing changes

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: *[Signature]*

Expenditure Required:	Current Balance in Account:	Amount Budgeted:	Account Number:
\$	\$	\$	

PAYMENT TO BE MADE TO:

REVIEWED BY THE FINANCE DEPARTMENT:

SUMMARY STATEMENT

The attached ordinance provides for the second amendment to the FY2016 budget, and includes budget amendments as per Attachment A.

RECOMMENDED ACTION

It is recommended that the City Council approve the first reading of an ordinance amending the FY2016 budget and authorize city staff to make all necessary entries and adjustments to reflect the attached changes.

**CITY OF KERRVILLE, TEXAS
ORDINANCE NO. 2016-02**

**AN ORDINANCE AMENDING THE BUDGET FOR FISCAL YEAR 2016
TO ACCOUNT FOR VARIOUS CHANGES TO THE CITY'S
OPERATIONAL BUDGET, INCLUDING ADDITIONAL REVENUES AND
ALLOCATIONS FOR CAPITAL IMPROVEMENT PROJECTS**

WHEREAS, Ordinance No. 2015-20, dated September 22, 2015, adopted the Fiscal Year 2016 Budget; and

WHEREAS, the City Council of the City of Kerrville, Texas, finds that amending the City's Fiscal Year 2016 Budget is in the best interest of the citizens of the City of Kerrville;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF KERRVILLE, KERR COUNTY, TEXAS:

In accordance with Section 8.07 of the City Charter, the Official Budget for Fiscal Year 2016 is amended as set forth in **Attachment A**.

PASSED AND APPROVED ON FIRST READING, this the ____ day of _____, A.D., 2016.

PASSED AND APPROVED ON SECOND AND FINAL READING, this the ____ day of _____, A.D., 2016.

Jack Pratt, Jr., Mayor

APPROVED AS TO FORM:



Michael C. Hayes, City Attorney

ATTEST:

Brenda G. Craig, City Secretary

Agenda Item:

7A. Main Street National Program. (Philip McKeon, Kerrville citizen)

Citizen Agenda Bill

**TO BE CONSIDERED BY THE CITY COUNCIL CITY
OF KERRVILLE, TEXAS**

SUBJECT OF REQUEST:*

Main Street National Program

AGENDA DATE:*

January

DATE SUBMITTED:*

12/14/15

REQUESTED/SUBMITTED BY:*

Philip McKee

PHONE NUMBER:*

830-792-5921

ORGANIZATION REPRESENTING:

SEAF

MAILING ADDRESS:*

43 W. Sunset Dr

CITY:*

Kerrville

STATE:*

TX

ZIP:*

78028

EMAIL ADDRESS:*

whodit@hotmail

EXHIBITS/INFORMATION:

4 Boards showing plans for street changes to oneways

APPROVED FOR SUBMITTAL BY CITY MANAGER:

WILL THIS ITEM REQUIRE CITY COUNCIL TO AUTHORIZE THE EXPENDITURE OF CITY FUNDS?:*

☒ YES

☐ NO

IF YES, STATE AMOUNT REQUESTED:

DESCRIPTION AND DETAILS OF REQUEST:*

RECOMMENDED COUNCIL ACTION:*

- ① 2-new Boulevard
- ② From the old cementry to Harper Rd.
- ③ Possibly new bridge over river

Agenda Item:

8A. Post agendas for the possible quorum of City Council at Water Reuse Advisory Committee meetings. (Councilmember White)

**TO BE CONSIDERED BY THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS**

SUBJECT: Post agendas for the possible quorum of City Council at Water Reuse Advisory Committee meetings

FOR AGENDA OF: Jan. 12, 2016 **DATE SUBMITTED:** Jan. 7, 2016

SUBMITTED BY: Bonnie White **CLEARANCES:** Todd Parton
City Council – Place2 City Manager

EXHIBITS:

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: 

Expenditure Required:	Current Balance in Account:	Amount Budgeted:	Account Number:
\$0	\$0	\$0	

PAYMENT TO BE MADE TO:

REVIEWED BY THE FINANCE DEPARTMENT:

SUMMARY STATEMENT

The Water Reuse Advisory Committee held its first meeting at 8:30 a.m. on Thursday, January 7, 2016. Due to the attendance of the two designated city council liaison members, no other members of the city council may attend without constituting a quorum. More than two members of the council would be able to attend these meetings with the appropriate public posting.

RECOMMENDED ACTION

Direct that city staff post agendas for a potential quorum of the City Council at all Water Reuse Advisory Committee meetings.

Agenda Item:

8B. Authorization to make application to the City of Kerrville, Texas Economic Improvement Corporation in the amount of \$500,000 for Interstate 10 Highway schematic and environmental studies. (staff)

**TO BE CONSIDERED BY THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS**

SUBJECT: Authorization to make application to the City of Kerrville, Texas Economic Improvement Corporation in the amount of \$500,000 for IH-10 schematic and environmental studies

FOR AGENDA OF: January 12, 2016 **DATE SUBMITTED:** January 7, 2016

SUBMITTED BY: Todd Parton **CLEARANCES:**
City Manager

EXHIBITS: Executive Summary Harper Rd. at IH-10 Interchange Improvements

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: 

Expenditure Required:	Current Balance in Account:	Amount Budgeted:	Account Number:	Project Number:
\$	\$	\$		

PAYMENT TO BE MADE TO:

REVIEWED BY THE DIRECTOR OF FINANCE:

SUMMARY STATEMENT

The City of Kerrville contracted with LNV, Inc., in March 2015 to provide a budgetary construction and engineering estimate, conceptual layout, and an executive summary for improving the Harper Road (RM 783) at IH-10 interchange to a diamond interchange and a proposed east-bound two-way frontage road. The proposed improvements include a proposed west-bound exit from IH-10 to Harper Road, a proposed east-bound entrance to IH-10 from Harper Road, a proposed 5,000 linear foot long east-bound two-way frontage road to allow access to the properties abutting the south side IH-10 right-of-way, and a proposed exit ramp to the frontage road. In addition to the proposed interchange improvements the existing partial clover-leaf west-bound exit ramp and east-bound entrance ramp will be removed. The executive summary prepared by LNV, Inc., is attached.

Staff is working with TxDOT regarding this project and two primary points were discussed.

1. Lowering the pavement section of IH-10 beneath the Harper Highway bridge to increase clearance to 16', and
2. Taking the next steps to make the balance of the improvements as described in the engineering report.

TxDOT is working on a project to lower the pavement beneath the Harper Highway Bridge. This will be completely funded by TxDOT and reduces the original scope of the IH-10 improvements and reduces of the estimated costs by \$6,450,000.

Based on conversations with TxDOT engineering staff, the balance of improvements to the intersection and along IH-10 would be given serious consideration for inclusion in a TxDOT 10-year rural transportation plan. The project will have to compete with other rural transportation projects in the district and there are some immediate steps that need to be taken. The first steps to incorporate this project into TxDOT's 10-year rural transportation plan have been completed with the approval of the resolutions by the City of Kerrville, Kerr County, KISD, and KPUB that identify these improvements as priorities within Kerr County. The next steps would be to determine how this project might be phased and the types and amounts of local and private financial commitment that might be contributed. The greater amount of local and private participation the more likely and more timely the project.

An environmental study in addition to a schematic will need to be conducted. This is estimated to cost \$500,000. The Economic Improvement Corporation has discussed this project and has programmed the dollars into their FY16 adopted budget. Authorization from City Council is required in order for an application to be made.

RECOMMENDED ACTION

Staff recommends authorization to submit an application to the Economic Improvement Corporation as presented.

**EXECUTIVE SUMMARY REPORT
AND CONCEPTUAL LAYOUT**

For

**Harper Rd. at IH-10
Interchange Improvements**

Submitted to:

City of Kerrville

Prepared by:



Bryan J. Spina, PE, CFM
Texas P.E. No. 103776

June 2015



Solutions Today with a
Vision for Tomorrow

engineers | architects | contractors
TBPE FIRM NO. F-366

CITY OF KERRVILLE

**Harper Rd. at IH-10 Interchange Improvements
Executive Summary and Conceptual Layout**

<u>SECTION</u>	<u>PAGE(S)</u>
Table of Contents	1
Executive Summary	2-6
Attachments	
A. Conceptual Layout	
B. Conceptual Typical Sections	
C. Probable Project Cost Estimate Breakdown	
D. Overpass Alternate Option Conceptual Layout	
E. Overpass Alternate Option Probable Project Cost Estimate Breakdown	



CITY OF KERRVILLE

HARPER RD. AT IH-10 INTERCHANGE IMPROVEMENTS

EXECUTIVE SUMMARY

The City of Kerrville contracted with LNV, Inc. to provide a budgetary construction and engineering estimate, conceptual layout and an executive summary for improving the Harper Road (RM 783) at IH-10 interchange to a diamond interchange and a proposed east-bound two-way frontage road. The proposed improvements include a proposed west-bound exit from IH-10 to Harper Road, a proposed east-bound entrance to IH-10 from Harper Road, a proposed 5,000 linear foot long east-bound two-way frontage road to allow access to the properties abutting the south side IH-10 right-of-way, and a proposed exit ramp to the frontage road. In addition to the proposed interchange improvements the existing partial clover-leaf west-bound exit ramp and east-bound entrance ramp will be removed.

LNV, Inc has also developed a budgetary construction and engineering estimate and conceptual layout for an alternative option to provide a separate overpass with exit and entrance ramps to and from IH-10 for the proposed future road (shown as Town Creek Parkway on Attachment D) southeast of Harper Road.

Existing Conditions

The existing Harper Road interchange at IH-10 is a partial clover-leaf configuration. The west-bound exit and the east-bound on-ramp are circular clover-leaves and do not meet current freeway ramp design standards. The clover-leaf ramps were installed due to the location of Town Creek in relation to Harper Road. Town Creek is just east of Harper Road and typical diamond interchange ramps would have required the construction of bridges across Town Creek.

Another additional issue with IH-10 at Harper Road is the Harper Road Bridge does not provide enough vertical clearance along IH-10 main lanes for oversized loads. This means any trucks carrying oversized loads along IH-10 are routed through the City of Kerrville due to the clearance issue on IH-10 at Harper Road.

West-Bound IH-10 Improvements at Harper Road

The West-Bound IH-10 Improvements at Harper Road require the following improvements:

- Proposed (approximately 2,600 linear foot) exit ramp to line up with the existing on ramp at Harper Road to create a cross intersection and allowing continued use of the existing turn lane and bridge rail and metal beam guard fence.
- Exit ramp will consist of a 14 foot wide travel lane with a six (6) foot outside shoulder and two (2) foot inside shoulder. See **Attachment B** for the Ramp Typical Section.
- Proposed bridge to cross Town Creek.
- Proposed box culvert cross-structure to allow an existing drainage swale to drain properly to Town Creek.
- Demolition of the existing clover-leaf exit ramp.



To construct the proposed west-bound exit ramp, five (5) parcels of right-of-way acquisition will be required. The total acreage to be acquired would be approximately 13 acres of land. See **Attachment A** Conceptual Layout, for location of required parcels.

The following issues had to be considered in developing the conceptual layout of the West-Bound IH-10 Improvements:

- The existing west-bound entrance ramp cannot be adjusted to tie into Harper Road further to the south, as any adjustment to the south would eliminate the possibility of a left turn lane onto the entrance ramp and cause issues with the existing approach guard fence to the Harper Road bridge rail.
- Town Creek is angled towards Harper Road north of IH-10 and allows for limited space between Harper Road and Town Creek requiring the construction of a bridge just east of Harper Road.
- The available right-of-way just east of Harper Road at the existing west-bound entrance ramp location is limited.
- The limited right-of-way and proximity of Town Creek requires right-of-way acquisition for ramp improvements.

The probable construction cost of the West-Bound Improvements at Harper Road is **\$4,460,000**. Please see **Attachment A** for the Conceptual Layout of the proposed improvements and **Attachment C** for the Probable Project Cost Estimate Breakdown.

East-Bound IH-10 Improvements at Harper Road

The East-Bound IH-10 Improvements at Harper Road require the following improvements:

- Proposed (approximately 5,000 linear foot) two-way frontage road requested by the City of Kerrville.
- The two-way frontage road would consist of two 12 foot wide lanes with eight foot shoulders on each side and curb and a five (5) foot sidewalk on the south side. See **Attachment B** for the Frontage Road Typical Section.
- Proposed (approximately 1,000 linear foot) east-bound entrance ramp at the end of the two-way frontage road.
- A proposed east-bound exit ramp (approximately 1,600 linear feet) east of Harper Road to allow traffic to exit to the proposed frontage road and access the adjacent properties.
- Both the proposed entrance and exit ramp will consist of a 14 foot wide travel lane with a six (6) foot outside shoulder and two (2) foot inside shoulder. See **Attachment B** for the Ramp Typical Section.
- Proposed bridge to cross Town Creek.
- Two proposed storm drainage systems. One system to drain to Town Creek and one to drain to the Town Creek tributary 3,400 linear feet east of Town Creek.
- 60 foot extensions to the double barrel 120 inch corrugated metal pipe culvert at the Town Creek tributary.
- Demolition of the existing clover-leaf entrance ramp.
- Construction of an 8" water main extension along the proposed frontage road.



To construct the proposed extension to the double barrel 120 inch culvert, one (1) parcel of right-of-way acquisition will be required to allow for proper side slope tie-in from the proposed frontage road. The total acreage to be acquired would be approximately two (2) acres of land.

The following issues had to be considered in developing the conceptual layout of the East-Bound IH-10 Improvements:

- The existing east-bound exit ramp cannot be adjusted to tie into Harper Road further to the north, as any adjustment to the north would cause the elimination of a large oak tree and will cause issues with the existing approach guard fence to the Harper Road bridge rail.
- Close coordination between the City of Kerrville, TXDOT and FHWA will be necessary for approval of a two-way frontage road.
- The varying topography requires a considerable amount of fill material to construct the proposed frontage road and east-bound entrance and exit ramps.

The probable construction cost of the East-Bound Improvements at Harper Road is **\$9,660,000**. Please see **Attachment A** for the Conceptual Layout of the proposed improvements and **Attachment C** for the Probable Project Cost Estimate Breakdown.

Overpass Alternate Option

The Overpass Alternate Option would include the following improvements:

- Proposed overpass located approximately 6000 linear feet southeast of Harper Road near the location of a proposed future road (shown as Town Creek Parkway on Attachment D).
- Proposed diamond interchange with entrance and exit ramps to and from IH=10 at the proposed overpass.
- Both the proposed entrance and exit ramp will consist of a 14 foot wide travel lane with a six (6) foot outside shoulder and two (2) foot inside shoulder. See **Attachment B** for the Ramp Typical Section.

Additional Options to include with the Overpass Alternate Option

- Proposed (approximately 5,000 linear foot) two-way frontage road towards Harper Road with a dead-end at Town Creek.
- Proposed bridge to cross Town Creek and frontage road connection to Harper Road.
- Re-profiling of IH-10 main lanes under the Harper Road overpass to increase the bridge clearance to the height required for oversized high loads to pass safely under the bridge.

The following issues had to be considered in developing the conceptual layout of the East-Bound IH-10 Improvements:

- Close coordination between the City of Kerrville, TXDOT and FHWA will be necessary for approval of a two-way frontage road.
- The varying topography requires a considerable amount of fill material to construct the proposed frontage road and overpass.



The probable construction cost of the Overpass Alternate Option is **\$6,600,000**, the Frontage Road Additional Option is **\$4,470,000**, the Frontage Road Bridge and Connection to Harper Road Additional Option is **\$3,500,000**, and the Re-profiling of IH-10 Additional Option is **\$6,450,000**. Please see **Attachment D** for the Overpass Alternate Option Conceptual Layout and **Attachment E** for the Overpass Alternate Option and Additional Options Probable Project Cost Estimate Breakdown.

Engineering

The following Engineering Services are required to design the proposed improvements at Harper Road at IH-10:

- Schematic Design and Layout Services to develop a preliminary design schematic layout for TXDOT.
- Survey Services to topographically survey the project area, map the existing right-of-way and to create proposed right-of-way plats and field notes for property acquisition.
- Environmental Engineering Services to complete all environmental documents required by NEPA and to develop and submit any necessary Army Corp of Engineers permits.
- Geotechnical Engineering Services to conduct soil borings and provide a Geotechnical Report including foundation studies and pavement sections for the frontage road and exit/entrance ramps.
- Civil Engineering Services to design the roadway and drainage improvements and to develop and submit a Conditional Letter of Map Revision (CLOMR) and/or Letter of Map Revision (LOMR).
- Structural Engineering Services to design the bridge structures over Town Creek and any necessary retaining walls.

The probable engineering cost to design the Harper Road at IH-10 Interchange Improvements is **\$2,118,000**, see **Attachment C**. See **Attachment E** for the probable engineering costs for the Overpass Alternate Option and Additional Options.

Conclusion

In summary, the proposed Harper Road at IH-10 Interchange Improvements are:

- A proposed west-bound exit from IH-10 to Harper Road and demolition of the existing west-bound clover-leaf exit to create the west-bound portion of a diamond interchange at Harper Road.
- A proposed east-bound entrance to IH-10 from Harper Road and demolition of the existing east-bound clover leaf entrance to create the east-bound portion of a diamond interchange at Harper Road.
- A proposed 5,000 linear foot long east-bound two-way frontage road to allow access to the properties abutting the south side IH-10 right-of-way.
- A proposed exit ramp to the proposed frontage road approximately 1,600 linear feet east of Harper Road.
- Right-of-way acquisition of a total of six (6) parcels to construct the proposed improvements.

In development of the probable construction estimate, a pavement section consisting of a 2" hot-mix asphalt surface layer, an 8" hot-mix asphalt base layer, and an 8" lime-treated subgrade section was used. This section is similar to the pavement currently being used for the construction of a frontage road in the City of Boerne along IH-10.



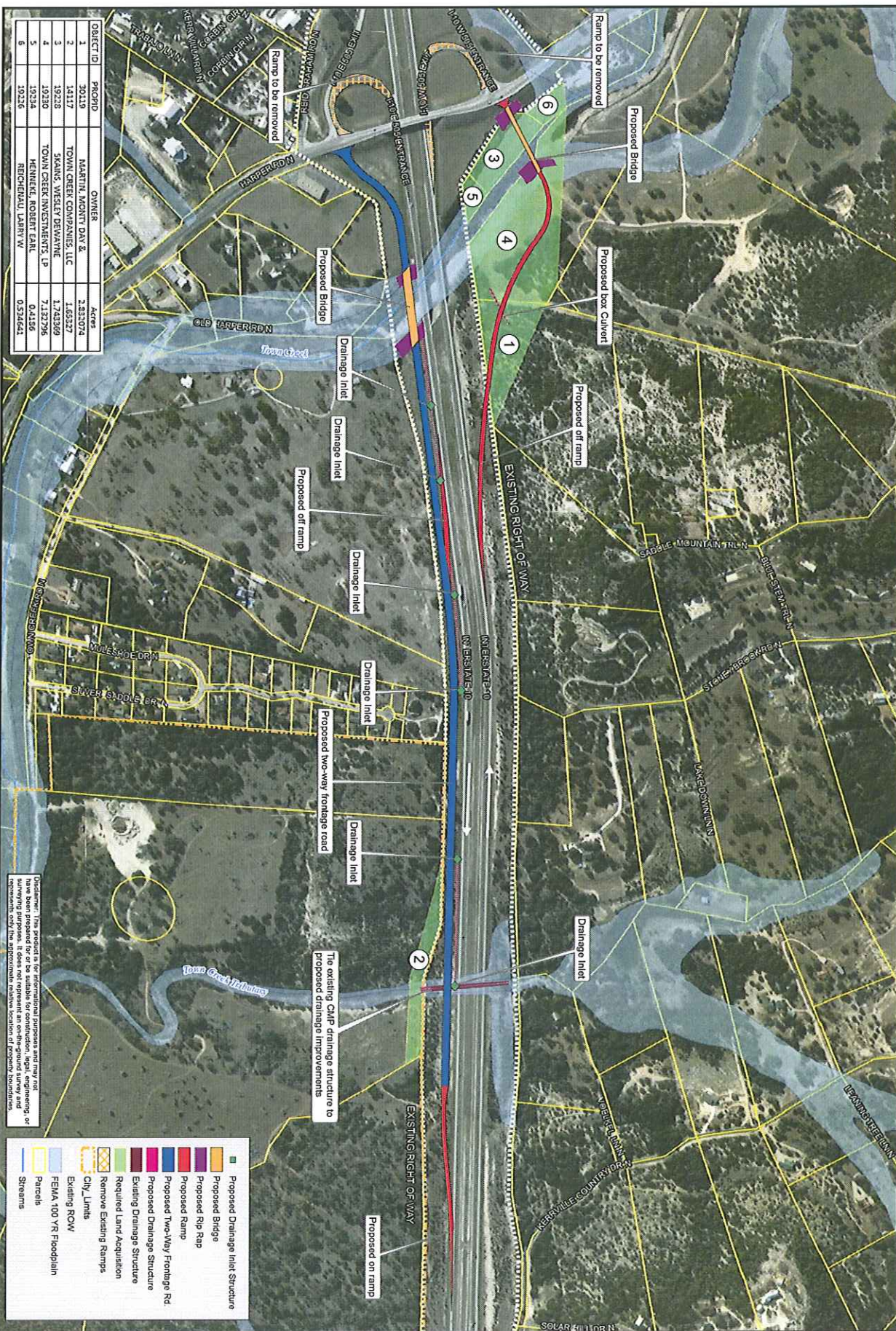
For all of the above proposed improvements, the Total Probable Project Cost is **\$16,238,000** based on current year costs. Below is a table showing the breakdown of costs and the total probable project cost in five years assuming a 5% increase in costs each year.

CONSTRUCTION	Amount
WEST BOUND EXIT RAMP	\$4,460,000.00
EAST BOUND FRONTAGE ROAD AND EXIT/ENTRANCE RAMPS	\$9,660,000.00
TOTAL PROBABLE CONSTRUCTION	\$14,120,000.00
TOTAL PROBABLE ENGINEERING (15%)	\$2,118,000.00
TOTAL PROBABLE PROJECT COST (YEAR 2015)	\$16,238,000.00
TOTAL PROBABLE PROJECT COST (YEAR 2020 W/ 5% INCREASE/YEAR)	\$20,730,000.00

Note: The probable costs provided in this summary are for budgetary purposes only and are not to be used for engineering design purposes.



OBJECT ID	PROPID	OWNER	Acres
1	30119	MARTIN, MONTE D &	2.833074
2	14117	TOWN CREEK COMPANIES, LLC	1.65327
3	19238	SHAW, WESLEY DEWANE	1.743369
4	19330	TOWN CREEK INVESTMENTS, LP	7.123796
5	19234	MEHNER, ROBERT PAUL	0.4148
6	19236	MEICHENAU, DAVID W	0.534641



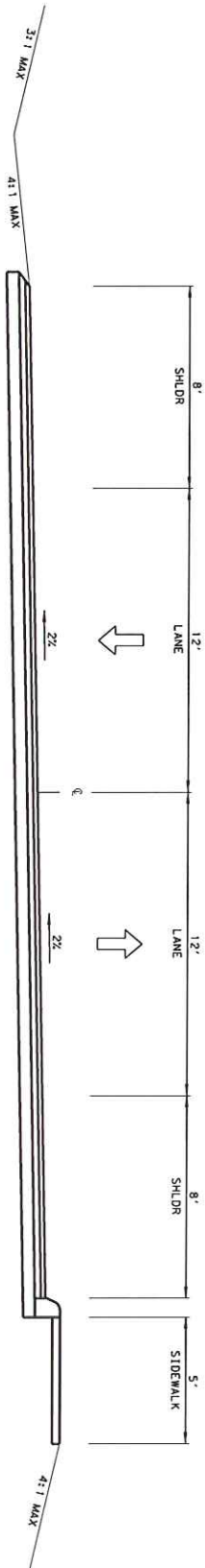
**Harper Rd @ IH-10
Interchange Improvements
Conceptual Layout**

Kerrville, TX

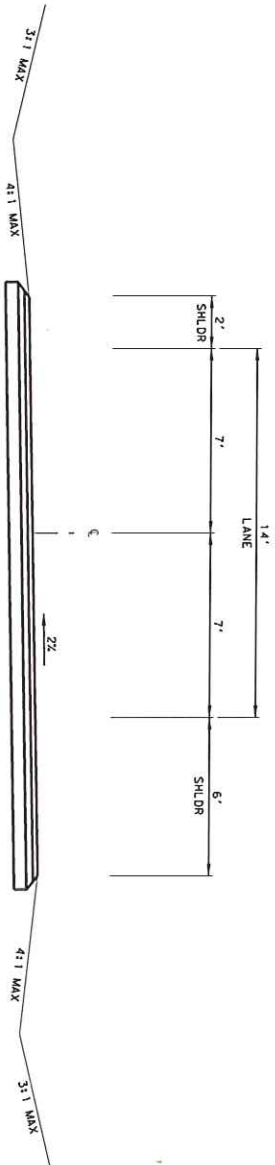
LNW PROJ. NO.	150138
DATE	4/28/2015
SCALE	1 inch = 500 feet
FILE	BH-10 @ Harper Rd. 11x17
DRAFTED	JS

ATTACHMENT
A

DISCLAIMER: THIS PRODUCT IS FOR INFORMATIONAL PURPOSES AND MAY NOT HAVE BEEN PREPARED FOR OR BE SUITABLE FOR CONSTRUCTION. IT IS FOR ENGINEERING, OR SURVEYING PURPOSES. IT DOES NOT REPRESENT AN ON-THE-GROUND SURVEY AND REPRESENTS ONLY THE APPROXIMATE RELATIVE LOCATION OF PROPERTY BOUNDARIES.



FRONTAGE ROAD TYPICAL SECTION
 M.T.S.



RAMP TYPICAL SECTION
 M.T.S.



engineers | architects | surveyors
 8915 TESORO DR., STE. 401 PH. 210.822-2332
 SAN ANTONIO, TEXAS 78217 FAX 210.822-4002
 TBE FIRM NO. F-506 WWW.LNVINC.COM

IH-10 @ HARPER RD.
 INTERCHANGE IMPROVEMENTS

CONCEPTUAL
 TYPICAL SECTION

ATTACHMENT B

DRAWN BY:	PROJECT NO. 150138	DATE: 4/29/2015
DESIGN BY:	CHECK BY:	SHEET NO.:

ATTACHMENT C

Harper Rd. at IH-10 Probable Project Cost Estimate Breakdown

Created by: LNV, Inc.

Date: 4/29/15

WEST BOUND EXIT RAMP

SECTION	AMOUNT
TRAFFIC CONTROL	\$184,760.00
ROADWAY	\$1,825,675.50
BRIDGE	\$1,197,990.00
SMALL STRUCTURES	\$227,000.00
EROSION CONTROL	\$47,900.00
PAVEMENT MARKING AND SIGNING	\$13,305.00
LAND ACQUISITION (EST. @ \$20,000/AC)	\$260,000.00
CONTINGENCY (~20%)	\$703,369.50
TOTAL PROBABLE CONSTRUCTION COST	\$4,460,000.00

EAST BOUND FRONTAGE ROAD AND EXIT/ENTRANCE RAMPS

SECTION	AMOUNT
TRAFFIC CONTROL	\$238,950.00
ROADWAY	\$4,739,451.00
BRIDGE	\$1,877,260.00
SMALL STRUCTURES	\$403,000.00
EROSION CONTROL	\$120,700.00
PAVEMENT MARKING AND SIGNING	\$39,100.00
LAND ACQUISITION (EST. @ \$20,000/AC)	\$40,000.00
WATER MAIN EXTENSION	\$600,000.00
CONTINGENCY (~20%)	\$1,601,539.00
TOTAL PROBABLE CONSTRUCTION COST	\$9,660,000.00

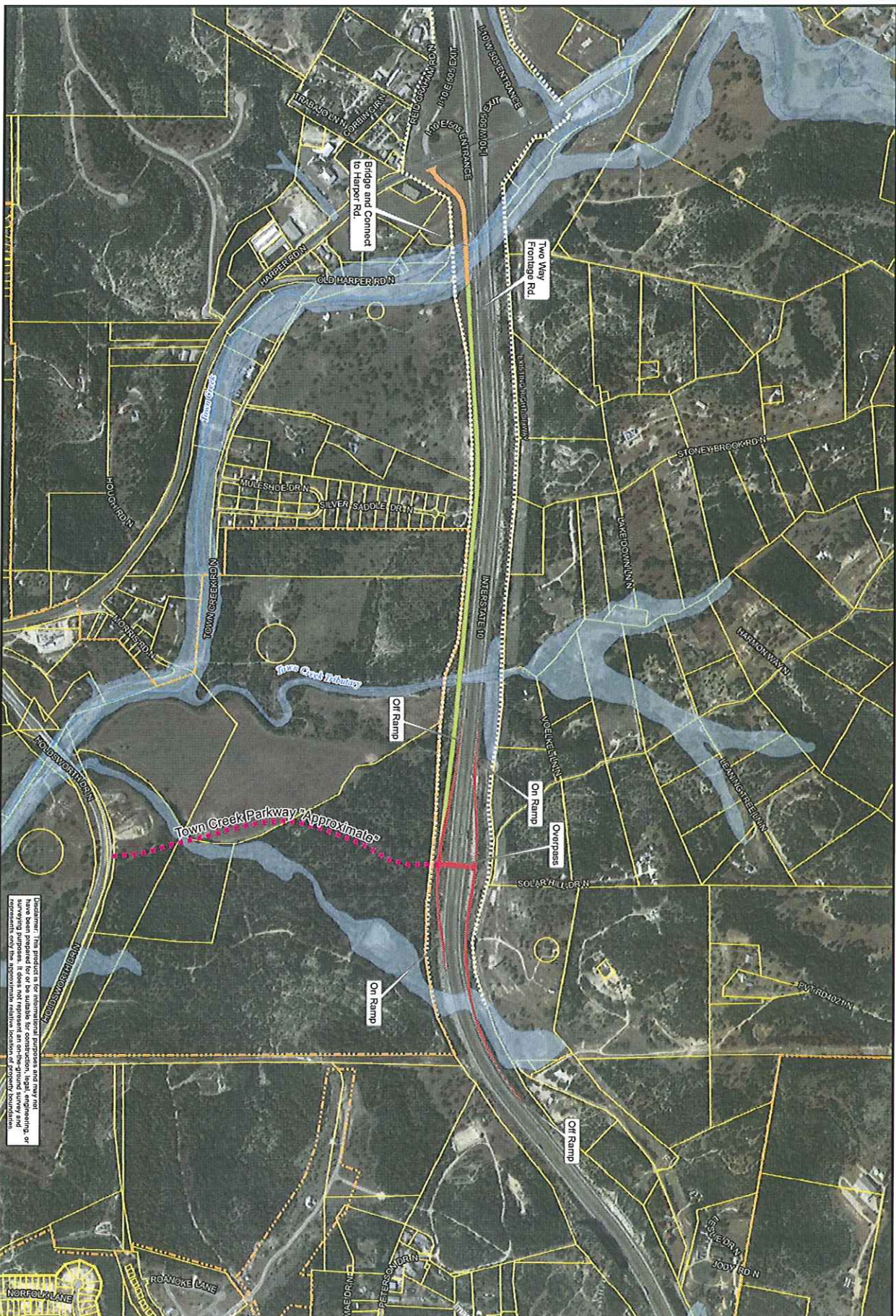
TOTAL OVERALL PROBABLE CONSTRUCTION COST	\$14,120,000.00
---	------------------------

TOTAL PROBABLE ENGINEERING (15%)	\$2,118,000.00
---	-----------------------

TOTAL PROBABLE PROJECT COST (YEAR 2015)	\$16,238,000.00
--	------------------------

TOTAL PROBABLE PROJECT COST (YEAR 2020 W/ 5% INCREASE/YEAR)	\$20,730,000.00
--	------------------------

Note: The probable costs provided above are for budgetary purposes only and are not to be used for engineering design purposes.



Caution: This product is for informational purposes and may not have been prepared for use in a specific project. It does not represent an on-the-ground survey and may not be used for legal purposes. Only the appropriate relative location of property boundaries.

0 750 1,500 Feet

LNV

engineers | architects | surveyors



**Overpass Alternative Option
Conceptual Plan**

Kerrville, TX

LNK PROJ. NO.	150138
DATE	6/1/2015
SCALE	1 inch = 750 feet
FILE	IH-13 Kerrville Overpass
DRAFTED	JS

**ATTACHMENT
D**

ATTACHMENT E

Overpass Alternate Option Probable Project Cost Estimate Breakdown

Created by: LNV, Inc.

Date: 5/27/15

OVERPASS AND EXIT/ENTRANCE RAMPS

SECTION	AMOUNT
ROADWAY	\$4,386,576.00
BRIDGE	\$1,100,000.00
CONTINGENCY (~20%)	\$1,113,424.00
TOTAL PROBABLE CONSTRUCTION COST	\$6,600,000.00

TOTAL PROBABLE ENGINEERING (15%)	\$990,000.00
---	---------------------

TOTAL PROBABLE PROJECT COST (YEAR 2015)	\$7,590,000.00
--	-----------------------

TOTAL PROBABLE PROJECT COST (YEAR 2020 W/ 5% INCREASE/YEAR)	\$9,690,000.00
--	-----------------------

EAST BOUND FRONTAGE ROAD WITH DEAD-END AT TOWN CREEK

SECTION	AMOUNT
ROADWAY	\$3,723,100.00
CONTINGENCY (~20%)	\$746,900.00
TOTAL PROBABLE CONSTRUCTION COST	\$4,470,000.00

TOTAL PROBABLE ENGINEERING (15%)	\$670,500.00
---	---------------------

TOTAL PROBABLE PROJECT COST (YEAR 2015)	\$5,140,500.00
--	-----------------------

TOTAL PROBABLE PROJECT COST (YEAR 2020 W/ 5% INCREASE/YEAR)	\$6,570,000.00
--	-----------------------

Note: The probable costs provided above are for budgetary purposes only and are not to be used for engineering design purposes.

ATTACHMENT E

Overpass Alternate Option Probable Project Cost Estimate Breakdown

Created by: LNV, Inc.

Date: 5/27/15

FRONTAGE ROAD BRIDGE AND CONNECTION TO HARPER RD.

SECTION	AMOUNT
ROADWAY	\$1,342,385.00
BRIDGE	\$1,577,260.00
CONTINGENCY (~20%)	\$580,355.00
TOTAL PROBABLE CONSTRUCTION COST	\$3,500,000.00

TOTAL PROBABLE ENGINEERING (15%)	\$525,000.00
---	---------------------

TOTAL PROBABLE PROJECT COST (YEAR 2015)	\$4,025,000.00
--	-----------------------

TOTAL PROBABLE PROJECT COST (YEAR 2020 W/ 5% INCREASE/YEAR)	\$5,140,000.00
--	-----------------------

REPROFILING OF IH-10

SECTION	AMOUNT
ROADWAY	\$5,370,400.00
CONTINGENCY (~20%)	\$1,079,600.00
TOTAL PROBABLE CONSTRUCTION COST	\$6,450,000.00

TOTAL PROBABLE ENGINEERING (15%)	\$967,500.00
---	---------------------

TOTAL PROBABLE PROJECT COST (YEAR 2015)	\$7,417,500.00
--	-----------------------

TOTAL PROBABLE PROJECT COST (YEAR 2020 W/ 5% INCREASE/YEAR)	\$9,470,000.00
--	-----------------------

Note: The probable costs provided above are for budgetary purposes only and are not to be used for engineering design purposes.

Agenda Item:

8C. Initiation of annexation proceedings on approximately 194.79 acres of land out of the William Watt Survey No. 69, Abstract No. 367 and the W.T. Crook Survey No. 70, Abstract No. 113, Kerr County, Texas, and being generally located on the south side of SH-27 and located between Oak Way Street and Splitrock Road. (Mayor Pratt)

**TO BE CONSIDERED BY THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS**

SUBJECT: Initiation of annexation proceedings on approximately 194.79 acres of land out of the William Watt Survey No. 69, Abstract No. 367 and the W.T. Crook Survey No. 70, Abstract No. 113, Kerr County, Texas, and being generally located on the south side of SH-27 and located between Oak Way Street and Splitrock Road

FOR AGENDA OF: Jan. 12, 2016

DATE SUBMITTED: Jan. 6, 2016

SUBMITTED BY: Jack Pratt, Jr.
Mayor

CLEARANCES: Todd Parton
City Manager

EXHIBITS: Parcel Map
Field Notes

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER:

Expenditure	Current Balance	Amount	Account
Required:	in Account:	Budgeted:	Number:
\$0	\$0	\$0	

PAYMENT TO BE MADE TO:

REVIEWED BY THE FINANCE DEPARTMENT:

SUMMARY STATEMENT

One of Kerrville's main economic development corridors is State Highway 27 headed east from the city. That corridor is currently exposed to development that could be detrimental to the interests to the landowners and the city's economic viability. The purpose of this annexation is to protect the land value and investments along this major, economic development gateway and thereby protecting the interests of the existing and future landowners.

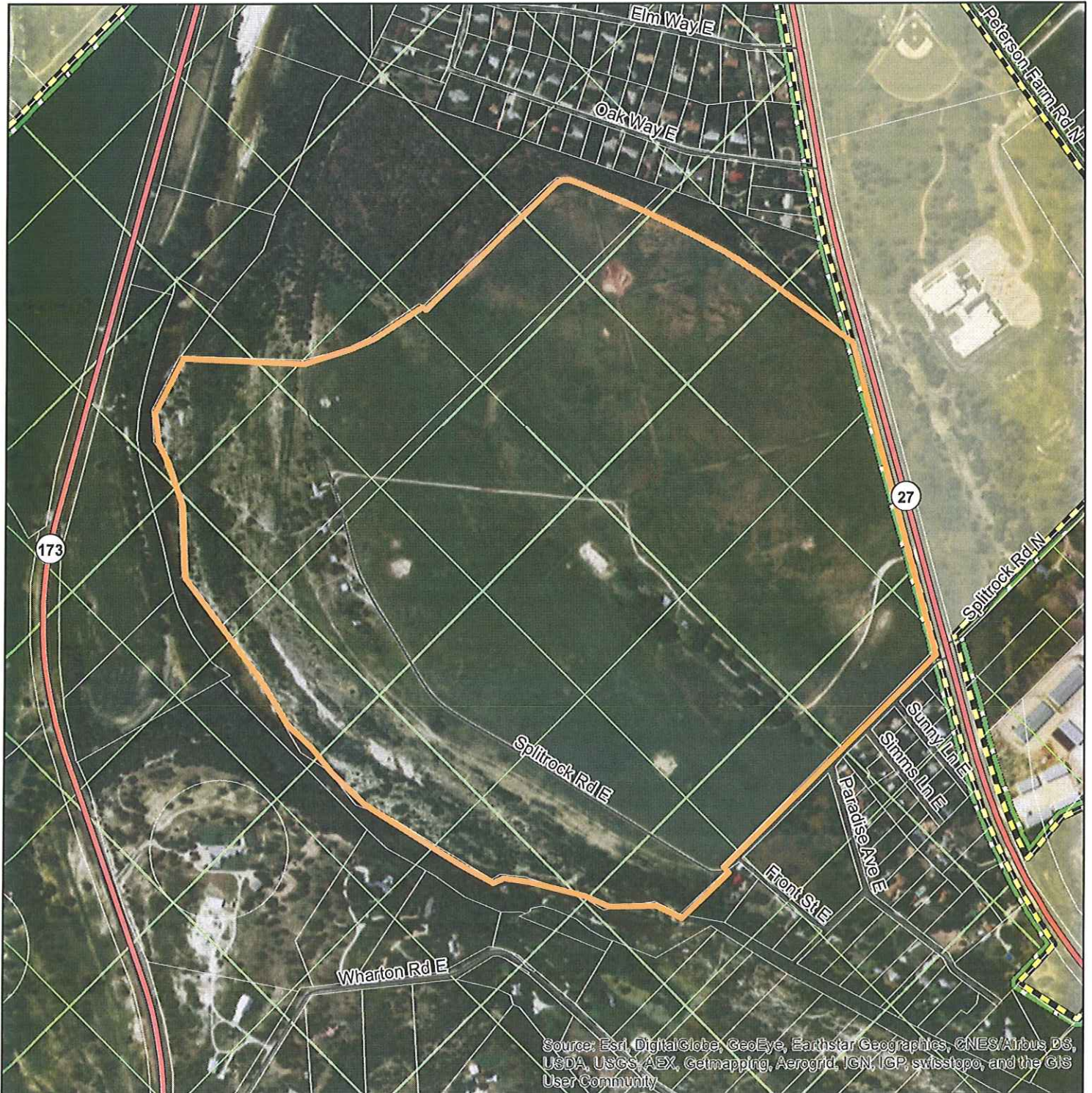
RECOMMENDED ACTION

Direct city staff to initiate annexation procedures.



Parcel Map

Proposed Annexation

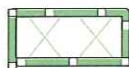


Source: Esri, DigitalGlobe, GeoEye, Earthstar Geographics, CNES/Airbus DS, USDA, USGS, AEX, Getmapping, Aerogrid, IGN, ICP, swisstopo, and the GIS User Community

Legend



Legal Description



ETJ

Tax Parcels



Highway



City Limit



Local Street



Exported By: joyoung
Exported On: 1/7/2016 3:00 PM

0 300 600 1,200

Scale In Feet

This product is for informational purposes and may not have been prepared for or be suitable for legal, engineering, or surveying purposes. It does not represent an on-the-ground survey and represents only approximate relative locations.

EXHIBIT A

DESCRIPTION OF THE LAND

FIELD NOTES FOR A 194.79 ACRE TRACT

Survey of a 194.79 Acre (8,485,189 square feet more or less), Tract of land out of the William Watt Survey No. 69, Abstract No. 367 and the W.T. Crook Survey No. 70, Abstract No. 113, Kerr County, Texas, being all of that 195.26 Acre Tract conveyed to J.W. Colvin, III, in deed recorded in Volume 1395, Page 542, Official Public Records, Kerr County, Texas, and being more particularly described as follows: (Basis of bearing NAD83 State Plane Coordinates Texas South Central Zone.)

BEGINNING: At a ½" iron rod with cap stamped "RICKMAN RPLS 5826" set in the west right of way line of State Highway 27 (100' Right of Way) and the northwest line of Split Rock Road, (Variable Width Right of Way) for the most easterly southeast corner of this Tract and the POINT OF BEGINNING, from which a Texas Department of Transportation Monument found bears S 15°31'16" E, a distance of 489.17 feet;

THENCE: Departing the west right of way line of State Highway 27, with the northwest right of way line of Split Rock Road and the southeast line of this Tract, the following calls and distances:

S 45°15'37" W, a distance of 1429.45 feet to a ½" iron rod found for a northwest corner of Split Rock Road and a reentrant corner of this Tract;

S 47°15'23" E, across Split Rock Road, a distance of 33.26 feet to a ½" iron rod found in the northwest line of Lot 1, the Byerly Addition, recorded in Volume 5, Page 329, Plat Records, Kerr County, Texas, for the south corner of Split Rock Road and the most southerly southeast corner of this Tract;

THENCE: S 46°14'37" W, with the northwest line of Lot 1 and the southeast line of this Tract, a distance of 313.40 feet to a ½" iron rod with cap stamped "RICKMAN RPLS 5826" set in the left bank of the Guadalupe River for the west corner of Lot 1 and the south corner of this Tract, from which an iron rod bears S 87°35'35" E, a distance of 15.45 feet;

THENCE: Up the Guadalupe River, with the left bank of the River and the west line of this Tract, the following calls and distances:

N 63°47'23" W, a distance of 137.20 feet to a ½" iron rod found;

S 88°51'28" W, a distance of 225.26 feet to a point;

N 66°38'33" W, a distance of 131.04 feet to a point;

[SIGNATURE PAGE - SPECIAL WARRANTY DEED]

N 76°06'28" W, a distance of 276.07 feet to a ½" iron rod found;

N 82°01'32" W, a distance of 118.44 feet to a ½" iron rod found;

S 68°34'32" W, a distance of 57.08 feet to a ½" iron rod found;

N 61°58'44" W, a distance of 185.20 feet to a ½" iron rod found;

N 58°03'43" W, a distance of 536.45 feet to a point;

N 46°44'05" W, a distance of 214.22 feet to a point;

N 39°08'36" W, a distance of 158.41 feet to a point;

N 47°46'56" W, a distance of 146.17 feet to a ½" iron rod found;

N 32°20'46" W, a distance of 280.93 feet to a ½" iron rod found;

N 37°10'10" W, a distance of 582.89 feet to a point;

N 02°27'23" W, a distance of 341.04 feet to a point;

N 18°44'23" W, a distance of 215.30 feet to a point;

N 27°22'23" W, a distance of 102.11 feet to a point;

N 07°27'23" W, a distance of 146.03 feet to a ½" iron rod found;

N 27°23'37" E, a distance of 291.58 feet to a ½" iron rod with cap stamped "RICKMAN RPLS 5826" set in the left bank of the Guadalupe River for the west corner of a 34.22 Acre Tract conveyed to 1967 Shelter Trusts Partnership and 1973 Shelter Trusts Partnership in deed recorded in Volume 734, Page 524, Deed Records, Kerr County, Texas, and the northwest corner of this Tract;

THENCE: Departing the left bank of the Guadalupe River, with the south line of the 34.22 Acre Tract and the north line of this Tract the following calls and distances:

S 87°21'23" E, a distance of 581.00 feet to a ½" iron rod found for an angle point;

N 72°51'15" E, a distance of 237.05 feet to a ½" iron rod found for an angle point;

N 66°28'02" E, a distance of 120.35 feet to a ½" iron rod found for an angle point;

N 57°00'57" E, a distance of 276.47 feet to a ½" iron rod found for an angle point;

S 46°48'16" E, a distance of 20.86 feet to a ½" iron rod found for an angle point;

N 46°11'54" E, a distance of 866.11 feet to a ½" iron rod found for an angle point;

N 63°36'17" E, a distance of 30.66 feet to a ½" iron rod found for an angle point;

S 88°07'53" E, a distance of 37.41 feet to a ½" iron rod found for an angle point;

S 71°08'41" E, a distance of 71.95 feet to a ½" iron rod found for an angle point;

S 67°32'23" E, a distance of 315.25 feet to a ½" iron rod found for an angle point;

S 64°58'14" E, a distance of 250.58 feet to a ½" iron rod found for an angle point;

S 62°15'37" E, a distance of 181.64 feet to a ½" iron rod found for an angle point;

S 57°37'50" E, a distance of 186.42 feet to a ½" iron rod found for an angle point;

S 54°00'52" E, a distance of 495.59 feet to a ½" iron rod found for an angle point;

S 54°08'22" E, a distance of 67.47 feet to a ½" iron rod found in the west right of way line of State Highway 27 for the southeast corner of the 34.22 Acre Tract and the northeast corner of this Tract;

THENCE: S 15°31'16" E, with the west right of way line of State Highway 27 and the east line of this Tract, a distance of 1534.33 feet to the POINT OF BEGINNING and containing 194.79 Acres in Kerr County, Texas, according to a survey on the ground on December 16, 2014, by Rickman Land Surveying.

EXHIBIT B

EXCEPTIONS

1. Electrical Right of Way Easements to L.C.R.A., dated September 10, 1962, recorded in Volume 3, Page 532, and dated March 31, 1967, recorded in Volume 4, Page 532, Easement Records of Kerr County, Texas.
2. Easement and Right of Way to Kerrville Telephone Company, dated March 1, 1967, recorded in Volume 4, Page 491, Easement Records of Kerr County, Texas.
3. Easements to L.C.R.A., dated June 3, 1948, recorded in Volume 1, Page 114, Easement Records of Kerr County, Texas.
4. Easement to Southwestern Bell, recorded in Volume 6, Page 447, Easement Records of Kerr County, Texas.
5. Easement to KPNB and Kerrville Telephone Company, dated July 9, 2002, recorded in Volume 124, Page 23, Real Property Records of Kerr County, Texas.
6. Road Easement to Kerr County, dated February 15, 1912, recorded in Volume 34, Page 533, Deed Records of Kerr County, Texas.
7. Overhead utilities, signs, fiber optic vaults and buried telecommunications lines as shown on survey dated December 16, 2014, prepared by J. Derrick Rickman, Registered Professional Land Surveyor No. 5826.
8. Rights of third parties to use gravel lane called Split Rock Road across the Property as shown on survey dated December 16, 2014, prepared by J. Derrick Rickman, Registered Professional Land Surveyor No. 5826.
9. Encroachment of cinder block shed on the east corner of the Property, as shown on survey dated December 16, 2014, prepared by J. Derrick Rickman, Registered Professional Land Surveyor No. 5826.


FILED AND RECORDED
At 2:17 o'clock P.M.
STATE OF TEXAS
COUNTY OF KERR
December 23, 2014
I hereby certify that this instrument was filed in the
numbered sequence on the date and time stamped
above by me and was duly recorded in the Official
Public Records of Kerr County Texas.
Jannett Pieper, Kerr County Clerk
J. Derrick Rickman, Deputy

Agenda Item:

9A. Food Service Advisory Board. (staff)

**BUSINESS OF THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS**

SUBJECT: Appointments to the Food Service Advisory Board

FOR AGENDA OF: January 12, 2016 **DATE SUBMITTED:** January 6, 2016

SUBMITTED BY: Brenda Craig
City Secretary  **CLEARANCES:** Todd Parton
City Manager

EXHIBITS: Board List

APPROVED FOR SUBMITTAL BY CITY MANAGER: 

SUMMARY STATEMENT

Consider appointments to the following board:

Food Service Advisory Board: Two terms that expired on December 1, 2015.

RECOMMENDED ACTION

Consider appointments.

FOOD SERVICE ADVISORY BOARD

	<u>Telephone</u>	<u>Orig. Appt.</u>	<u>Re-Appt. Date</u>	<u>Exp. Date</u>
ARCHER, TYLER Chairperson 240 Valley View	210-372-2812 (O) 257-7000 (H)	12-13-11	11-12-13	12-01-15
YOUNG, DARRELL Vice-Chairperson 1326 Ranchero Rd.	257-0800 (O) 896-1852 (H)	12-11-12	12-09-14	12-01-16
DITTMAR, REBECCA 155 Aqua Vista	353-1305 (O) 896-9037 (H)	12-11-12	12-09-14	12-01-16
AAMODT, "GARY", JR. 160 Kerrville South Rd.	257-3533 (O) 896-7979 (H) 370-4416 (C)	08-11-15		12-01-17
GONZALES, DAVID C. 704 Englemann Oak Dr. Fredericksburg, TX 78624	830-315-2750 (O) 940-452-5486 (H)	08-27-13	12-09-14	12-01-16
HUGHES, BRENDA 709 Galbraith Ave.	257-4540 (O) 370-3614 (H)	12-13-11	11-12-13	12-01-15
VAZQUEZ, ABEL 158 Valley View	257-0606 (O) 896-9899 (H)	01-11-11	12-09-14	12-01-16
COUNCIL LIAISON:				
STEPHEN FINE 1210 Virginia Dr.	285-4234 (C) 896-2934 (H)			
CITY STAFF:				
Daryl Poe Health Specialist	258-1173			
Danny Batts Director of Bldg. Services	258-1178 (O) 896-0517 (F)			

Qualifications: Shall be composed of local certified food managers from the food service or food processing industry, any member of the local restaurant association who owns or conducts business in the city of Kerrville or any citizen of Kerr County qualified by training and/or experience to advise on the application of the food code.

Powers and Duties: To hear appeals and make recommendations to the health official for variances from provisions of the code; to provide assistance to the health official concerning interpretations of the code; to advise the city manager, at his request, regarding the suspension or revocation of food permits; and to consider and make recommendations to city council regarding any matters relating to the food service program.

Term of Office: Two Years; no member shall serve more than two consecutive terms.

Quorum: Four

Number of Members: Seven

Meeting Time & Place: Tri-annually (April, August & Dec), Third Tuesday, 3:00 p.m., Development Services

Absences: Any member who misses three consecutive regular meetings shall thus cause his/her seat on the board to become vacant. The council shall then appoint a new member to fill the vacancy.

Established by: Ordinance 1989-30; amended by Ordinance 1994-11
Code of Ordinances: Chapter 58 - Article II - Section 58-34

Revised: August 13, 2015

Agenda Item:

9B. Main Street Advisory Board. (staff)

**BUSINESS OF THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS**

SUBJECT: Appointments to the Main Street Advisory Board

FOR AGENDA OF: January 12, 2016 **DATE SUBMITTED:** January 6, 2016

SUBMITTED BY: Brenda Craig *BC* **CLEARANCES:** Todd Parton
City Secretary City Manager

EXHIBITS: Board List

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: *R*

SUMMARY STATEMENT

Consider appointments to the following board:

Main Street Advisory Board: Two terms, one due to expire on May 31, 2016; and one due to expire on May 31, 2017, due to the resignations of Mindi Franklin and Scott Bolton.

RECOMMENDED ACTION

Consider appointments.

MAIN STREET ADVISORY BOARD

	<u>Telephone</u>	<u>Orig. Appt.</u>	<u>Re-Appt. Date</u>	<u>Exp. Date</u>
FRANKLIN, MINDI Chairperson 118 Methodist Encampment	830-928-9357 (H) 792-6200 (W)	07-23-13	07-07-15	05-31-17
BOLTON, SCOTT Vice-Chairperson 1207 Virginia Dr.	792-7089 (H) 896-0098 (W) 832-978-3949 (C)	07-23-13		05-31-16
BRADSHAW, ROSE 229 Schreiner Street	257-4101 (O) 895-3248 (H) 377-8948 (C)	03-24-15		05-31-17
EDWARDS, TAMI 134 Kodiak Trail	367-2012 (H) 210-827-9938 (C)	01-28-14		05-31-16
LOGAN, DAINELLE 1128 Hancock Drive	936-239-8224 (H) 955-5088 (W)	05-12-15		05-31-16
MARTIN, DAVID 1717 Foothills Dr.	895-1313 (O) 895-1857 (H) 830-459-9747 (C)	05-08-12	01-28-14	05-31-16
SOUTHERN, MELISSA 1606 Quinlan Creek Drive	257-3877 (W) 257-2015 (C) 257-1923 (H)	07-08-14	07-07-15	05-31-17
COUNCIL LIAISON: Gary Stork 804 Tanglewood Lane	257-0365 (O)			
CITY STAFF: Terry Cook Main Street Manager	258-1113			
Ashlea Boyle Special Projects Manager	258-1153			

Powers and Duties: To encourage participation in the Main Street Revitalization Program; to establish goals and priorities for the Main Street Program; to review design appropriateness for the purpose of participation in the main street low-interest loan program and incentive grant projects; and to advise and support the main street program manager.

Term of Office: Two years with a maximum of two full successive terms (Bylaws)

Quorum: Four members

Number of Members: Seven

Absences: Any member who misses 25% of the regular meetings or three consecutive regular meetings may be replaced by City Council.

Meeting Time & Place: Fourth Thursday at 3:30 p.m., City Hall, 701 Main Street

*Established by: Resolution No. 12-2014

Resolution No. 1994-133(Repealed 5-27-14)

Revised: July 13, 2015

*Expiration of member terms were drawn at the June, 2014 meeting.

Agenda Item:

9C. Planning and Zoning Commission. (staff)

PLANNING AND ZONING COMMISSION

	<u>Telephone</u>	<u>Orig. Appt.</u>	<u>Re-Appt. Date</u>	<u>Exp. Date</u>
WATTERSON, DAVID Chair 177 Phoenix Dr.	634-3300 (O) 377-6400 (C)	01-12-10	12-10-13	01-01-16
WALLER, ROBERT 33 Antelope Trail Vice-Chair	792-6088 (H) 896-2950 (O)	07-09-13	01-13-15	01-01-17
HARMON, GARRETT 701 Lee Street	895-4510 (O) 285-2151 (C)	06-25-13	01-13-15	01-01-17
MORGAN, WILLIAM 1744 Glen Road	739-9655 (O) 257-6263 (H)	01-22-13	01-13-15	01-01-17
MOTHERAL, R. BRUCE 710 Overhill Drive	257-2087 (H) 257-6360 (W)	01-14-14		01-01-16

ALTERNATES:

MALONE, DOYLE 208 Spring Mill Dr.	257-8755 (H)	07-23-13	12-10-13	01-01-16
ZUBER, RUSTIN 112 Harmon Way	895-2829 (O) 895-4913 (H)	12-10-13	01-13-15	01-01-17

COUNCIL LIAISON:
Bonnie White
402 Forest Ridge Dr. 896-6679 (O)
792-6679 (H)

CITY STAFF:
Trent Robertson
City Planner 258-1184 (O)

Qualifications: At least four of the regular members shall be residents and eligible voters of the city; one regular member may reside in the city's extraterritorial jurisdiction (ETJ) and must be an eligible voter of Kerr County. At least one alternate member shall be a resident and eligible voter of the city; one alternate member may reside in the city's extraterritorial jurisdiction (ETJ) and must be an eligible voter of Kerr County.

Powers and Duties: 1. Shall formulate and recommend to the city council for adoption a Comprehensive Plan for the orderly growth and development of the city and its environs. On a yearly basis the commission shall review and if necessary recommend such changes in the plan as it finds will facilitate the movement of people and goods, and the health, recreation, safety and general welfare of the citizens of the city.

2. Shall formulate a zoning plan (ordinance) as may be deemed best to carry out the goals of the Comprehensive Plan; hold public hearings and make recommendations to the city council relating to the creation, amendment, and implementation of zoning regulations and districts as provided in state law.
3. Shall exercise all powers of a commission as to approval or disapproval of plans, plats, or replats as set out by state law and the city's subdivision regulations.
4. Shall initiate for consideration at public hearings, proposals for the original zoning of annexed areas or for the change of zoning district boundaries on an area wide basis.
5. Shall consider and take appropriate action, upon written request, variances as prescribed to the city's subdivision and sign regulations.
6. Shall from time to time recommend such changes to the subdivision regulations, sign regulations, and any other ordinance the city council assigns to their review that will facilitate the general health, safety and welfare of the citizens of the city.

Term of Office: Two years. No regular member shall serve more than three consecutive full terms on the Commission without having at least one full year off the Commission between terms.

Quorum: Three (may include an alternate member but only where substitution for and acting as a regular member)

Number of Members: Five regular members and two alternates.

Meeting Time & Place: First and third Thursdays, 4:30 p.m., City Hall; Council Chambers.

Absences: Any member who is absent from twenty-five percent (25%) of the board's regular meetings during any twelve (12) month period, or who is absent from any three (3) consecutive regular meetings, shall be considered for removal by the city council. The staff member has the responsibility of reporting a member's non-attendance to the city council in writing, and the city secretary shall notify the board member in writing that their non-attendance has been reported to the city council. However, a member whose absences are directly related to a medical or family emergency may seek consideration from the board upon which they serve to qualify such absences as excused.

Established by: Minutes of 12-18-44 Council meeting; amended by Ordinance Nos. 1979-37, 1987-24, and 2008-24 (which deleted from Code of Ordinances book Chapter 82 – Article II – Sections 82-31 through 82-36 and rolled into Zoning Code which is not codified)

Revised: May 26, 2015