

AGENDA FOR REGULAR

MEETING CITY OF

KERRVILLE, TEXAS

ECONOMIC IMPROVEMENT CORPORATION

MONDAY, NOVEMBER 27, 2017 AT 4:00P.M.

KERRVILLE CITY HALL CITY COUNCIL

CHAMBERS 701 MAIN STREET,

KERRVILLE, TEXAS

AGENDA FOR REGULAR MEETING OF THE
CITY OF KERRVILLE, TEXAS
ECONOMIC IMPROVEMENT CORPORATION
MONDAY, NOVEMBER 27, 2017, 4:00 P.M.
KERRVILLE CITY HALL COUNCIL CHAMBERS
701 MAIN STREET, KERRVILLE, TEXAS

CALL TO ORDER

INVOCATION

1. VISITORS / CITIZENS FORUM:

Any citizen with business not scheduled on the agenda may speak to the Economic Improvement Corporation. No deliberation or action can be taken on these items because the Open Meetings Act requires an item be posted on an agenda 72 hours before the meeting. Visitors are asked to limit their presentation to three minutes.

2. APPROVAL OF MINUTES:

2A. Approval of minutes for the regular meeting held on October 16, 2017.

3. MONTHLY REPORTS:

3A. Monthly financials for October 2017. (staff)

3B. Projects update:

River Trail

Kerrville Sports Complex

Reuse Distribution Lines

Tennis Center Improvements

4. CONSIDERATION AND POSSIBLE ACTION:

4A. Contract with the City of Kerrville for Administrative Services. (staff)

The facility is wheelchair accessible and accessible parking spaces are available. Requests for accommodations or interpretive service 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 November 17, 2017, at 4:00 p.m. and remained posted continuously for at least 72 hours preceding the scheduled time of the meeting.

Cheryl Brown

Deputy City Secretary, City of Kerrville, Texas

5. EXECUTIVE SESSION:

The Economic Improvement Corporation 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 Section 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:

5A. Review and consider funding application for assistance with a public infrastructure extension along Thompson Road related to a private development. (staff)

6. POSSIBLE ACTION FOR ITEMS DISCUSSED IN EXECUTIVE SESSION

7. ITEMS FOR FUTURE AGENDAS

8. ANNOUNCEMENTS

9. ADJOURNMENT.

The facility is wheelchair accessible and accessible parking spaces are available. Requests for accommodations or interpretive service 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 November 17, 2017, at 4:00 p.m. and remained posted continuously for at least 72 hours preceding the scheduled time of the meeting.

Cheryl Brown
Deputy City Secretary, City of Kerrville, Texas

Agenda Item:

2A. Approval of minutes for the regular meeting held on October 16, 2017.

CITY OF KERRVILLE, TEXAS ECONOMIC IMPROVEMENT CORPORATION
REGULAR MEETING **OCTOBER 16, 2017**

On Monday, October 16, 2017, the regular meeting of the members of the City of Kerrville, Texas Economic Improvement Corporation, was called to order at 4:00 p.m. by Kenneth Early, President, in the Council Chambers at City Hall, at 701 Main Street, Kerrville, Texas. Mr. Wilson offered the invocation.

Members Present:

Kenneth Early, President
Sheri Pattillo, Vice President
George Baroody
Robert Naman
Paul Stafford
James Wilson

Members Absent:

Gary Cooper

City Executive Staff Present:

Mark McDaniel, City Manager
E.A. Hoppe, Deputy City Manager
Mike Hayes, City Attorney
Cheryl Brown, Deputy City Secretary
Sandra Yarbrough, Finance Director

Visitors Present: Visitor list available in the City Secretary's Office for the required retention period.

1. **VISITORS/CITIZENS FORUM:** No one spoke.

2. **APPROVAL OF MINUTES:**

2A. Approval of minutes for the regular meeting held on September 18, 2017.

Mr. Wilson moved to approve the minutes for the regular EIC meeting held on September 18, 2017. Mr. Stafford seconded, and the motion passed 6-0.

3. **MONTHLY REPORTS:**

3A. Monthly financials for September 2017. (staff)

Ms. Yarbrough reported a beginning balance of \$2,856,140; with \$268,362 revenue, and \$851,561 expenditures; leaving an ending cash balance on September 30, 2017 of \$2,272,941. She reviewed the capital projects status summary.

3B. Projects update:

Mr. Hoppe made the following reports:

River Trail:

Engineering was in the final stages and should be complete by the end of October. Bids for the project were scheduled to go out in October. License and easement work was completed with the Dietert Center.

Kerrville Sports Complex:

The project was substantially completed, and punch list items were being addressed.

Reuse Distribution Lines:

The extension down Holdsworth Drive was completed. Most of the extension down Legion Drive was completed. All the borings were complete down 173, East Main and over to Schreiner University.

Tennis Center Improvements:

Stakeholder input sessions with design/engineering consultant was to begin in November.

4. CONSIDERATION AND POSSIBLE ACTION:

4A. Administrative Services Contract between City of Kerrville, TX and the City of Kerrville, Texas Economic Improvement Corporation.

Mr. Hoppe presented the contract.

Mr. Early asked if it was possible for the EIC to divide the components of the contract, assigning specific dollar amounts for each one.

Mr. Hoppe stated that it was possible, although the amount would most likely be much higher than the \$100,000 in the contract.

Mr. Early asked if the City Attorney had a conflict regarding an issue between the City Council and EIC, where would the funds come from for the EIC to obtain outside counsel.

Mr. Hoppe stated that there were no funds allocated in the current City budget to cover that contingency.

Ms. Pattillo asked if the City Council would have to approve an added expenditure by the EIC if they were in need of outside legal counsel.

Mr. Hoppe stated that, if there was not a provision in the budget for that current year, then arguably it would have to go before City Council for approval.

Mr. Early moved that the EIC instruct staff to revise Item B in Article I of the Administrative Services Contract to allow for the items that were discussed, and return a revised contract to the EIC within 60 days. Mr. Wilson seconded.

Mr. Baroody asked if staff understood the motion.

Mr. Naman asked if Mr. Early meant the expense of outside counsel.

Mr. Early stated that somehow the wording needs to cover the expense of the EIC retaining outside counsel.

Mr. Early called for a vote on the motion. It was approved 5-1; Mr. Early, Mr. Wilson, Mr. Stafford, Ms. Pattillo, and Mr. Naman voted in favor, and Mr. Baroody voted against.

Mr. Baroody asked if there was anything in Mr. Early's motion regarding the 60 day extension of the current contract.

Mr. Early moved to extend the current contract 60 days. Mr. Wilson seconded. The motion was approved 6-0.

5. EXECUTIVE SESSION:

Mr. Wilson moved for the EIC to go into executive closed session under Sections 551.071, 551.072 and 551.087 of the Texas Government Code; motion was seconded by Ms. Pattillo and passed 6-0 to discuss the following:

Sections 551.071 (consultation with attorney), and 551.072 (deliberation regarding real property), and 551.087 (deliberations regarding economic development negotiations):

5A. Review and consider funding application for assistance with a public infrastructure extension along Thompson Road related to a private development.

5B. Review and update on other Economic Development activity.

At 4:40 p.m. the open session recessed and the EIC went into executive closed session at 4:40 p.m. At 5:02 p.m. the executive closed session recessed and the EIC returned to open session at 5:02 p.m. Mr. Early announced that no action was taken in executive session.

7. POSSIBLE ACTION FOR ITEMS DISCUSSED IN EXECUTIVE SESSION:

8. ITEMS FOR FUTURE AGENDAS: None

9. ANNOUNCEMENTS: None

10. ADJOURNMENT.

Mr. Early adjourned the meeting at 5:03 p.m.

APPROVED: _____

Kenneth Early, President

ATTEST:

Cheryl Brown, Deputy City Secretary

Agenda Item:

3A. Monthly financials for October 2017. (staff)

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

SUBJECT: EIC Financials ending October 31, 2017

FOR AGENDA OF: November 27, 2017 **DATE SUBMITTED:** November 13, 2017

SUBMITTED BY: Sandra G. Yarbrough **CLEARANCES:** EA Hoppe
Director of Finance Deputy City Manager

EXHIBITS: Monthly Financials

APPROVED FOR SUBMITTAL BY CITY MANAGER:

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

PAYMENT TO BE MADE TO:

REVIEWED BY THE DIRECTOR OR FINANCE:

SUMMARY STATEMENT

Kerrville Economic Improvement Corporation operating fund received sales tax revenue in the amount of \$277,430 for October 2017 a 4.77% increase compared to same period in prior year in the amount of \$264,806 with fiscal year to date being \$277,430. Year to date average increase over FY2017 is 4.77% and .90% over budget.

Interest earned for October was \$4,528 and \$4,528 fiscal year to date. Interest earned to date is 30.19% of budgeted for FY2018.

Kerrville Economic Improvement Corporation capital projects fund had activity in October.

River Trail project had \$8,697 expense in the month of October with the remaining project balance available being \$753,146.

RECOMMENDED ACTION

Report is for information only.

City of Kerrville - Economic Improvement Corpotation

Sales Tax Improvement Fund - Summary For the month ending October 31, 2017

Beginning Cash Balance			\$2,272,941
Income:			
Sales Tax	\$	277,430	
Interest Revenue	\$	4,528	
Total Income	\$	281,958	
Expenses:			
Office supplies			
Administrative Service Fee	\$	8,333	
Transfer for Debt Service	\$	93,228	
Total Expenses	\$	101,561	
Revenues Over (Under) Expenditures			\$ 180,396
Ending Cash Balance			<u><u>\$2,453,337</u></u>

Capital Projects Fund - Summary For the month ending October 31, 2017

Beginning Cash Balance			\$ 2,100,000
Income:			
Total Income:	\$	-	
Expenses:			
Total Expenses:	\$	-	
Revenues Over (Under) Expenditures			\$ -
Ending Cash Balance			<u><u>\$ 2,100,000</u></u>

Economic Improvement Corporation

Sales Tax Improvement Fund - Revenue and Expense Detail For the month ending October 31, 2017

	Annual Budget	Current Period	Y-T-D Actual	% of Budget	Budget Balance
BEGINNING CASH BALANCE	\$2,272,941		\$2,272,941		
REVENUE:					
Sales and Use Tax	\$ 3,482,826	\$ 277,430	\$ 277,430	7.97%	\$ 3,205,396
Interest	\$ 15,000	\$ 4,528	\$ 4,528	30.19%	\$ 10,472
TOTAL REVENUE	\$ 3,497,826	\$ 281,958	\$ 281,958	8.06%	\$ 3,215,868
	Annual Budget	Current Period	Y-T-D Actual	% of Budget	Budget Balance
EXPENDITURES:					
Administrative					
Local Meetings	\$ 500			0.00%	\$ 500
Administrative Services Fee	\$ 100,000	\$ 8,333	\$ 8,333	8.33%	\$ 91,667
Economic Development Governing Body	\$ 140,000			0.00%	\$ 140,000
Total Administrative	\$ 240,500	\$ 8,333	\$ 8,333	3.47%	\$ 232,167
Category I - Business Development					
ED Set Aside	\$ 500,000			0.00%	\$ 500,000
Total Category I	\$ 500,000	\$ -	\$ -	0.00%	\$ 500,000
Category II - Quality of Life					
Tennis Center	\$ 750,000	\$ -		0.00%	\$ 750,000
Downtown Streetscape Enhancements	\$ 200,000			0.00%	\$ 200,000
Debt Service - Series 2011A (River Trail)	\$ 259,890	\$ 21,580	\$ 21,580	8.30%	\$ 238,310
Debt Service - Series 2012 (River Trail)	\$ 253,413	\$ 21,169	\$ 21,169	8.35%	\$ 232,244
Debt Service - Series 2015 (Sports Complex)	\$ 605,350	\$ 50,479	\$ 50,479	8.34%	\$ 554,871
Total Category II	\$ 2,068,653	\$ 93,228	\$ 93,228	4.51%	\$ 1,975,425
Category III - Public Infrastructure					
Housing	\$ 250,000			0.00%	\$ 250,000
Reuse Distribution Lines	\$ 1,500,000	\$ -		0.00%	\$ 1,500,000
*Debt Service - Legion Lift Staton	\$ 200,000			0.00%	\$ 200,000
Total Category III	\$ 1,950,000	\$ -	\$ -	0.00%	\$ 1,950,000
Contingency	\$ -	\$ -	\$ -	0.00%	\$ -
	\$ -	\$ -	\$ -		\$ -
TOTAL EXPENDITURES	\$ 4,759,153	\$ 101,561	\$ 101,562	2.13%	\$ 4,657,592
NET REVENUES TO EXPENDITURES	\$ (1,261,326)	\$ 180,396	\$ 180,396		
ENDING CASH BALANCE	Budget \$ 1,011,614		Actual \$2,453,337		

Sales Tax Revenue Analysis - FY18

Revenue Month	Actual FY 2016	Actual FY 2017	Budget FY 2018	Actual FY2018	FY2017 vs FY2018	Budget vs Actual
October	\$ 227,707	\$ 264,806	\$ 274,944	\$ 277,430	4.77%	0.90%
November	277,653	278,707	289,377		-100.00%	-100.00%
December	254,834	260,757	260,757		-100.00%	-100.00%
January	255,848	273,741	273,741		-100.00%	-100.00%
February	347,778	357,098	357,098		-100.00%	-100.00%
March	223,790	248,560	248,560		-100.00%	-100.00%
April	237,432	240,783	240,783		-100.00%	-100.00%
May	307,046	308,696	308,696		-100.00%	-100.00%
June	243,070	261,944	261,944		-100.00%	-100.00%
July	249,278	282,792	282,792		-100.00%	-100.00%
August	290,011	306,807	306,807		-100.00%	-100.00%
September	260,084	264,180	264,180		-100.00%	-100.00%
YTD Total	\$ 3,174,529	\$ 3,348,871	\$ 3,369,678	\$ 277,430	4.77%	0.90%

Committed Project Funding Status Summary

Fiscal Years	Projects	Agreement Commitment	EIC Funded To Date	Total Cash Funded	Expenses to Date	Project Cash Balance
2012-13	Downtown Streetscape	\$ 765,100	\$ 565,100	\$ 565,100	\$ 565,100	\$ -
2014-15	ED Set Aside	1,500,000	1,500,000	1,500,000	-	1,500,000
2015-16	Olympic Pool	100,000	100,000	100,000	100,000	-
2015-16	Housing	600,000	600,000	600,000	-	600,000
2016-17	Tennis Center	1,500,000	750,000	750,000	750,000	-
2016-17	Distribution Lines	3,000,000	1,500,000	1,500,000	1,500,000	-
TOTALS		\$ 7,265,100	\$ 5,015,100	\$ 5,015,100	\$ 2,915,100	\$ 2,100,000

Cash and Investment Balances by Fund

Fund	Fund Name	Balance	Period Ending
40	Sales Tax Improvement Fund (operating fund)	\$ 2,453,337	10/31/2017
75	EIC Projects Fund (capital projects fund)	\$ 2,100,000	10/31/2017
	Total Cash and Investments	\$ 4,553,337	10/31/2017

Cash and Investments by Type - Placement - Amount

Type	Investment Placement	Amount	Period Ending
Cash	Wells Fargo Checking	\$ 10,000	10/31/2017
Short Term Investment	EIC TexPool	\$ 4,293,337	10/31/2017
Certificate of Deposit	Texas Hill Country Bank	\$ 250,000	10/31/2017
	Total Cash and Investments	\$ 4,553,337	10/31/2017

Capital Improvement Projects In Progress - including EIC support

Funding Years	Projects	Project Budget	EIC Portion Agreement Commitment	General Fund	Water and Sewer Fund	Other Funds/Loans /Grants	Bond Proceeds	Project Expense To Date	Project Balance
2011-12	River Trail	6,525,000	6,000,000	-	-	-	525,000	5,246,854	753,146
2011-12	Louise Hays/Lehmann Monroe parks	2,656,207	2,600,000	18,785	-	37,422	-	2,641,207	15,000
2012-18	Downtown Streetscape	765,100	765,100	-	-	-	-	47,968	717,132
2014-15	Kerrville Sports Complex	10,500,000	9,000,000	-	-	1,590,000	8,910,000	10,071,543	428,457
2015-16	Olympic Pool	100,000	100,000	-	-	-	-	-	100,000
2016-17	Reuse System	23,003,000	3,000,000	-	4,235,421	7,731,625	8,035,954	11,075,332	11,927,668
2016-17	Tennis Center	1,500,000	1,500,000	-	-	-	-	125	1,499,875

Agenda Item:

- 3B. Projects update:
River Trail
Kerrville Sports Complex
Reuse Distribution Lines
Tennis Center Improvements

There is no agenda bill for this item. There will be a presentation at the meeting regarding the projects update.

Agenda Item:

4A. Contract with the City of Kerrville for Administrative Services. (staff)

**TO BE CONSIDERED BY THE
ECONOMIC IMPROVEMENT CORPORATION,
CITY OF KERRVILLE, TEXAS**

SUBJECT: Administrative Services Contract between the City of Kerrville, Texas and the City of Kerrville, Texas Economic Improvement Corporation in the amount of \$83,300.

FOR AGENDA OF: November 27, 2017 **DATE SUBMITTED:** November 16, 2017

SUBMITTED BY: E.A. Hoppe **CLEARANCES:** Mark McDaniel
Deputy City Manager City Manager

EXHIBITS: Revised FY2018 EIC Administrative Services Contract

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER:

Expenditure	Current Balance	Amount	Account
Required:	in Account:	Budgeted:	Number:
\$83,300	\$83,300	\$100,000	

PAYMENT TO BE MADE TO:

REVIEWED BY THE DIRECTOR OF FINANCE:

SUMMARY STATEMENT

The City of Kerrville provides services to the EIC through an annual Administrative Services contract. This contract includes services for project management, engineering, financial, legal, and administrative support. The EIC compensates the City \$100,000 annually for these services, and this item was included within the approved EIC budget for FY 2018. The previous contract expired on September 30, 2017. The EIC approved an interim 60-day contract at their October 13th Regular meeting and directed City staff to revise the contract language to clarify the EIC's ability to hire and pay for outside legal counsel, if needed.

In addition, the EIC also inquired as to the rough break down of the expenses for each category of City staff services outlined in the contract. The City conservatively estimates the following staff costs for EIC related support activities:

Administration	\$55,247
Legal	\$11,142
Finance	\$19,056
IT	\$1,760
City Secretary	\$3,625
Engineering	\$117,318
Total Annual support:	\$208,148

Attached is the revised FY18 Administrative Services Contract between the City of Kerrville and the EIC. This contracts contemplates a contract amount of \$83,300 for administrative services to be rendered between December 24, 2017 and September 30, 2018, which is the end of the City's fiscal year. The \$83,300 is the balance of the \$100,000 initially approved in the budget, with the \$16,700 already accounted for within the interim 60-day contract. If approved by the EIC, City staff anticipates this revised contract to be on the City Council's agenda on December 12, 2017.

RECOMMENDED ACTION

City staff recommends approval of this revised Administrative Services contract as presented.

**ADMINISTRATIVE SERVICES CONTRACT
BETWEEN CITY OF KERRVILLE, TEXAS AND
CITY OF KERRVILLE, TEXAS ECONOMIC IMPROVEMENT CORPORATION**

THIS CONTRACT is entered into and effective as of the ____ day of November 2017, by and between the City of Kerrville, Texas, ("City"), and the City of Kerrville, Texas Economic Improvement Corporation ("EIC") for and in consideration of the following promises and conditions:

**ARTICLE I
SERVICES PROVIDED BY CITY**

City agrees to provide the following services to EIC subject to the limitations and conditions set forth below:

- A. **Engineering and Project Management Services:** City agrees to provide engineering and project management services, to include design, bid, and construction phases, for EIC-funded projects that involve improvements to City and/or public property. For such projects requiring expenditures estimated at more than \$25,000.00 for construction, City may contract for specialized engineering services and EIC agrees to pay for such services as part of a project, which is authorized by the EIC to be funded in whole or in part by sales tax revenues generated pursuant to the authority of Chapters 501, 502, and 505 of the Texas Local Government Code.
- B. **Legal Services:** City agrees the City Attorney will be the legal advisor of, and attorney for, EIC, which representation will include review of documents, contracts, and other instruments as to form and legality, the conduct of legal research, and, if requested, the issuance of legal opinions. In the provision of legal services by the City Attorney, the City Attorney shall provide such services only if the provision of legal services to EIC does not unreasonably impair his ability to provide legal services to the City. For example, in the event the City Attorney determines that a legal or ethical conflict exists between the City and the EIC, the EIC agrees that the City Attorney may continue to represent the City on such matter notwithstanding such conflict provided the City Attorney has made reasonable disclosure of the conflict to the president of the EIC. Where a conflict exists, EIC shall retain the right to hire counsel of its own choice at EIC expense, subject to its budget to include any undesignated reserve cash balance but not to exceed an overall expense of \$50,000.00. The City Attorney may contract at times for specialized legal services with respect to a project approved by EIC and EIC agrees to pay for such services.
- C. **Financial Services:** City agrees to provide accounting, banking, and investment services, including accounts receivable, accounts payable, investments, record keeping, financial reporting, and an audit of all funds. The City will provide a report at each regular monthly meeting of the EIC, such report to include a statement of revenues and expenditures for all funds and a cash flow analysis on a form approved by the EIC.
- D. **Administrative Services:** City will provide services from the City Manager to include secretarial and other clerical services, including taking minutes and preparation of resolutions and correspondence related to the operation of EIC. The City Manager or designee will engage with the EIC in a manner comparable to the role identified by Section 6.04 of the City Charter.

- E. **Investment Officer:** The City's Director of Finance will serve as the EIC's investment officer in accordance with the EIC's Investment Policy, as may be amended.
- F. **Regulatory Financial Reporting:** The City's Director of Finance shall prepare all financial reports required by state and federal regulatory agencies.
- G. **Annual Audit:** The City's Director of Finance shall include the EIC's financial information as part of the City's Comprehensive Annual Financial Report (CAFR).
- H. **Project Reports:** The City Manager or designee shall provide a report at each regular monthly meeting of the EIC on all ongoing projects, which are subject to a funding agreement with the EIC. These reports shall include the status and estimated completion date of each project and verification that performance criteria are being met.
- I. **Staff Reports:** The City Manager or designee shall prepare a report on each application for EIC funds, such report to include the following information:
 - 1. Complete Application
 - 2. Financial Impact Analysis
 - a. Total payroll
 - b. Payroll multiplier
 - c. Sales and ad valorem tax generation
 - 3. Return on Investment Analysis
 - a. Property tax – City, County, and KISD
 - b. Sales tax – City and County
 - c. Payroll multiplier
 - d. Timeline by which return is realized
 - 4. Feasibility Analysis
 - a. Land – size, zoning, platting, building/fire codes
 - b. Building – size, suitability, condition
 - c. Infrastructure – water, wastewater, streets, drainage, electricity, public safety

J. Prospect Support Services: The City Manager or designee shall ensure that the following support services as provided by City staff are provided to the EIC in the review and processing of applications for EIC funds:

1. receive applications;
2. evaluate applications for completeness;
3. determine eligibility;
4. facilitate submission before the EIC;
5. provide technical evaluation;
6. provide recommendations;
7. coordinate with other aligned agencies/entities; and
8. identify appropriate incentives and programs.

ARTICLE II **COMPENSATION**

In consideration of the provision by City to EIC of the services described in Article I, above, EIC shall pay City the sum of **\$83,300.00** for the term specified below. It is agreed by the parties that this compensation is equal to the reasonable value of the services anticipated to be provided by City to the EIC. City shall deduct the payment required hereunder upon receipt of said sales tax revenues from the Comptroller of Public Accounts for the State of Texas.

ARTICLE III **TERM**

The term of this Contract commences on December 24, 2017, and ends on September 30, 2018, subject to earlier termination as provided herein and extension by agreement of the parties hereto.

ARTICLE IV **TERMINATION**

This Contract may be terminated by City or EIC for any reason, with or without cause, not earlier than thirty (30) days prior to delivery to the non-terminating party of a written notice of termination. EIC agrees to pay City the reasonable cost of services rendered by City up to the date of termination.

ARTICLE V **GOVERNING LAW**

This Contract is subject to, governed by, and construed in accordance with the laws of the State of Texas.

IN WITNESS WHEREOF, the parties hereto have executed this Contract in the year and as of the date indicated.

(signatures begin on following page)

CITY OF KERRVILLE, TEXAS

CITY OF KERRVILLE, TEXAS ECONOMIC
IMPROVEMENT CORPORATION

By: _____
Mark L. McDaniel, City Manager

By: _____
Kenneth Early, President

ATTEST:

Cheryl Brown, Deputy City Secretary

APPROVED AS TO FORM:

Michael C. Hayes, City Attorney

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**ADMINISTRATIVE SERVICES CONTRACT
BETWEEN CITY OF KERRVILLE, TEXAS AND
CITY OF KERRVILLE, TEXAS ECONOMIC IMPROVEMENT CORPORATION**

THIS CONTRACT is entered into and effective as of the ____ day of ~~October~~ November 2017, by and between the City of Kerrville, Texas, ("City"), and the City of Kerrville, Texas Economic Improvement Corporation ("EIC") for and in consideration of the following promises and conditions:

ARTICLE I
SERVICES PROVIDED BY CITY

City agrees to provide the following services to EIC subject to the limitations and conditions set forth below:

- A. **Engineering and Project Management Services:** City agrees to provide engineering and project management services, to include design, bid, and construction phases, for EIC-funded projects that involve improvements to City and/or public property. For such projects requiring expenditures estimated at more than \$25,000.00 for construction, City may contract for specialized engineering services and EIC agrees to pay for such services as part of a project, which is authorized by the EIC to be funded in whole or in part by sales tax revenues generated pursuant to the authority of Chapters 501, 502, and 505 of the Texas Local Government Code.
- B. **Legal Services:** City agrees the City Attorney will be the legal advisor of, and attorney for, EIC, which representation will include review of documents, contracts, and other instruments as to form and legality, the conduct of legal research, and, if requested, the issuance of legal opinions. In the provision of legal services by the City Attorney, the City Attorney shall provide such services only if the provision of legal services to EIC does not unreasonably impair his ability to provide legal services to the City. ~~Furthermore~~For example, in the event the City Attorney determines that a legal or ethical conflict exists between the City and the EIC, the EIC agrees that the City Attorney may continue to represent the City on such matter notwithstanding such conflict provided the City Attorney has made reasonable disclosure of the conflict to the president of the EIC. Where a conflict exists, EIC shall retain the right to hire counsel of its own choice at EIC expense, subject to its budget to include any undesignated reserve cash balance but not to exceed an overall expense of \$50,000.00. The City Attorney may contract at times for specialized legal services with respect to a project approved by EIC and EIC agrees to pay for such services.
- C. **Financial Services:** City agrees to provide accounting, banking, and investment services, including accounts receivable, accounts payable, investments, record keeping, financial reporting, and an audit of all funds. The City will provide a report at each regular monthly meeting of the EIC, such report to include a statement of revenues and expenditures for all funds and a cash flow analysis on a form approved by the EIC.
- D. **Administrative Services:** City will provide services from the City Manager to include secretarial and other clerical services, including taking minutes and preparation of resolutions and correspondence related to the operation of EIC. The City Manager or designee will engage with the EIC in a manner comparable to the role identified by Section 6.04 of the City Charter.

- E. Investment Officer:** The City's Director of Finance will serve as the EIC's investment officer in accordance with the EIC's Investment Policy, as may be amended.
- F. Regulatory Financial Reporting:** The City's Director of Finance shall prepare all financial reports required by state and federal regulatory agencies.
- G. Annual Audit:** The City's Director of Finance shall include the EIC's financial information as part of the City's Comprehensive Annual Financial Report (CAFR).
- H. Project Reports:** The City Manager or designee shall provide a report at each regular monthly meeting of the EIC on all ongoing projects, which are subject to a funding agreement with the EIC. These reports shall include the status and estimated completion date of each project and verification that performance criteria are being met.
- I. Staff Reports:** The City Manager or designee shall prepare a report on each application for EIC funds, such report to include the following information:
1. Complete Application
 2. Financial Impact Analysis
 - a. Total payroll
 - b. Payroll multiplier
 - c. Sales and ad valorem tax generation
 3. Return on Investment Analysis
 - a. Property tax – City, County, and KISD
 - b. Sales tax – City and County
 - c. Payroll multiplier
 - d. Timeline by which return is realized
 4. Feasibility Analysis
 - a. Land – size, zoning, platting, building/fire codes
 - b. Building – size, suitability, condition
 - c. Infrastructure – water, wastewater, streets, drainage, electricity, public safety

J. Prospect Support Services: The City Manager or designee shall ensure that the following support services as provided by City staff are provided to the EIC in the review and processing of applications for EIC funds:

1. receive applications;
2. evaluate applications for completeness;
3. determine eligibility;
4. facilitate submission before the EIC;
5. provide technical evaluation;
6. provide recommendations;
7. coordinate with other aligned agencies/entities; and
8. identify appropriate incentives and programs.

ARTICLE II **COMPENSATION**

In consideration of the provision by City to EIC of the services described in Article I, above, EIC shall pay City the sum of ~~\$16,700.00~~\$83,300.00 for the term specified below. It is agreed by the parties that this compensation is equal to the reasonable value of the services anticipated to be provided by City to the EIC. City shall deduct the payment required hereunder upon receipt of said sales tax revenues from the Comptroller of Public Accounts for the State of Texas.

ARTICLE III **TERM**

The term of this Contract commences on ~~October 25~~December 24, 2017, and ends on ~~December 23~~September 30, 2017~~2018~~, subject to earlier termination as provided herein and extension by agreement of the parties hereto.

ARTICLE IV **TERMINATION**

This Contract may be terminated by City or EIC for any reason, with or without cause, not earlier than thirty (30) days prior to delivery to the non-terminating party of a written notice of termination. EIC agrees to pay City the reasonable cost of services rendered by City up to the date of termination.

ARTICLE V **GOVERNING LAW**

This Contract is subject to, governed by, and construed in accordance with the laws of the State of Texas.

IN WITNESS WHEREOF, the parties hereto have executed this Contract in the year and as of the date indicated.

(signatures begin on following page)

CITY OF KERRVILLE, TEXAS

CITY OF KERRVILLE, TEXAS ECONOMIC
IMPROVEMENT CORPORATION

By: _____
Mark L. McDaniel, City Manager

By: _____
Kenneth Early, President

ATTEST:

Cheryl Brown, Deputy City Secretary

APPROVED AS TO FORM:

Michael C. Hayes, City Attorney

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